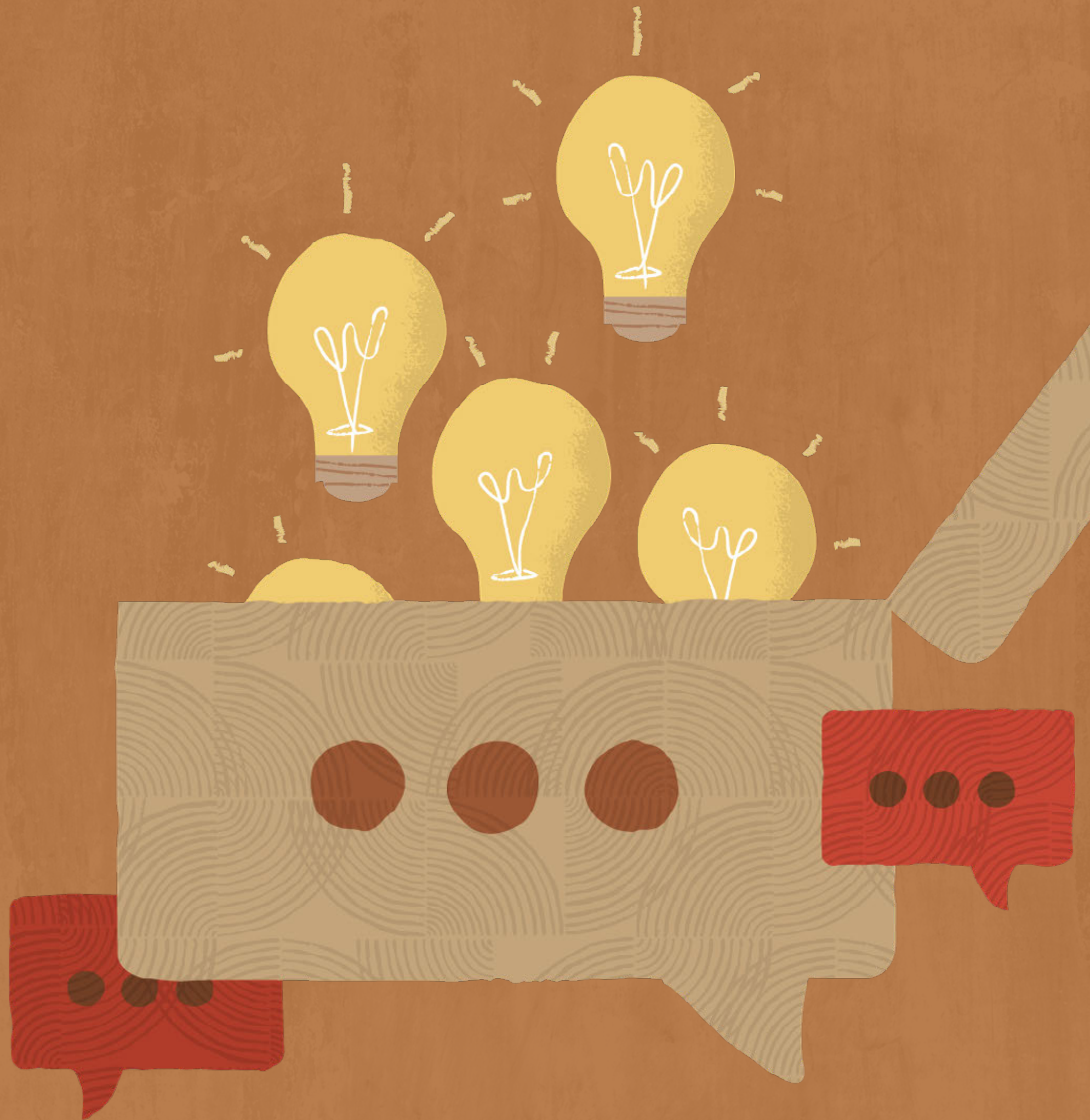


HOW TO

—
Make new
service-oriented
business models
profitable



Position for growth

Service offerings are reshaping business models across industries. Everything from music (Spotify) to fitness (Peloton) to complex products such as vehicles and jet engines (John Deere, Rolls-Royce) can be delivered as a service. However, making these business models profitable is not easy. It requires a new way of operating and orientation of your processes and teams around the customer that usually can't be supported by legacy systems.

This shift to a service model comes with major changes in success measures and relationships with customers, since product and service quality now rest directly with the service provider, who needs to get maximum uptime at the lowest cost. Remote monitoring and intervention—as enabled by the Internet of Things (IoT)—and machine learning capabilities, efficient field service, and service logistics play a fundamental role in service-business success.

Top innovators capture and analyze feedback anywhere the voice of the customer, the voice of the product, and the voice of the factory are, using them to prioritize the continuous innovations that keep customers engaged and satisfied.



Did you know?

Four out of five businesses with 2021 plans are evaluating new business models.¹

¹ MIT Technology Review Insights, “[New Business Models, Big Opportunity](#)”, 2021

² McKinsey & Company, “[How COVID-19 has pushed companies over the technology tipping point—and transformed business forever](#),” October 5, 2020.

³ Frost & Sullivan, “[Your Next Car Could Be a Flexible Subscription Model](#),” originally published on Forbes.com, July 30, 2018.

⁴ Digitalist Magazine, “[5 Technology Trends to Build Resilience in Challenging Times](#)”, March 23, 2020.

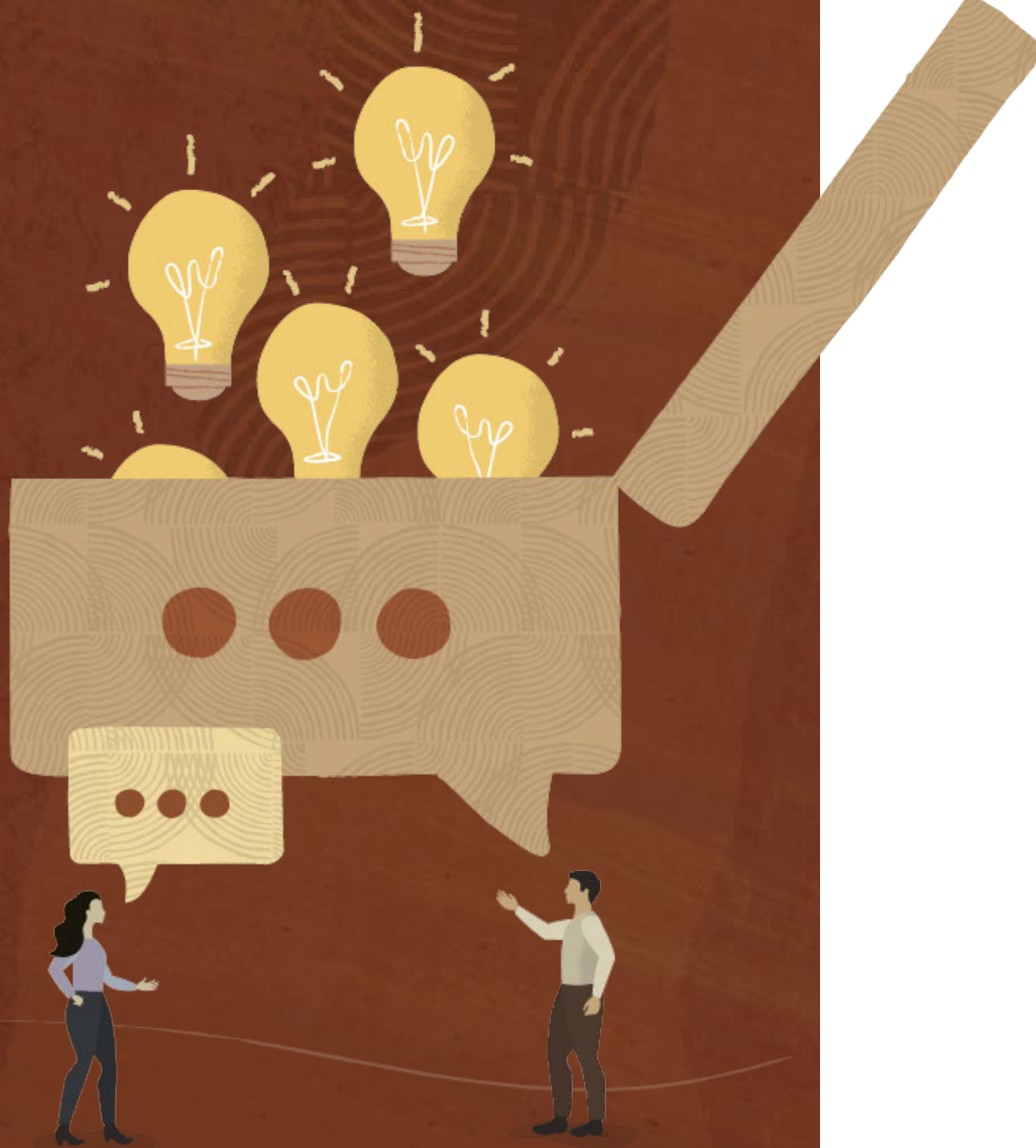
- **37% of executives** in an MIT survey are **planning to launch new “as a service”** models and 52% are planning to change how products and services are sold.¹
- **62% of all companies** have implemented solutions to manage an increased demand for online interactions and services. And more than half of respondents (53%) believe the change will stick after the pandemic subsides, as consumers and customers settle into the “next normal.”²
- By 2025–26, **vehicle subscription programs could account for nearly 10%** of all new vehicle sales in the US and Europe. 16 million vehicles could be part of vehicle subscription services.³
- **82% of revenues** derived from digital business models will be platform-enabled.⁴



Ask yourself if any of the following scenarios apply

- ① Challenges setting up and making new business models profitable.
- ① Inability to streamline production and service operations, optimize your supply chain, reduce maintenance costs, and measure performance and profitability while pleasing customers.
- ① Difficulty keeping products, assets, and equipment in the field up and running to provide continued value for your customers and getting real-time visibility into consumption, service analytics, and spares inventory.
- ① Increased complexity on operations related to your offerings and business model shifts and disconnected product, service innovation, and back-end systems.
- ① Designing and launching profitable products and services that keep customers consuming services and renewing contracts, and minimizing churn rate.

What would success look like with service-oriented business models?



Benefits to your company

- Engage and know your customers better, and enable upselling and cross-selling for additional revenue
- Add new revenue streams, tuning investments and ROI according to real-time data
- Extend the control on your products over the customer lifecycle

Benefits to your customers

- Higher satisfaction and service levels
- Financial flexibility and improved ability to shift CapEx to OpEx
- Agility to easily add, modify, and tune assets and services to quickly address changing needs

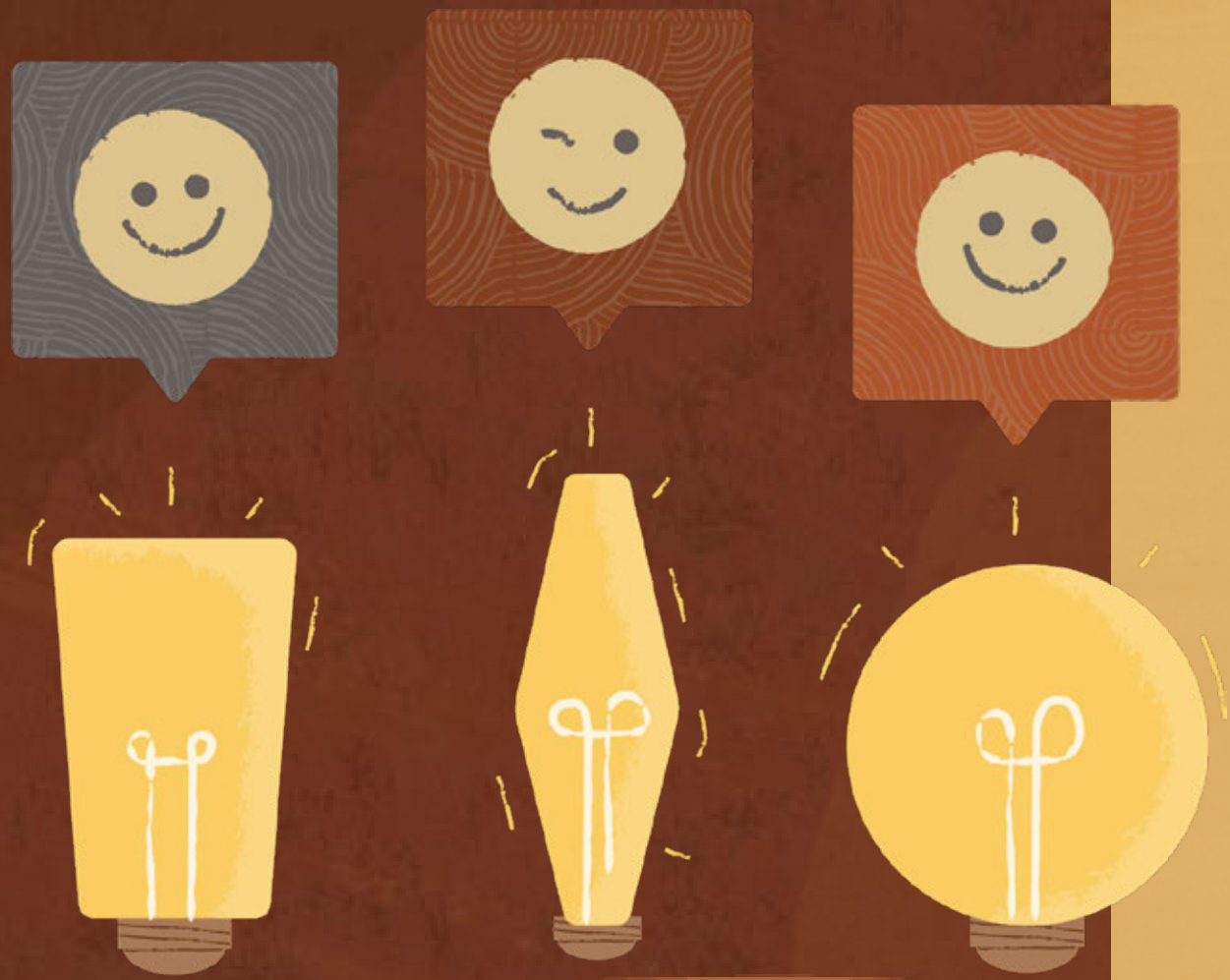
How Oracle can help you?

- ✓ **Unlock more value by aligning all your innovation data and processes**—from idea to service—on one cloud platform. This makes innovation more efficient so customers are satisfied and companies thrive, even when disruption hits.
- ✓ **Capture and analyze feedback** from the voice of the customer, the voice of the product, and the voice of the factory, and leverage it to provide optimal services that keep customers satisfied and loyal.
- ✓ **Transform the business quickly to deliver anything as a service.** Deliver enhanced customer outcomes through subscription—and consumption-based business models that enable the delivery of anything as a service.

“Having complete, real-time visibility into the operations of the mobile workforce is critical to ensuring revenue, increasing cost savings, and building lasting positive relationships with customers.”

— **Enrique Blanco**
Global CTO, Telefónica

Three steps to make new, service-oriented business models profitable



Design everything around the customer.

Break down silos and connect your processes and people with the needs of your customers.

Enable service transformation and subscriptions.

Streamline processes to support new business models and the flexibility to adapt to changing customer needs.

Listen and adapt continuously.

Prioritize customer feedback to continuously maintain, deliver, and monetize services that your customer can quickly adopt and effectively use with increased satisfaction.

To learn more about how to successfully monetize new business models that are built around the needs of your customers, visit our [Unlock Continuous Innovation](#) page.

[Learn more](#)

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