Accenture Parts Optimization
An end to end approach to parts and service management optimization

Accenture Parts Optimization provides a full-range of industry specific solutions, leveraging dedicated resources and assets to create and sustain value from its industrial manufacturer’s parts and service management business.

Minimal disruption—maximum return

Our approach responds to your individual needs covering a range of business areas. Accenture Parts Optimization allows companies to get the maximum return in spare parts and service management in ten key areas:

- Shareholder Value Creation
  - Increase Revenues
    - Parts pricing lifecycle management
    - Parts catalogs enablement
    - Installed base analytics
  - Lower Costs
    - Parts nomenclature & segmentation
    - Design for services
    - Parts costing optimization
    - Warranty & service contracts analytics
  - Optimize Capital
    - Complex asset configuration management
    - Asset maintenance technology deployment
    - Parts Forecasting & Inventory planning
Increase revenues

Parts pricing lifecycle management—ensuring that parts contribute all they should to operating margin:

Spare parts, representing 10 to 15% of sales, can make up to 50% of operating margin.

Accenture’s research demonstrates that although spare parts can significantly impact companies’ profitability, parts pricing optimization is still often underexplored.

Through its parts laboratories and dedicated tools, Accenture Parts Optimization provides end-to-end services to optimize spare parts pricing, allowing for companies to use a value-based pricing approach (correlating parts pricing with actual parts features), leverage market intelligence and monitor impact of pricing strategy on revenues, volume and product mix.

Our experience is that incremental parts revenues at stake are in a magnitude of 10-15% for captive parts and 5-10% for competitive parts.

Parts catalogs management—boosting sales through optimized web presence:

With a 5-10% year over year web-based sales increase, enabling web channels is critical for industrial manufacturers and especially in after-sales to capture the Total Customer Experience.

Accenture Parts Optimization helps clients deploy web-channel strategy for after-sales and spare parts in an effective way, focusing on the quality of the content made available to customers.

We support end-to-end creation of web content, including creation of one master catalog, defining appropriate parts, segmentation, cleansing and enriching missing data.

An optimized web presence can increase parts revenues in a magnitude of 10-20%.

Installed base analytics—making spare parts market more transparent:

What’s become of the equipment, machines, products sold one, five, ten years ago? How are they maintained, adapted, modified, resold?

Mastering the installed base is a critical success factor for manufacturing companies in after sales to understand market share and therefore unexplored additional revenues potential.

Accenture Parts Optimization helps manufacturing companies better leverage their installed base to drive additional after sales and spare parts revenues.

10-15% incremental parts and after sales revenues are at stake.
Lower costs

Parts nomenclature and segmentation—optimizing SKUs and systems:

After sales or MRO parts master data quality is often a challenge for manufacturing companies: huge number of SKUs, misalignment resulting from different IT systems, different/local master data management organizations, merger & acquisitions ...

With specialized teams and assets, Accenture Parts Optimization proposes an accelerated process of parts data cleaning and structuring with limited up-front investments.

Bundling with parts inventory optimization or sourcing improvement projects, our services allow our clients to achieve 10-20% reduction in inventory costs, and up to 20% in sourcing savings.

Parts costing optimization—realizing the value of your full spectrum of parts, not just premium ones.

Because of the complexities involved, too many companies leave “tier two” type parts in the hands of procurement processes and value is lost. Accenture Parts Optimization offers an industrial solution for parts costing optimization. It addresses the entire scope of active parts by category—not just premium parts. To quickly identify sourcing optimization opportunities, a “should-cost” approach correlates a part’s technical, manufacturing and sourcing attributes with current sourcing costs to quickly identify deviations and costs optimization potential.

Typically 10-15% cost reduction is at stake.

Design for services—ensuring parts design aligns with delivery capabilities:

Embedding after sales-services parameters and success factors into new product design is a must for gaining maximum value from spare parts.

Accenture Parts Optimization supports engineering teams of manufacturing companies in collecting, analyzing and processing parts and after sales data to optimize “design for service” decisions in new product development.

Without impacting captivity of installed base, up to 30-40% SKUs reduction is at stake.

Warranty and service contracts analytics—identifying systemic parts problems:

An Accenture study suggests that most companies are overlooking the business value they can generate from warranty management activities. However, the lack of resources and expertise make tough the analysis of the vast amount of data available (warranty claims, product returns and customer complaints data) necessary to properly process claims, detect fraud, improve quality and ultimately reduce costs.

Accenture Parts Optimization helps clients apply sophisticated, industry specific data analytics tools with significant impact on cost recovery from suppliers, on quality, and on fraud detection.

Companies implementing the APO early warning & analytics solution can realize 10-15% cost reductions in valid warranty claim costs and increase supplier recovery by 15 to 20%.
Optimize capital

Complex asset configuration management—creating world-class capabilities:

The quality of manufacturing asset configuration data (spare parts master data, assets bill of material data, assets technical documentation, etc.) acts as an obstacle to implementing world-class asset maintenance processes across the company, including predictive maintenance.

Accenture Parts Optimization has developed an industrial approach for collecting, classifying, cleansing and enriching asset configuration data from multiple sources. Our approach is scalable, cost efficient and offers an option for off-shoring.

Asset maintenance technology deployment—leveraging industry best practices:

Implementing best practices in asset maintenance supported by information technology is one of the levers to increase overall equipment effectiveness. Succeeding in the transformation requires a combination of business and technology skills and the ability to address a number of challenges including MRO data quality.

Accenture Parts Optimization helps clients in their manufacturing asset maintenance transformation to improve Overall Equipment Effectiveness.

We support the transformation end-to-end including re-engineering asset maintenance processes to deploy best practices and accelerating technology deployment (asset maintenance technology in overall IT landscape).

Parts forecasting and inventory planning—getting the full benefits of your supply chain planning capabilities:

After massively investing in parts supply chain planning capabilities, too many companies are left struggling to realize the full benefits. Why? Things like poor master data quality and the misalignment of inventory management parameters are two of a host of issues that hamper the best efforts. Accenture Parts Optimization provides parts inventory optimization and demand forecasting capabilities as a service.

Leveraging these services, our clients can achieve improved forecast accuracy (by 5 to 10%) and order fill rate (by 3 to 5%) while optimizing inventory (reduction of 5 to 10%) and increasing service levels (OTIF, by 3 to 5%).
Accenture Parts Optimization: A Critical Part of Whirlpool Europe’s Success

Like other businesses operating in the highly competitive appliance sector, Whirlpool Europe was under intense pressure to cut costs and boost profitability. To achieve this dual imperative, the company focused its attention in spare parts business. Whirlpool turned to Accenture to help replace its traditional “cost-plus” pricing model for spare parts with a consumer-centric approach that aligns all prices with customers’ perceived value. This 3 year program, started in July 2010, increased significantly the turnover and profitability of Whirlpool’s spare parts business. Key metrics have been defined in order to monitor on a weekly basis business trends on program scope (Eg. quantity of spare parts sold, the discount applied by each market and the gross price applied). Additionally this approach is helping Whirlpool to improve his image in the marketplace by providing a coherent, homogenous and consistent set of prices for parts within the same product family.

Many Accenture Parts Optimization solutions have been successfully implemented in such different sectors as the automotive, industrial equipment, basic resources and consumer goods industry.

For more information about boosting your business performance through Accenture Parts Optimization, please contact: contactAPO@accenture.com
About Accenture

Accenture is a global management consulting, technology services and outsourcing company, with approximately 244,000 people serving clients in more than 120 countries. Combining unparalleled experience, comprehensive capabilities across all industries and business functions, and extensive research on the world’s most successful companies, Accenture collaborates with clients to help them become high-performance businesses and governments. The company generated net revenues of US$25.50 billion for the fiscal year ended Aug. 31, 2011. Its home page is www.accenture.com.