

Tech-Clarity

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Tech-Clarity Insight: Servicing Medical Equipment

**World Class
Service Management for
Medical Equipment**



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Note: This document contains only the Executive Summary. The full paper, along with a Preface from Lawson Software, is available for download from:

<http://forms.lawson.com/forms/MedEquipment>

Executive Overview

Profitability from equipment service is at risk across most industries due to current, global market dynamics. Optimizing equipment service in these times is critical to maintaining margins and business growth, particularly as many manufacturers have seen product sales revenue dip. While the medical equipment industry has maintained profitability better than others, competition is heating up and service is becoming an important differentiator, just as it already has in many industries. One company competing in this market is Getinge, which provides complete solutions for effective and efficient cleaning, disinfection and sterilization in the healthcare and life science sectors. Per-Olof Schrewelius, CFO for Getinge Infection Control AB, describes the state of the market, **“We have seen increased price competition on equipment.”** In this challenging environment, manufacturers need to consider service a strategic imperative. This is true for companies small and large alike. For example, Olympus is a leading manufacturer of professional opto-digital products including medical equipment such as endoscopes. Helge Hildebrand, Department Manager for International Projects for Olympus Europa explains, **“Service is an important factor for our business.”**

Profiting from service requires two fundamentals of service organizations - operational control and equipment intelligence.

Due to the increased strategic importance of service to maintain corporate profits, now is the time for companies that sell and service medical equipment to adopt best practices developed in other service-led industries, including Equipment Service Management (ESM) processes and tools. Although these processes need to be adapted to the specific challenges of the healthcare industry, the lessons learned are both applicable and valuable. They are also achievable. As *Tech-Clarity Insight: Equipment Service Management – Maximizing Profit and Customer Value over the Equipment Lifecycle* research paper describes, **“Profiting from service requires two fundamentals of service organizations - operational control and equipment intelligence.”** Operational control allows medical equipment companies to better manage the cost of service so they can profit from service contracts while ensuring a quality customer experience. Equipment intelligence helps them meet regulatory requirements and provides business insight that enables more proactive service and supports follow-up on sales. ESM can help to enable both of these essentials.

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ESM provides an integrated approach to the business of service, and helps companies address complexities such as managing global operations and complex contracts that may include lease or rental. ESM best practices offer a roadmap for medical equipment companies to follow as they transition to service-led businesses, and help them learn from other industries that have already faced this transition. But servicing medical equipment has distinct differences from servicing industrial equipment or consumer products. It requires additional attention due to the need to protect patient welfare and meet regulatory requirements. But the end goal for ESM in any industry is the same – to develop profitable, long-term partnerships with customers and drive higher revenue and profit from service. ESM offers the transparency and an integrated view of product information that helps medical equipment companies achieve the level of control and equipment intelligence they need in this highly regulated, global industry.

About the Author

Jim Brown is the President and founder of Tech-Clarity, an independent research and consulting firm that specializes in analyzing the true business value of software technology and services. Jim has over 20 years of experience in application software for the manufacturing industries, with a broad background including roles in industry, management consulting, the software industry and industry research spanning enterprise applications such as PLM, ERP, Service Management, SCM and others.

Jim is an experienced researcher, author and public speaker and enjoys the opportunity to speak at conferences or anywhere he can engage with people who are passionate about improving business performance through software technology.

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