

Servitization is In, Productization is Out

3 Paradigm Shifts You Need to Make to Join the Servitization Economy

#1 Transition from "silos" to "integrated."

If your company used to have a product and services department, it is now the time to pivot, transform, and reinvent your business model from silos to integrated services.



Department leaders must identify organizational goals and outcomes. Only when alignment has been reached can your organization move forward to specify the strategy, including identifying:

- Data, resources, and technology
- Necessary third-party vendors
- New hires that might be needed

Integration and alignment may require:



A careful risk assessment



Price point calculation based on realistic analyses



Reasonable contracts



Customer and market evaluation

#2 Shift the focus from "products" to "outcomes."

While a product-focused model requires the consumer to make a repurchase decision each time, it is possible—and tempting—for the consumer to reconsider other options.



With an outcome-based model, it is simply easier for them to continue with the status quo for as long as your business delivers valuable outcomes.

This is possible in the servitization economy.

It is easy to see big improvements from a product-based approach to a service-based approach. Here is one example of the changes when one Original Equipment Manufacturer (OEM) shifted to an outcome-based business model:



Product-based

- Manual methods of entering processed data
- Human errors and efficiency issues
- Lack of automation
- Large service force (reactive or scheduled service calls)
- Months to upgrade the entire fleet in the country



Outcome-based

- Real-time visibility
- Operator efficiency tracking
- Remote, automated management
- Vision to extend the service
- Tracking usage and charge based on bundles of currency processed

#3 Move from "hardware-centric" to "software-centric."



The economy has evolved. CapEx is avoided and OpEx has become the norm. Customers now want the convenience of access without the hassles of ownership — and this holds true for both the B2C and the B2B sectors.

Your company can keep pace with this evolving economy by offering your products as services using the XaaS (anything-as-a-service) model. Determine the type of XaaS model your business wants to offer:



Equipment-as-a-Service:

Transform from selling equipment to offering your equipment's value as-a-Service using either a usage-based or an outcome-based model.



Auto-Replenishment-as-a-Service:

Supply equipment consumables using a Just-in-Time model — proactively, predictively, and with 360-degree visibility.



Uptime-as-a-Service:

Offer your customers the convenience, savings, and peace of mind that comes with guaranteed uptime.

We can power your transition to the Servitization Economy

TAASCOM stands for "The As A Service Company." Our technology platform enables companies to embark on a Business Model Transformation journey to join the Servitization Economy. This allows you to get to market faster while reducing technology risks and minimizing investments. No matter what your product is, we have the technology platform, the experience, and the expertise to enable your full transformation.

Learn how to jumpstart your transition to the Servitization Economy by downloading our FREE ebook.

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