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REAP THE BENEFITS OF SERVICE TRANSFORMATIONS IN INDUSTRIAL EQUIPMENT MANUFACTURING

AN EFFICIENT PATH TO PROFIT FROM RENTALS AND THE EQUIPMENT-AS-A-SERVICE SHIFT

For manufacturers of industrial equipment, offering rentals in addition to outright sales can help offset fluctuations in revenue generation and create stronger, more lasting customer relationships. It can also be an opening for other valuable, competitive services as industrial equipment manufacturers shift their business model toward equipment-as-a-service (EaaS).

Sikich and its partner, software innovator To-Increase, offer a complete solution built on Microsoft Dynamics 365 Finance and Supply Chain Management to help you ride the wave of this industry trend. Take your business to the next level by unlocking a high-potential revenue stream, using proven technology that supports EaaS and equipment manufacturing in a coherent digital environment. Sikich delivers this solution with a short time-to-value and with minimal risk in a deployment based on industry-best practices.

In this ebook, we highlight the EaaS opportunity and the key capabilities of our solution, and foreshadow the business outcomes you might achieve with it.





GENERATE MORE REVENUE AND RECLAIM CUSTOMER RELATIONSHIPS

Equipment manufacturers have long looked for ways to strengthen customer relationships, improve their margins, overcome competitive challenges, and generate more revenue in a sustained, predictable manner. Maintenance and upgrade services can support these goals. However, especially for many midsize and smaller equipment manufacturers, deploying service management technologies and setting up field service teams can come with high costs. The returns in service revenue and customer satisfaction and retention may then not always be in a healthy relationship to the overhead of offering services.

For these reasons, some equipment manufacturers continue relying on external service providers to provide maintenance, repairs, and upgrades, with the downside of at least partially surrendering ownership of customer relationships to a third party. By creating a larger gap between end customers and their own businesses, equipment manufacturers limit their ability to identify and fulfill other product and service opportunities.

GETTING RENTALS RIGHT

Offering rental plans backed by service offerings gives equipment manufacturers a promising way to generate recurring revenue to mitigate ebbs and flows in their cash flow. Rentals also allow them to more flexibly serve those customers who would rather not purchase equipment outright. Equipment manufacturers and their customers both stand to benefit from more collaborative, synergistic relationships fueled by shared interests.

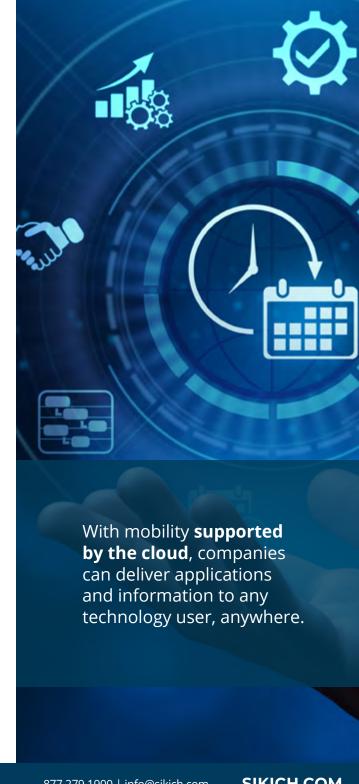
In the Sikich practice, we help equipment manufacturers minimize expenses and avoid process sprawl. Some manufacturers we know began managing rentals with error-prone, paper-based processes and never fully updated to more efficient digital tools. When they implemented software tools to manage rentals and other parts of the business, they often ended up with disparate point solutions. At that point, sharing and reporting on information and orchestrating business processes took manual intervention and coordination.

CUSTOMER PREFERENCES AND TECHNOLOGIES EVOLVE TOGETHER

Business management technology has become more versatile in accommodating changes and growth in manufacturing firms. With mobility supported by the cloud, companies can deliver applications and information to any technology user, anywhere. That also allows businesses to think more about innovative use cases for their data and systems across their solutions, services, customer relationships, and supply chain.

At the same time, largely spearheaded by the consumption-based cloud business model, customers have become more welcoming of expanding subscription-based models beyond traditional supporting services to encompass products. Key for businesses in making product-as-a-service (PaaS) offerings pencil out is that they can own and benefit from machinery or other complex products by budgeting operational expenses (OpEx) instead of planning for capital expenditures (CapEx).

Across industries, product servitization quickly made inroads as an efficient, agile, and economical business strategy, sometimes referred to as everything-as-a-service or EaaS. It also gave rise to the other EaaS, which matters greatly to Sikich equipment manufacturing clients: equipment-as-a-service.





FROM RENTALS TO EAAS AND ON TO DIGITALLY MANAGED OPERATIONS

Rentals can be part of EaaS offerings, but EaaS can provide more than the equipment plus maintenance and repair services. For example, businesses implementing EaaS plans can:

- Use modern software to process, display, and report on equipment, operational, and finance data to enable equipment-related and financial planning for customers.
- Drive equipment performance and business process improvements.
- Provide feedback to product engineering teams.

In some EaaS scenarios, equipment becomes part of the industrial internet of things (IIoT) by means of connected sensors that gather and forward data about performance,

adherence to quality standards, power consumption, wear and tear, parts and materials processing, environmental conditions, and other aspects of equipment operations. As equipment which manufacturers design and produce as well as the machines they use in their own production plants turn into transparent, data-generating digital as well as physical objects, EaaS can enable wideranging Industry 4.0 transformations.

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EAAS ON THE RISE

As a successful model that can meet the needs of both equipment manufacturers and their customers, EaaS is undergoing rapid, worldwide adoption. Globally, the EaaS market was valued at U.S. \$1,091,200,000 in 2022. Analysts project it to expand at a compound annual growth rate (CAGR) of 49.9 percent from 2023 to 2030.¹ In the U.S., the expected CAGR for EaaS during those years is 48 percent, across manufacturing, construction, materials handling, packaging, and mining. Worldwide, manufacturing accounted for 38 percent of the revenue generated through EaaS in 2022.

Given the momentum of EaaS, industry observers anticipate that by 2030 equipment manufacturers will bring to market most of their products as part of bundled solutions, which would also include software and services. Because EaaS relies on the ability to generate, store, process, and analyze IIoT and other data, it makes sense that more than 40 percent of equipment manufacturers' mergers and acquisitions focus on cloud technology or software capabilities, a substantial increase from the less than 20 percent 10 years ago.²



SIKICH AND TO-INCREASE PROVIDE THE **TECHNOLOGY** AND **INDUSTRY INSIGHT** TO **HELP YOU PROFIT FROM EAAS**

AN EAAS PLATFORM YOU CAN BUILD ON

If you want to grow your existing rental offering, add rental services as a new line of business, or shift your business toward EaaS, you don't need to acquire an organization that develops software solutions or provides cloud services. Instead, you can draw on <u>manufacturing expertise from Sikich</u> and standardized, proven software tools designed for industrial equipment makers.

To support equipment manufacturers in their EaaS journey, we are partnering with <u>To-Increase</u>, a global software-as-a-service (SaaS) innovator for Microsoft Dynamics 365 ERP applications. Together, Sikich and To-Increase provide the technology and industry insight to help you profit from EaaS. We deploy and integrate the industry leading business management application, <u>Microsoft Dynamics 365 Finance and Supply Chain Management</u>, with <u>DynaRent Solutions Suite</u> from To-Increase.

The usability, manageability, flexibility, and functionality of a connected technology environment built on Dynamics 365 and DynaRent Solutions Suite help you streamline existing rental operations. If you're newly offering rentals or exploring further EaaS opportunities, you can do so incrementally, at every step supported by data evidence.

8 REASONS TO REALIZE EAAS WITH DYNAMICS 365 AND DYNARENT SOLUTIONS SUITE

An integrated, complete EaaS solution comprising Microsoft Dynamics 365 Finance and Supply Chain Management and To-Increase DynaRent Solutions Suite can prove its value when you aim to:

Reclaim ownership of customer relationships and forge lifetime engagements.

1

Make more productive and profitable use of equipment rented to clients and the skills of field services team members.

5

Simplify the complex technology environment that supports your existing rental business.

2

Improve product design based on real-life data from client environments.

6

Generate additional, recurring revenue from rentals.

3

Manage all your business processes with a single, complete software solution that can adjust to the change and growth in your manufacturing and EaaS operations.

Add a rental service to your business or create new EaaS service offerings in a low-risk manner.

Achieve an unprecedently high yield in terms of business results and productivity enablement from your investment in Microsoft solutions and a unified technology environment.



STRATEGIC, TRUSTED PARTNERS POWER TRANSFORMATIONS

Sikich and To-Increase both are client-driven, highly successful organizations that practice a collaborative, flexible approach to addressing business concerns.

Sikich has delivered hundreds of successful ERP engagements, ranging from new deployments, to upgrades and modernizations, to turnarounds of failing projects. At Sikich, more than 1,600 team members serve over 15,000 clients. The organization offers a vast range of business advisory and financial consulting services in addition to technology projects and service engagements.

In over 18 years in business, To-Increase has won more than 2,200 clients in 45 countries and enjoys a 94 percent satisfaction rating from them. The company offers over 50 apps and software solutions exclusively for Dynamics 365 environments.

BUILDING A STREAMLINED, UNIFIED SOFTWARE ENVIRONMENT

Sikich and To-Increase enable the best possible business outcomes with high levels of ease and simplicity in designing, deploying, configuring, and enhancing your ERP and EaaS solution. You can unify and connect your entire technology environment, transitioning away from legacy rental management and other software that no longer meets your needs. Sikich can deploy all modules that are part of Dynamics 365 Finance and Supply Chain Management and DynaRent Solutions Suite, or start with a subset of the capabilities you need and deploy additional functionality when you're ready for it.

Our consultants perform data migrations from these systems into a centralized database, so you can continue to make decisions and plan your business in reliance on all the historical information that matters. To connect and align your technology foundation and data sources, we integrate your Dynamics 365 platform and other key systems, such as product lifecycle management (PLM) software and Microsoft 365 productivity tools like, for example, Excel.

AUGMENTING ERP TO POWER EAAS

Running on the same Microsoft Azure cloud foundation as Dynamics 365, To-Increase DynaRent Solutions Suite is completely embedded into the ERP system. It allows coherent rental and operations management with complete visibility based on one comprehensive set of data. On this integrated equipment manufacturing ERP and EaaS platform, you can perform all activities and processes that take place throughout the lifecycle of manufactured products — from sales to engineering, materials planning, production, delivery, installation, rentals, supporting services, and business management.

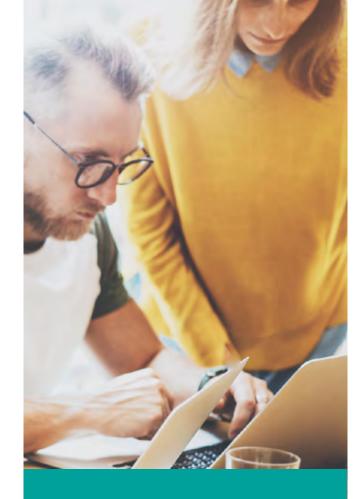
With end-to-end coverage for rental operations, DynaRent Solutions Suite offers comprehensive functionality for:

- Customer engagement
- Contract management
- Quoting
- Planning

- Asset management
- Service delivery
- Supply chain management

You can modularly add capabilities to the core functionality of DynaRent Solutions Suite, including:

- DynaRent Customer Portal to enable customers to reserve, track, and manage their rental equipment.
- DynaRent Mobile App to allow field service engineers to efficiently deploy equipment and perform maintenance or upgrades at client sites.
- DynaRent for Microsoft Dynamics 365 Sales to gain a complete view of lead-to-cash data, which helps sellers prepare winning quotes and close business faster.
- Analytics for Rental to gain business insight and drive the best possible decisionmaking based on your data assets.



On this integrated equipment manufacturing ERP and EaaS platform, you can perform all activities and processes that take place throughout the lifecycle of manufactured products.



ENABLING EAAS AND MANUFACTURING MANAGEMENT BASED ON INDUSTRY BEST PRACTICES

DynaRent Solutions Suite delivers its rental management capabilities optimized to incorporate the industry's best practices. It includes more than 150 standardized business processes, over 140 workflows, and over 700 associated tasks — all based on many years of industry research and client engagements at To-Increase. DynaRent processes, workflows, and tasks are designed to meet the specific needs of business roles involved in rental services. For example, 20 business processes support the important role of the rental clerk.

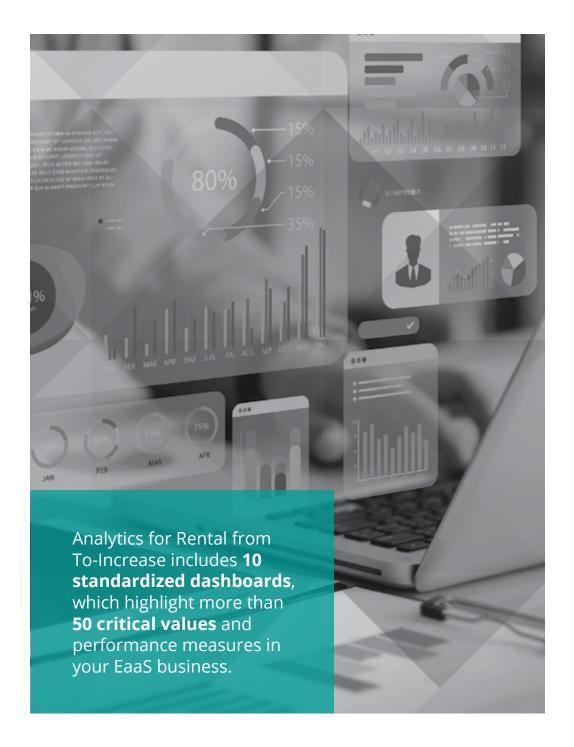
In deploying Dynamics 365 solutions, Sikich consultants follow our HEADSTART solution model and methodology, which shortens the time-to-benefit, minimizes risks, and provides manufacturers with a best practice-based configuration that can meet on average 85 percent or more of their requirements without any customization. HEADSTART comes with hundreds of best practicepowered processes for equipment manufacturers and their business roles. With best practices infusing standardized processes, workflows, and tasks, DynaRent Solutions Suite closely aligns with Sikich HEADSTART. Implemented by Sikich consultants who understand equipment manufacturing and EaaS, deployments of Dynamics 365 with integrated DynaRent Solutions Suite can rapidly and without disruption deliver a productionready software environment.

CAPITALIZING ON DATA AS A BUSINESS ASSET

Your equipment manufacturing and EaaS operations generate data whenever a business event happens — a sale, an engineering decision, a supply chain constraint, a service contract, an equipment deployment, a maintenance action, and more. If assets you provide as EaaS are IIoT-connected, they produce data evidence to illustrate equipment performance, cycle counts, materials processed, power usage, standards compliance, or the impact of friction, wear, and stress on equipment components.

When this data resided in multiple repositories and was accessed by several discrete software tools, its value depended on the expertise and determination of individual technology users and their understanding of the business. Now, when you run all processes on a connected digital platform, data exists in the context of the entire business. It can be more accessible and meaningful for people who, for example, make decisions, design products, optimize manufacturing, or serve customers. You can create more value and impact from your data assets.





READY-TO-GO VISIBILITY TOOLS IN YOUR EAAS SOFTWARE

Complementing the analytics and reporting tools in Dynamics 365 or those your business might have created in Microsoft Power BI, Analytics for Rental from To-Increase includes 10 standardized dashboards, which highlight more than 50 critical values and performance measures in your EaaS business.

They bring data insight to all stages of rental operations, including:

- Sales, communications, and contract management to get rentals underway
- Revenue, costs, margins, profits, utilization, and downtimes during equipment rentals
- Costs, efficiencies, and productivity of maintenance and field services
- Business performance and ROI of your EaaS offerings and equipment fleet



DRIVING TRANSFORMATIONS WITH DATA INSIGHT

What are some of the more impactful use cases for data insight equipment manufacturers can realize with Dynamics 365 and DynaRent Solutions Suite? Here are several examples:

- Better understand how customers use your equipment and how it performs for them. Based on your findings, you can offer guidance on working more productively with your products, provide proactive maintenance, and address potential performance concerns or other issues before they become disruptive and maybe even before customers become aware of them.
- Assess the financial performance, including revenue, profits, losses, and ROI, of equipment rentals and service delivery. You can do this in real time, while rentals are in place, for multiple, completed rentals, for individual or groups of customers, for categories and types of equipment and services, and by other criteria. Data evidence can help you ensure business health with the right balance of investments and outcomes, and better plan your production, EaaS offerings, and approach to the available market. For example, you may want to shift your focus more on highrevenue, low-overhead products or loyal, profitable customers.

Data evidence can help you ensure business health with the right balance of investments and outcomes, and better plan your production, EaaS offerings, and approach to the available market.

- Make more efficient use of team member skills such as sales consultants, technicians, service managers, and supporting roles in the back office and the warehouse and close skills gaps before accountability and responsiveness flag. See how productively field services employees use their time and what opportunities exist for boosting their effectiveness. You may also be able to plan workforce development more realistically in line with changing customer needs and your EaaS model.
- Improve the utilization of equipment assets to minimize unproductive periods, including waits for rental deployment, scheduled maintenance downtimes, or transportation between sites. Adjust the composition of your equipment fleet to reliably meet anticipated customer demand.
- Provide product designers and engineers with visibility of how they can improve equipment to meet customer needs in a more productive, sustained, and competitive manner. Over time, you can accelerate the cycles of product innovations and enhancements, and better control the efforts and costs involved.
- Intervene at the right time in supplier relationships and logistics processes to avoid production and delivery delays, equipment downtime, and resulting customer dissatisfaction. Implement flexible, resilient supply chain management to consistently meet customer expectations.
- Identify opportunities for the sale of upgrades, optional extras, consumables and other products to better meet customers' goals for keeping their equipment up-to-date and in full operation.





DRIVE REVENUE GENERATION WITH INCREASED RESPONSIVENESS TO CUSTOMERS

As you analyze equipment data and understand the use and performance of your assets at customer sites, you may find that runtime is not a meaningful metric around which you can structure profitable service contracts. Maybe, if your customer is a manufacturer, it makes more sense to base EaaS agreements on the number or volume of the production output or the quantity of materials consumed. Or, if your equipment enables customers to perform such tasks as transporting people and merchandise, moving warehouse items, loading containers, packaging goods, the contract should reflect the numbers of passengers or units they manage or process.

In addition, based on your data-fueled understanding of equipment performance and utilization, you can engage with key customers more collaboratively. Together, you could design product improvements or develop market strategies that may benefit an entire customer segment.



Based on your data-fueled understanding of equipment performance and utilization, you can **engage** with key customers more **collaboratively**.



The **scalability** and versatility of integrated Dynamics 365 and **DynaRent Solutions Suite** running on the Azure cloud are practically unlimited.

COHERENT, ROLE-OPTIMIZED TECHNOLOGY TO MANAGE EAAS AND EQUIPMENT MANUFACTURING

Many customers will welcome supporting services, rental plans, or a full EaaS offering from you, their trusted equipment manufacturer. They will appreciate the ease of doing business with just one party for equipment products and services. However, it's also likely that not all your customers will be ready for EaaS at the same time. You can continue serving them as makes sense for their needs and your business strategy.

The scalability and versatility of integrated Dynamics 365 and DynaRent Solutions Suite running on the Azure cloud are practically unlimited. You can rely on the technology to accommodate your changing requirements as you:

- Manage all your important relationships and the growing volume of transactions they generate.
- Add and modify technology users, service lines, products and product types, customers, market segments, business entities, planning and production cadences, and vendors.
- Concurrently and efficiently support all types of customers those
 who only purchase equipment outright, those who both purchase and
 rent, and those who choose to only rent, along with the maintenance,
 engineering, consulting, and other services they may receive.
- Easily redefine and transition customers from one segment to another.
- Control your changing portfolio of parts and materials suppliers and the business partners still providing outsourced services to your customers.

TECHNOLOGY PARTNERS YOU CAN TRUST

Sikich and To-Increase share important values, capabilities, and expertise that matter in the success of their client engagements, for example:

Many years of solution design and technology project delivery for various segments of the manufacturing industry

1

Individualized,
collaborative culture
of learning about clients'
concerns and helping
them reach their goals

5

Track record of success with many long-term manufacturing clients

2

Consistent approach and **unified team** with a single point of accountability to serve clients

6

Close, **strategic partnership** with
Microsoft leadership,
industry teams,
and developers

Vision of technology that needs to rapidly deliver its value in serving people and organizations spanning the entire Microsoft solution catalog

Technical expertise

Innovation and thought leadership in driving beneficial transformations in the manufacturing industry

LOW IT WORKLOAD FOR TECHNOLOGY YOU NEVER NEED TO REPLACE

IT teams can manage Dynamics 365 and DynaRent Solutions Suite efficiently, putting widely available and easily acquired skills to work. To-Increase developed DynaRent Solutions Suite and its add-ons, like the DynaRent Mobile App or Customer Portal, in Microsoft Power Apps, which allows IT to make minor adjustments largely through simple configuration changes.

DynaRent Solutions Suite matches the cadence of Microsoft's cloud-facilitated updates and enhancements for Dynamics 365. Your EaaS and business management technology is always current with the latest capabilities and security features, and its lifespan doesn't have an expiration date. It can support you throughout the life of your equipment manufacturing business. You can always be future-ready without ever having to face the disruption and expense of replacing your technology platform.

SOFTWARE MADE FOR REAL BUSINESS ROLES

Technology users can work productively and comfortably on the ERP and EaaS platform as soon as Sikich completes the efficient deployment. If they know popular software tools like Word, Excel, or Outlook, the Dynamics 365 and DynaRent Solutions Suite interfaces will look familiar. Instead of learning and navigating multiple software tools, they can perform their tasks in a coherent software environment, free from distractions. Field service technicians and supervisors can use the DynaRent Mobile App to access EaaS management capabilities and all relevant information about customers and their equipment.



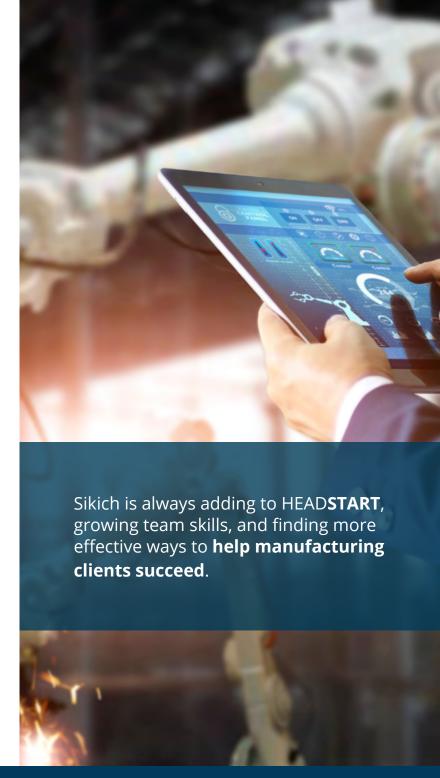
COMMUNICATIONS AND CHANGE MANAGEMENT PAVE YOUR WAY

Your internal and external communications will make a big difference in enabling everybody in the company to share the right messages with prospects and customers to ensure the best possible reception for your EaaS offerings. Sikich consultants can help you design and broadcast these communications and realize smooth, natural changes. As you reassert ownership of your customer relationships, we can provide guidance in smoothly transitioning services business back to your organization and away from third-party providers, at an organic pace and without customer attrition.

INNOVATION NEVER STOPS

Just like your business and industry, our solutions development and project delivery practice are not static. They keep evolving to make beneficial transformations possible. Sikich is always adding to HEAD**START**, growing team skills, and finding more effective ways to help manufacturing clients succeed.

At the same time, To-Increase developers are enhancing DynaRent Solutions Suite. One of their more recent innovations is an Al-enabled product recommendation tool which draws on Azure Machine Learning. When a representative adds an equipment product to a rental order, this tool recommends other items of potential value based on historical transactions and customer data in the EaaS solution. For customers, these recommendations can help avoid functionality gaps they eventually need to bridge. For equipment manufacturers, they can increase the profitable utilization rate of rental equipment and boost customer satisfaction scores. To-Increase is also preparing to integrate DynaRent Solutions Suite with Microsoft Dynamics 365 Copilot.



No matter what your starting point is... you can benefit from Dynamics 365 and **DynaRent Solutions Suite** implemented by Sikich.

SEIZE YOUR TRANSFORMATIONAL **EAAS MOMENT**

Industrial equipment manufacturing is rapidly shifting toward EaaS. If you get ahead of the wave now, you can make an impact in your market before slower movers catch up. No matter what your starting point is — if you already offer rentals and want to run and grow the service more efficiently, or if you aim to add another, consistent revenue stream to your manufacturing business — you can benefit from Dynamics 365 and DynaRent Solutions Suite implemented by Sikich.

We help you achieve a smooth EaaS transition and technology modernization, so you can:

- Ensure the future resilience of your business.
- Overcome competitive challenges as you win and retain customers.
- Reclaim and increase revenue ceded to traditional distribution channels.
- Simplify your technology and make users' and IT managers' lives easier.

FACILITATING A SMOOTH TRANSITION

When we begin working with you, we first learn all we can about your specific business, goals, and concerns. We design a technology and process path to deliver your desired results in the most rapid and nondisruptive manner possible. Many industrial manufacturing clients start with a closely defined pilot project. For example, your first foray into EaaS might be offering as a service just one valuable product or type of products, or only to a particularly promising segment of your customers.

We provide expert support for technology initiatives you handle on your own. You can rely on the Sikich team to help accelerate and simplify efforts like digitizing equipment and machinery with IIoT sensors, processing the resulting data streams, adjusting your finance management for different revenue models, refreshing devices, or repurposing on-premises hardware you no longer need.

GETTING STARTED

To explore how Sikich can help you modernize your technology for EaaS, you can:

- Contact the Sikich industrial manufacturing and EaaS team.
- See how <u>Sikich engages in industrial</u> equipment manufacturing.
- Find out more about our ERP services.





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ABOUT SIKICH

Sikich is a leading professional-services firm that is among the top 1 percent of all enterprise resource planning solution partners in the world and ranks as one of the United States' Top 30 CPA Firms. Sikich is also ranked as number 9 in the country's top 100 technology providers. To every project, Sikich ERP and CRM experts contribute more than 30 years of team experience and an outstanding track record with a success rate of 97 percent. Sikich partners with the industry leaders, including Microsoft, NetSuite, and SonicWALL. Sikich is a Microsoft Solutions Partner for Business Applications and Microsoft Dynamics Inner Circle Partner focused on delivering technology solutions for tangible business improvement and organizational excellence.

To learn more about Sikich, go to www.sikich.com/technology or contact info@sikich.com.

- 1. Grand View Research, Equipment As A Service Market Size, Share & Trends Analysis Report, 2023.
- 2. Bain & Company, Machinery as a Service: A Radical Shift Is Underway, May 2, 2022.

