Servitization of the manufacturing industry and its impact on standardization

We start at 14:00 CET
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Your speakers today

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Servitization manufacturing industry and its impact on standardization
• Servitization - a business trend in manufacturing industries
• What is servitization?
• Servitization in relation to standards development
• Case study: servitization and standards for alarm systems industry
• Services account for 70% of the economic activity

• Services sector is a key element contributing to the overall output and competitiveness of the European economy

• CEN CA SAGS developed the ‘Strategic plan on services standardization in response to the Ambitions 2020’- approved by CEN CA in March 2017

• New trends affecting this sector: globalization, digitization, servitization, new buyer behaviour

• Standards facilitate cross-border delivery of services
What is servitization?

- **Servitization**: manufacturing companies developing a business model where value creation in services around the existing physical product lies. It is a shift from selling product to selling Product-Service Systems.

- A **Product-Service System ('package')** is an integrated product and service offering that delivers value in use.

- A **Servitized Organisation** designs, builds and delivers an integrated product and service offering that delivers value in use.

- **Technology** - at the heart of servitization.
Servitization, or adding services to the manufactured product, is a customer-centered approach and has become a business strategy:

- increasing client portfolio (and financial margins)
- getting closer to the customer
- and prolonging product lives.

Standards can help companies in every industry become more customer-centric, and differentiate on services provided.
Manufacturers’ interaction with customers

Product and service combinations can be different and extend from:

**with small engagement**
- • After sales services including helpdesk, training and spare parts

**with medium engagement**
- • Consulting, design and engineering services, before or after selling a product

**with high engagement**
- • Full process outsourcing such as managing complete production lines or business activities on behalf of a client
The challenges to servitization

Challenges of new business models focused on servitization

- Understanding what value means to customers and consumers
- Developing the **capability to design and deliver services** rather than products
- Developing a **service culture**
- Having staff with the **right skills**

Embedding all the key concepts in a ‘service organisation’
Skills – key for servitization

The main skills are

✓ Data science + data management
✓ Digital skills
✓ Engineering skills
✓ Process operations

Upskilling and reskilling of professionals in all business sectors according to benchmarks that could potentially be set out through standards
How servitization relates to standardization?

Industry

Products

Products + Service

Standardization

Product Standards

Standards for Products + Services
How servitization relates to standardization?

Possible impact on standardization
Work programmes of Technical committees can include items on service and/or servitization topics e.g.

- After sales processes
- Maintenance
- Consulting, design and engineering
- IT services

- Logistics and transportation services
- Rental services
- Installation
- Circular economy related services
What items are relevant?

- Can a product standard define requirements for service aspects?
- What are the needs and expectations of clients regarding a service connected to a product?
- What are the requirements for such a service?
What are the opportunities to integrate services in standards?

- **Terminology**: common language within a sector

- **Performance measurement or KPIs**: compare, measure quality, performance or other aspect relevant to product and service

- **Qualification of personnel**: Knowledge, skills and competences and/or how to assess them

- **Good practices or codes of conduct**: many times part of service standards covering other aspects
What are the opportunities to integrate services in standards?

- **Requirements for service provision:** information to the client, safety, requirements for different steps in service provision...but also complaints, dispute resolution and redress, service termination

**Useful tools:**

- **CEN Guide 14:** Skills – Competences - Qualifications
- **CEN Guide 15:** How to draft standards on service aspects
- ICS codes to use when registering NWIs: 30.30
EN 16763: Services for fire safety systems and security systems: a EURALARM success story
What is EURALARM?

For fire safety and security, an 11% market growth is expected over the 2016-2020 period.

Our Members employ 700,000 people throughout all the sectors we represent.

This represents a €67 billion market.
Why service standards?

• Services important part of EURALARM members business

• Concerns that Services directive could impact on the quality of services delivered by EURALARM members

• EURALARM decided that a European standard was necessary

• EURALARM concerned that via CHESS other sectors could influence the development of standards
Position of EN 16763 in the standards environment

General SERVICE PROVIDER
REQUIREMENTS for all fields of expertise

Different APPLICATION REQUIREMENTS in the fields of expertise

Different PRODUCT & SYSTEM REQUIREMENTS for a field of expertise

Standard “Services for fire safety systems and security systems”
- Organization
- Management
- Staff
- Resources
- Procedures
- Documentation

Management System
The service provider uses a Management System (e.g. ISO 9001).

Application Guidelines
Covering planning, design, installation, commissioning, verification, handover and maintenance.
Each sector of fire safety systems or security systems may have their own application guidelines which will give the requirements to enable service provider personnel to plan, design, install, commission, verify, handover and maintain a system.

Product Standards
Each sector may have standard(s) for products called up in the product standards.

System Standards
Each sector may have system standard(s) specifying the requirements and performance requirements of the system.
What it covers?

2.9 specifications of protection objectives and scope of the system(s) based on identified risk and known boundary conditions

2.10 selection and location of components such that the resulting system meets the specified system objectives of the planning

2.11 implementation of the design, specifically the assembling, mounting and connecting of the relevant system components

2.12 activating and testing of the system according to the design

2.13 process of confirming that the commissioned system meets the planning, design, installation and commissioning requirements

2.14 process of transferring the responsibility of the system to the organization specified in the contract

2.15 combination of preventive and corrective activities during the life of the system, which are intended to retain it in, or restore it to, a state in which it can perform the required function
What it covers?

• Defines requirements for the service provider, staff and sub contractors

• Defines roles:
  • Role A – effectively the owner/technical managers
  • Role B – supervisors
  • Role C – service Technicians
What it covers?
Question time

Use the Q&A panel to submit your questions
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Next webinar:

10-10 webinar on 10th of April: Participation of Small and Medium Enterprises (SMEs) in standardization

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