

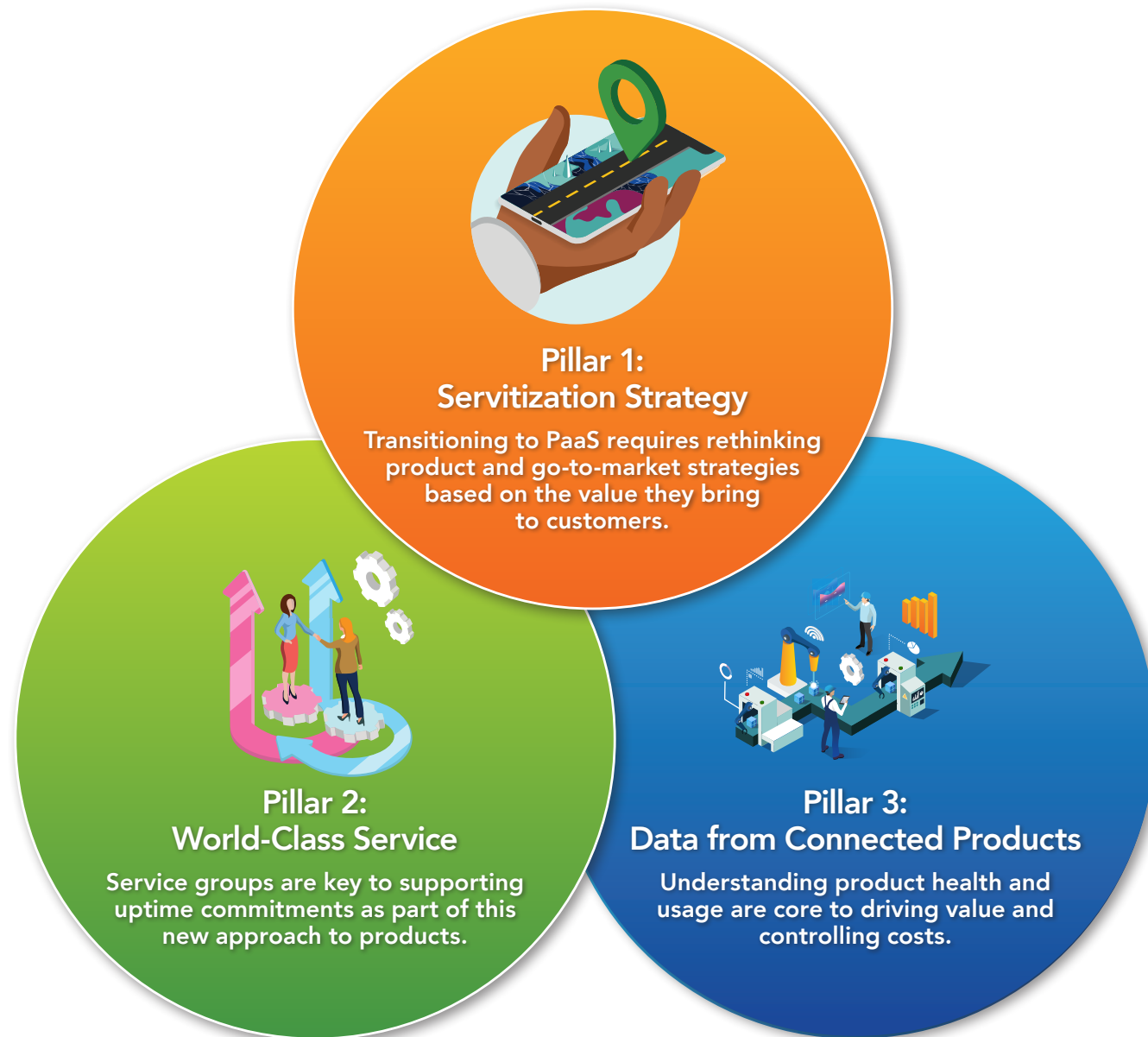
# Manufacturers are transitioning from selling products to selling outcomes

Product as a Service

Product as a Service (PaaS) allows you to deliver results and value



## Three Pillars of PaaS Success



### Challenges

To maintain a competitive edge in an ever-changing business environment:



Find new strategies for differentiating from competitors while commoditization reduces profitability.



Develop and deploy new services that adapt to changing customer needs and preferences.



Increase top-line revenue by opening up new revenue streams.

### Solution

A customer-centric business model that creates predictable, recurring revenue based on the building blocks of strategy, service, and data:



Competes and wins against competitors by helping customers reduce time, money, and risk.



Increases market share by providing compelling, innovative services.



Grows market volume by expanding cross-sell and up-sell opportunities.

### Business Outcomes

Expanded, value-added opportunities for your business and your customers:

Create new revenue streams that modernize and monetize service offerings.

Deliver tangible business value to customers.

Boost operational efficiency while reducing costs.

Evolve your business for the future with data, connectivity, and collaboration.

Leverage data on product reliability and performance to make improvements or enhancements.

Transform Your Business Model with an Experienced Partner

Learn More

PaaS Strategy Webinar  
World-Class Service Webinar  
Connected Products Webinar



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# Grow your business and engage your customers by turning assets into services

Product as a Service

Make PaaS a key element in your digital transformation



## Challenges

Competitive edge is no longer based on product offerings alone. Now, manufacturing is about the best and most profitable business models and enhancing the customer experience. Manufacturers need to:

- Address workforce shortages, high material costs, and supply chain constraints that are reducing profit margins and slowing time-to-market.
- Differentiate to ensure long-term profitability in a fiercely competitive business market.
- Develop innovative capabilities that align with customers' changing expectations.
- Provide an exceptional customer experience that delivers strategic value.



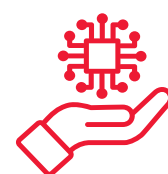
In a recent survey of chief financial officers, more than half (52%) reported that **at least 40%** of their companies' revenues were **recurring revenues**.<sup>1</sup>

<sup>1</sup> "The Growth of Recurring Revenue Business Models," CFO Research and Salesforce, 2019.

## Solution

A PaaS business model offers a complete transformation of how customers experience a manufacturer's products. With this service-oriented, strategic approach, you can engineer smart products and provide new services that deliver ongoing value to customers, allowing you to:

- Accelerate profitability by enabling performance-based service agreements or equipment-as-a-service offerings.
- Drive outcome scalability with predictive insight into product performance and usage.
- Enhance customer loyalty by helping customers achieve meaningful goals through your service offerings.
- Improve employee productivity and reduce operational costs by leveraging real-time business intelligence.



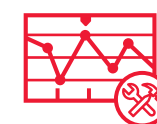
By 2026, digital products, services, or experiences will drive **25% of revenue** for companies with successful digital innovation.<sup>2</sup>

<sup>2</sup> Nancy Gohring, "IDC FutureScape: Worldwide Future of Digital Innovation 2022 Predictions," IDC, October 27, 2021.

## Features

With our manufacturing transformation experience, Hitachi Solutions has all you need to build your PaaS business model. Work with us to determine your strategy, revolutionize your services, and realize maximum benefit from your data and connected products. We help you:

- Accelerate your digital transformation by using our Digital Transformation Advisory Service.
- Assess your readiness by using our Customer Service Maturity Assessment.
- Leverage the power of a collaborative workspace with our Advanced Analytics IoT Lab.
- Differentiate your business from the competition.
- Define a transformation strategy based on your organization's unique needs.
- Develop a solution that aligns with your organization's capabilities.



With predictive maintenance, manufacturers can gain a **30%-50% reduction in machine downtime** and a 20%-40% increase in machine life.<sup>3</sup>

<sup>3</sup> Valerio Dilda, et al., "Manufacturing: Analytics Unleashes Productivity and Profitability," McKinsey & Company, August 14, 2017.

## Outcomes

Turn challenges into benefits by taking a service-oriented approach:

- Offer innovative, differentiated services that attract and retain customers.
- Create new revenue streams that adapt to customers' evolving needs and priorities.
- Keep service levels high and maintenance costs low with powerful, data-driven insights.
- Deliver a modern customer experience through connected — and value-focused — interactions.



A 30-industry study found that, before interest and taxes, the **average earnings margin for aftermarket services was 25%**, while the average for new equipment was only 10%.<sup>4</sup>

<sup>4</sup> Aditya Ambadipudi et al., "Industrial Aftermarket Services: Growing the Core," McKinsey & Company, July 27, 2017.