Improve your Bottom Line

## Exploring Efficiencies through Automating Shop Processes

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EQUIPMENT SHIFT

Ten Years Ago

- Equipment becoming more costly (complexity, Tier IV, etc.)

- Could not keep growing the company by adding service technicians

- Little room to negotiate with suppliers (equipment / parts purchasing)

- Equipment resale value softening

- 2008: Free-falling market and revenue
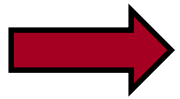
Pressure on **Total Cost of Ownership**

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→ Pressure on **Total Cost of Ownership**

The Need

- Decrease cost of equipment ownership (**reduce cost**)
- Increase financial return on equipment (**improve yield**)

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The Answer

- **Increase shop capacity & technician productivity**

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Analytical Deep Dive

- Technicians: Less than <u>half their time</u> with wrench in hand
- Manufacturer e-Commerce moved information from "paper" to "glass"
  - <u>Multiple</u> processes for <u>multiple</u> suppliers in a <u>multi-brand</u> environment
  - Increasingly <u>complex</u> search requirements for technical information
  - High levels of parts <u>mis-orders</u> & <u>pricing errors</u>
  - Need to <u>re-key</u> information (purchase orders, work orders, price files)
- Operational & administrative cost over <u>$100</u> per parts purchase order
- Inconsistent data collection prevented quality analytics on Total Cost Of Ownership
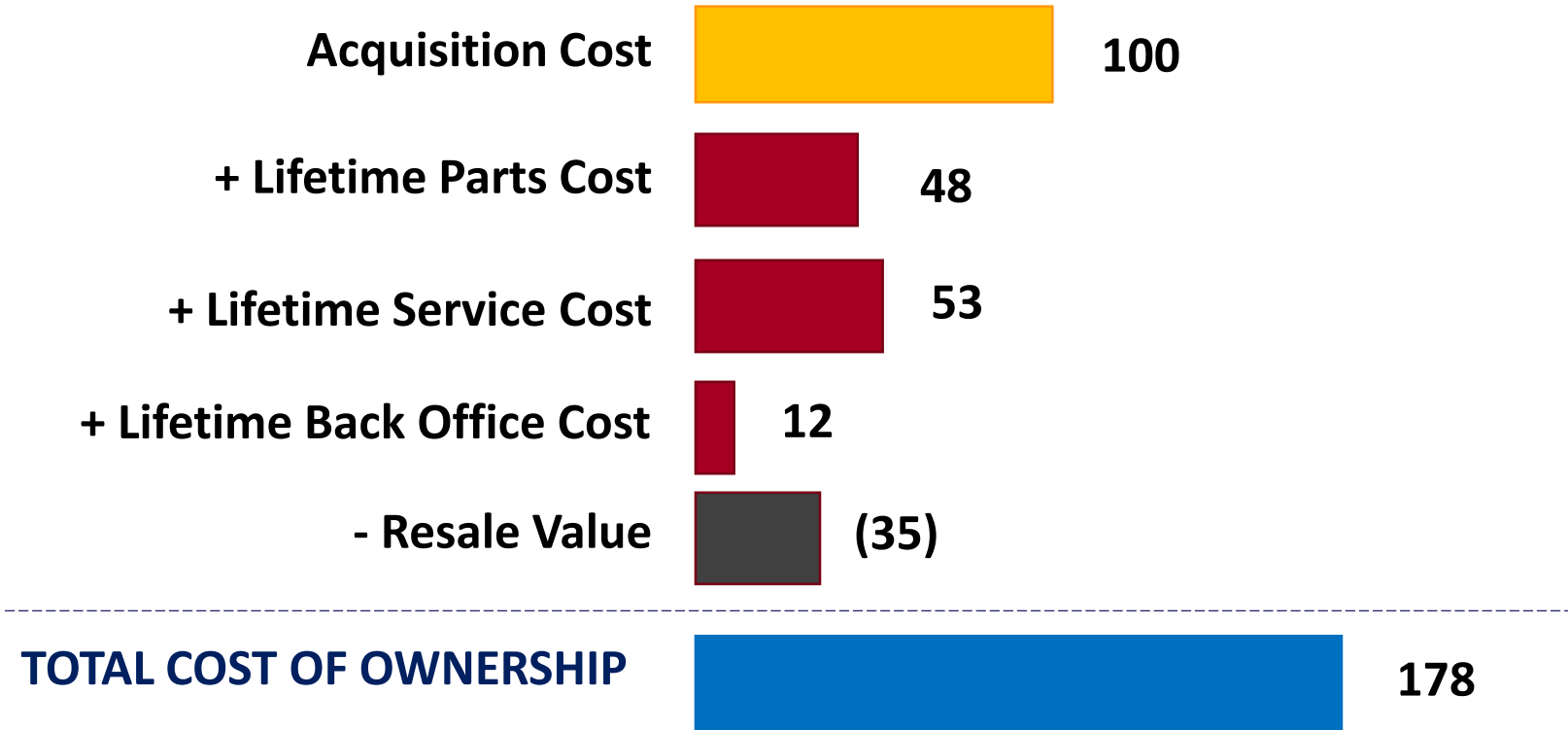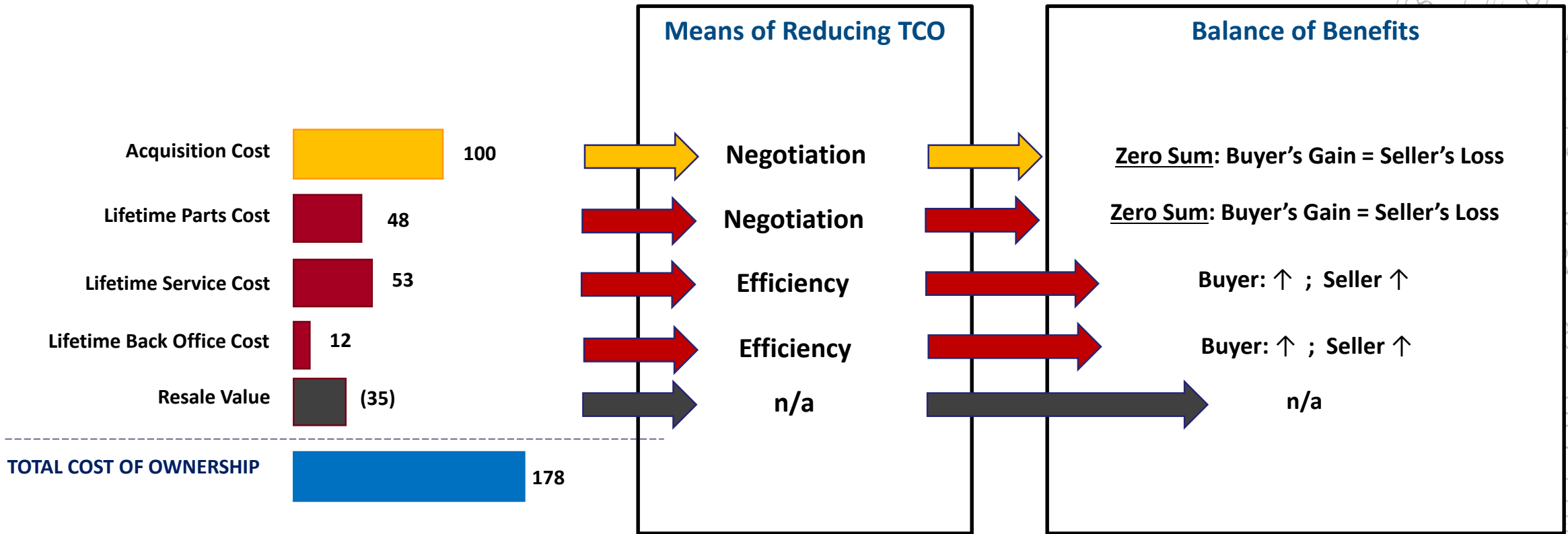- Each delay in service <u>reduced</u> equipment uptime & rental revenue

Big Picture:

Solution requires a lifecycle Total Cost of Ownership understanding

Total Cost of Ownership
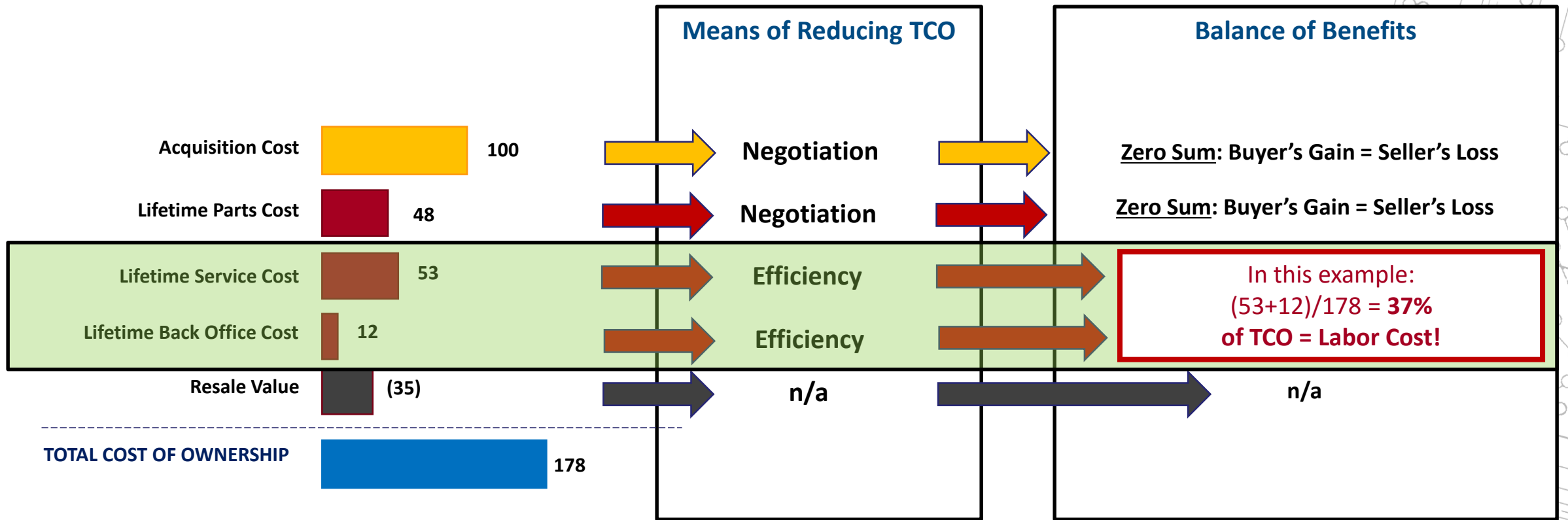
(in $ thousand)

Category	Value
Acquisition Cost	100
+ Lifetime Parts Cost	48
+ Lifetime Service Cost	53
+ Lifetime Back Office Cost	12
- Resale Value	(35)
TOTAL COST OF OWNERSHIP	178

	Means of Reducing TCO	Balance of Benefits
Acquisition Cost — 100	**Negotiation** →	**Zero Sum: Buyer's Gain = Seller's Loss**
Lifetime Parts Cost — 48	**Negotiation** →	**Zero Sum: Buyer's Gain = Seller's Loss**
Lifetime Service Cost — 53	**Efficiency** →	In this example: (53+12)/178 = **37%** of TCO = Labor Cost!
Lifetime Back Office Cost — 12	**Efficiency** →	
Resale Value — (35)	**n/a** →	**n/a**
TOTAL COST OF OWNERSHIP — 178		

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Initial Conclusions:

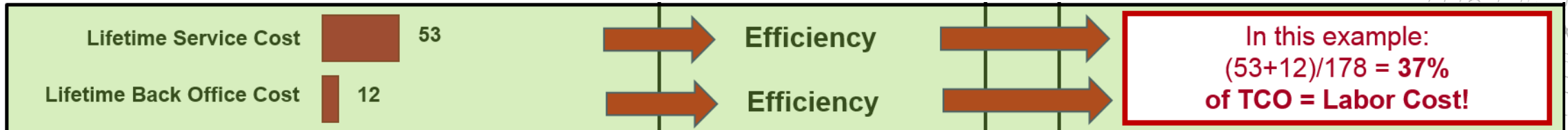|		
Lifetime Service Cost	▇ 53	Efficiency → →
Lifetime Back Office Cost	▌ 12	Efficiency → →

In this example:
(53+12)/178 = **37%**
of TCO = Labor Cost!
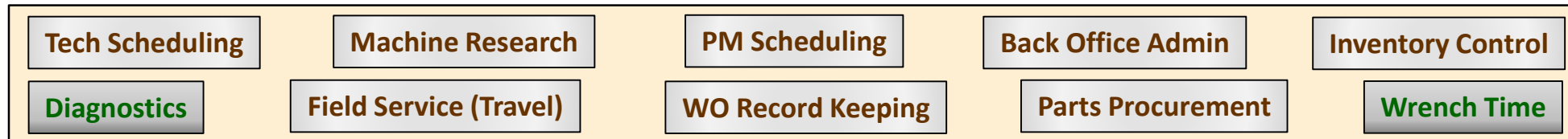
- **COST:**   Labor is the **largest component** of Total Cost of Ownership.

- **OPPORTUNITY:**   Historical processes ripe for **efficiency and cost improvement**

- **REVENUE:**   Improvement also drives increase in **machine uptime**:   1 hr. saved on repairs = 1hr. improved uptime & revenue

- **BALANCE OF BENEFITS:**   Focusing on these positive-sum areas provided Sunbelt the opportunity to **partner with suppliers for mutual benefit**

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The Solutions

1. **Workflow Targeting** Focus workflow on value added actions. Eliminate inefficient and redundant processes.

| Tech Scheduling | Machine Research | PM Scheduling | Back Office Admin | Inventory Control |
| Diagnostics | Field Service (Travel) | WO Record Keeping | Parts Procurement | Wrench Time |

2. **Internal System Integration** Integrate systems to provide timely and convenient access to <u>all</u> information while streamlining daily administrative tasks
   ⟹ Maintenance planning, technician dispatch, warranty

3. **External System Integration** Connect systems directly with supplier systems that enables access to information and automatic population of data
   ⟹ Convenient access to support, stock levels, and pricing
   ⟹ Work orders, purchase orders, suppliers' sales orders & invoices
   ⟹ Telematics through AEMP standards

4. **Standardization** Convenient process can be trained across the Sunbelt and supplier teams making doing business easy and scalable. Everybody wins!

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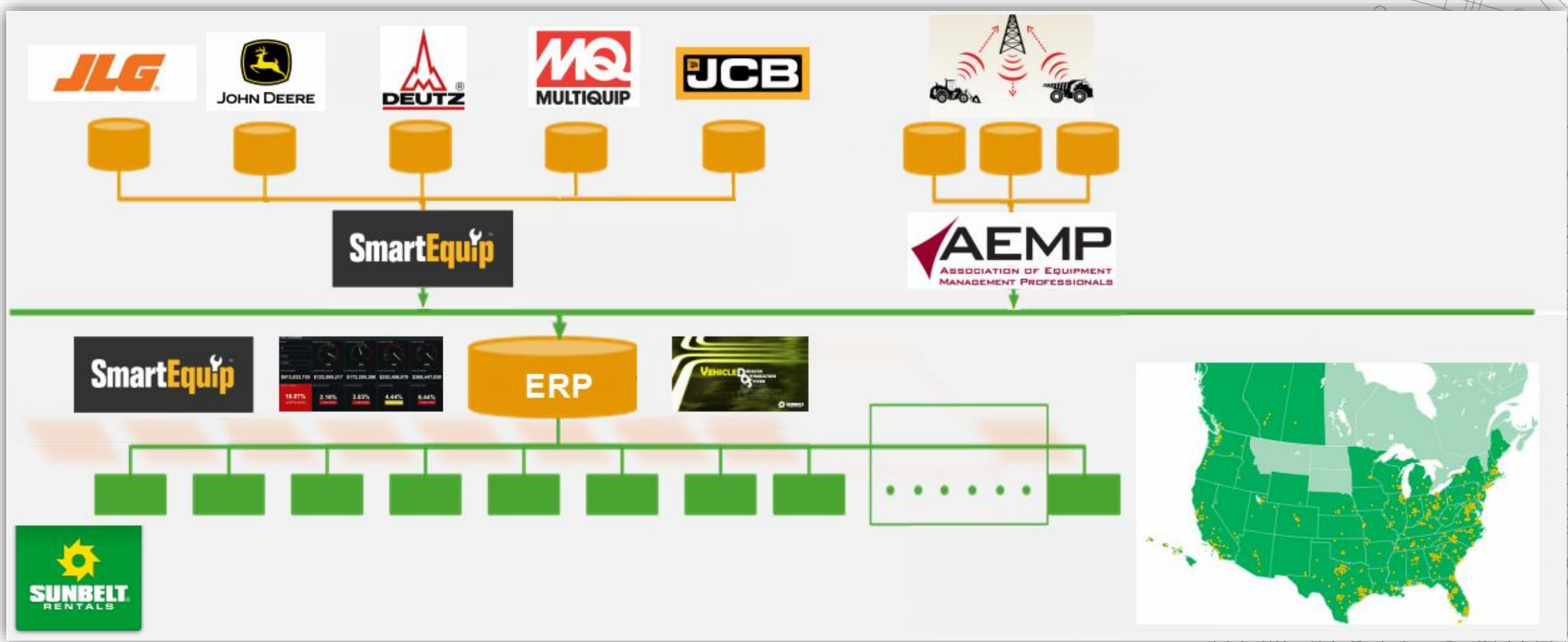
The Benefits of Shop Automation

SERVICE

Faster - Repair Diagnostics

Faster - Parts Identification

Faster - Parts Locating (Internal or External)

BACK OFFICE

Simplified - Complex Sourcing Workflow

Reduced Effort - Accounts Payable

Reduced Effort - Error Corrections/Delays

Reduced Effort - Master Data Management

UPTIME & REVENUE

Increased Revenue - from improved uptime

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