

Mid-Size Firms Lag Larger Counterparts in Service Efficiency

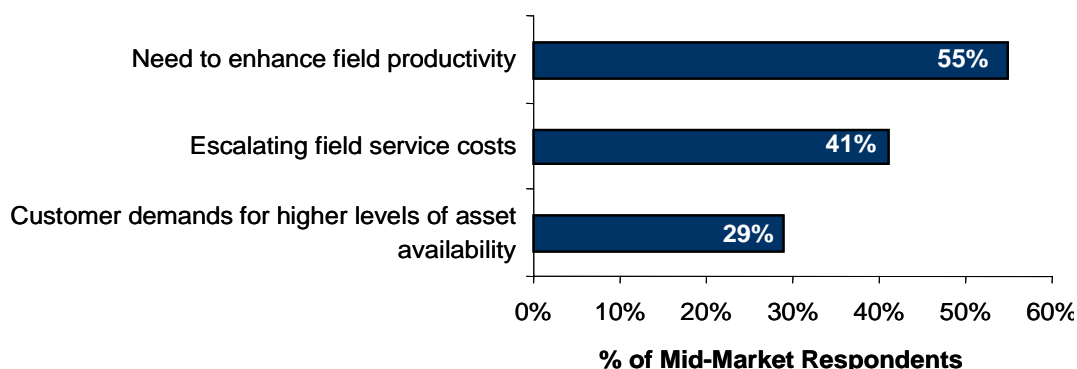
Mid-size service firms are looking to effectively schedule and route their field technicians to enable faster service response times. Currently they outperform their larger counterparts in terms of meeting response windows but are significantly lagging in terms of first-time fix. Ultimately the lack of focus on the customer asset uptime is revealing itself in the bottom-line of their service P&Ls where these firms trail their larger counterparts.

Productivity Pressures Drive Mid-Size Firms

Aberdeen's current research on field service firms, [Service on Time: All the Time](#), reveals that nearly 21% of all work orders are completed late. In this context of service performance, mid-size firms perform slightly better than the overall average and are late on only 15.6% of their work orders. However, to put that into context, with field technicians at mid-size service firms attending to nearly 4.8 work orders per day, a 100-technician firm is late on nearly 375 service requests a week, which isn't a good recipe for customer satisfaction.

Therefore, it is not surprising that these firms are actively looking to scheduling solutions to improve the productivity of their field workforces. As evidenced by Figure 1, nearly 60% of mid-sized firms identified 'improved productivity needs' as the top driver towards optimizing field service schedules and routes. The need to manage escalating field service costs was close behind and the combination of these factors indicates a need for these firms to maximize the utilization of their current field resources.

Figure 1: Pressures Driving Focus on Schedule Optimization



Source: Aberdeen Group, April 2007

Aberdeen's Size Classification

- ✓ **Small** – Less than \$50m in Annual Revenue
- ✓ **Mid-Size** – Between \$50m and \$1B in Annual Revenue
- ✓ **Large** – Greater than \$1B in Annual Revenue

Recommendations for Action

- ✓ Measure Service Performance based on Asset Uptime.
- ✓ Prioritize Service Level Agreement Requirements in Scheduling Criteria
- ✓ Arm Dispatchers and CSRs with knowledge to diagnose service problems prior to technician dispatch
- ✓ Forecast and Plan for Future Service Demand on Past Trends.

Faster service response and delivery is only a part of the overall customer experience equation. Customers are also looking to their service firms for better asset uptime that cannot just be measured by service response success but also in the ability of the technician to effectively fix the broken asset on a first-time basis. With their focus on faster service times, mid-size firms tend to neglect the customer asset uptime factor – which is evidenced in their being less likely to consider asset uptime as a key market pressure when compared to cost and productivity factors.

Table 1: Performance Shortfalls for Mid-Size Firms

Metric	Average Performance across Class		
	Mid-Size	Large	Best-in-Class
Work Orders Late	15.6%	16.6%	14.0%
First Call Resolution	59.8%	72.4%	81.0%
SLA Compliance	80.1%	84.7%	87.0%
Service Profitability (as a % of Service Revenues)	18.2%	23.0%	21.6%

Source: Aberdeen Group, April 2007

A comparison of the first-time fix rates reveals that mid-size firms perform significantly worse than larger firms in their ability to resolve a service issue on a first visit. Not only does this lead to dissatisfied customers, who have to deal with an unproductive piece of equipment for an extended period of time, it also cuts into compliance with Service Level Agreements (SLAs). The one-two punch of missed SLAs and increased costs from repeat dispatches ultimately drains the service margins for mid-size service firms.

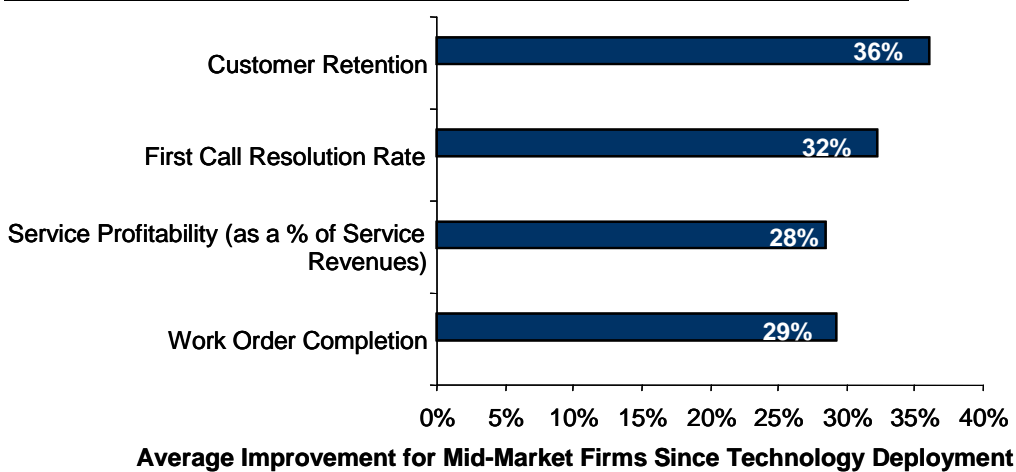
Schedule Optimization to the Rescue

Given the performance struggles of mid-size firms they are actively scanning for schedule and route optimization solutions to enable them to ensure that the right technician arrives at the right place at the right time with the right parts to ensure service resolution. Application providers selected (for current use or future evaluation) by mid-size firms ranged from Schedule Optimization providers such as Astea, ClickSoftware and ServicePower to Mobile Resource Management providers such as @Road, Agentek, Antenna Software, Dexterra, Syclo, and TOA Technologies. Other Service Management providers such as Pointserve, Servigistics, SingleSource Systems and Ventyx also appeared on the solution landscape for mid-size firms.

While not a comparatively large portion of mid-market firms are currently leveraging scheduling solutions (20%), in comparison to larger firms (32%), firms that have leveraged schedule optimization solutions have experienced key gains in service metrics (Figure 2).

% of Mid-Size Firms Currently Evaluating	
Schedule Optimization	– 48%
Route Optimization	– 48%
Planning Applications	– 40%
Location-Based Services	– 37%
Business Intelligence	– 32%

Figure 2: Performance Improvements since Tech Deployment



Source: Aberdeen Group, April 2007

A 32.3% improvement in first call resolution can lead to substantial cost savings from secondary dispatch avoidance. Aberdeen’s research indicates that technicians at mid-market firms attend to 4.8 work orders per day at a cost of \$241 per dispatch, on average. A firm of 100 technicians, working at the same rate for approximately 250 days a calendar year, would attend to nearly 120,000 service calls a year. Out of those calls, 60% are resolved on a first-time basis (Table 1). If we assume that the remaining 40% (48,000) are secondary or tertiary calls to resolve issues that weren’t fixed on a first time basis, these calls amount to an annual cost of nearly \$11.57 million (48,000 x \$241). Assuming that improved first-time fix directly leads to reduced secondary dispatches without other considerations (such as reallocation of technicians for other work orders for instance), a firm experiencing a 32% improvement can look to slash nearly 15,500 (32.3% of 48,000) secondary calls at a cost saving of approximately \$3.74 million (15,500 x \$241).

Case in Point – Fast Fact

\$27 million – Annual cost savings experienced by utility firm attributable to adoption of schedule optimization and mobile technology.

Case in Point

A utility company serving 3.3 million electricity customers and 1.8 million natural gas customers faced paper-intensive field service operations, broken (i.e., multiple-visit) field service and construction calls, and inefficient work order management. The company chose to automate and optimize field resource scheduling in combination with a mobile field service adoption and was able to achieve an 87% increase in overall worker productivity. Overall, the company drove annual cost savings of \$27 million.

Recommendations

- Measure service performance and include customer-facing metrics in the measurement scoreboard
63% of large firms currently capture and measure field service performance with respect to operational, financial and customer-

facing metrics as compared to only 37% of mid-size firms. It is vital to not only evaluate service performance on speed of service but also on the ability of service to effectively resolve service issues and improve asset uptime for customers.

- Prioritize SLA requirements in scheduling criteria

Algorithms that govern service optimization are only as effective as the data that is inputted and the constraints defined to appropriately schedule a specific technician to a work order. An optimizer that is only asked to schedule technicians based on proximity can overlook the fact that the closest technician might be in the middle of a specific job and not have the required qualifications or parts – necessitating a second visit and an additional expense.

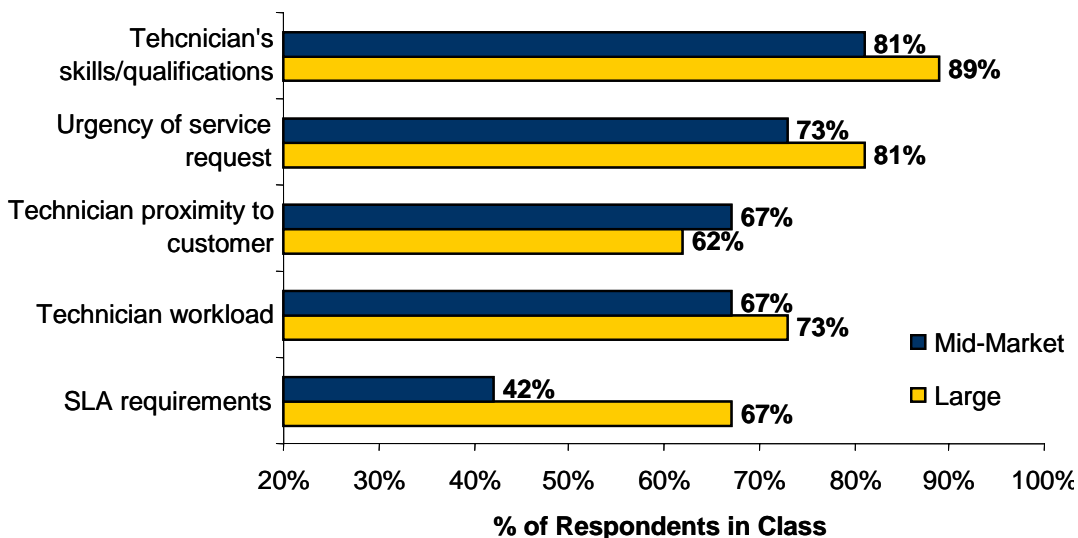
Mid-size and larger firms are consistent in the criteria that they evaluate to schedule their technicians but differ on the emphasis they place on certain characteristics. For instance, mid-market firms tend to put a larger emphasis on technician locations, while larger firms stress on technician workloads and technician qualifications. A major point of deviation is that larger firms are significantly more likely to input SLA considerations into their scheduling criteria, perhaps due to the fact that their scale permits them to have structured service contracts in place and/or that they are cognizant of the financial implications of missing their SLA commitments.

Voice of the Customer

“It is absolutely impossible to push 5000 cases a month and meet your SLA requirements without the assistance of a scheduling tool”

Richard Bainbridge,
Field Team Leader
(~200 Technicians)
Vodafone UK

Figure 3: Scheduling Criteria for Service Firms



Source: Aberdeen Group, April 2007

- Arm CSRs or dispatchers with knowledge to tackle issue diagnosis prior to technician dispatch

Proper diagnosis of a service situation prior to technician dispatch can greatly reduce the occurrence of repeat visits due to a

technician not being to fix the problem on a first visit. 56% of large firms can currently diagnose service problems prior to technician dispatch as compared to 38% of mid-size firms. Equipping dispatchers with the information and tools necessary to diagnose service issues can go a long way in mitigating costs by eliminating repeat visits. Knowledge Management tools for Customer Service Representatives (CSRs) may also enable them to resolve service issues over the phone and thus eliminate the need for technician dispatch.

- Use asset performance and service history trends to plan resource allocation

While schedule optimization can greatly enhance service efficacy, it is inherently reactive wherein it involves the optimization of resources in response to a service call. Plans and forecasts of future service demand based on past trends can assist service organizations allocate appropriate resources to match surges and dips in service needs. Larger firms are nearly 25% more likely than mid-size firms to have this planning capability in place.

For more information on this or other research topics, please visit www.aberdeen.com:

Related Research

[Service on Time: All the Time;](#)
April 2007

[Service on the Move;](#)
March 2007

[Mobile Field Service: 2007 and Beyond;](#)
December 2006

[Location, Location, Location. Does it Matter
in Field Service;](#) October 2006

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