SOURCE SUPPORT

SERVICES USE CASE

Mobilizing an "Un-Trunked" Service Parts Logistics Solution

Our Services Use Cases present summary and analysis of a situational market scenario experienced by one or more of Source Support Services' customers. Specific customer names and details have been removed for privacy.

In an effort to improve response times, many OEMs – especially in medical technology – have deployed a "trunk stock" logistics strategy: entrusting their field engineers with parts and tools that they store themselves (often in the trunks of their cars, at their homes or in storage units) and take with them to end-user sites.

Trunk stock has become increasingly common in the service world, but there are some risks involved as well. In this Services Use Case, we'll explore those risks and outline a robust service parts logistics model that supports increased inventory visibility and management without hindering service response times.

With over 20 years of experience supporting OEMs in the Enterprise IT, a market that largely moved away from trunk stock, Source Support has leveraged our unique expertise to help our customers in the Medical Technology market understand how they can implement a more robust service parts logistics model that not only provides them with more visibility and control over their inventory, but still enables service parts delivery to support mission-critical system uptime requirements.

The Traditional Trunk Stock Model

With a traditional trunk stock model, OEMs recognize the following benefits:

- **Reducing downtime with immediate access to parts.** When a technician needs a replacement part, they can access it immediately. This reduces the likelihood of scheduling a separate onsite dispatch to return with the appropriate part, which more than likely results in the end-user facing additional downtime.
- **Increasing inventory visibility in the field.** Field service professionals can see exactly what they do and do not have on hand – and can reorder spare parts and restock their "trunk" as needed.

However, there are some inherent challenges with such a model as well:

- **Managing parts inventories.** Parts and products are lost, stolen, damaged and ruined more than you'd think. In fact, the average annual losses for OEMs aren't in the thousands of dollars – they're in the millions. No organization can afford those kinds of losses.
- **Replenishing parts inventories.** The OEM is reliant on its FEs to report to them exactly what they use and what they need to make their kit whole as quickly as possible. Then, the OEM must somehow physically get those items to them. The process is full of possible breakdowns that ultimately create service delays, especially when FEs are as busy traveling and servicing end-users as they are these days.
- **Preserving response times.** The pressure on OEMs and their service teams to be more responsive to end-users has risen considerably. A trunk stock model constrains the available pool of FEs that can handle particular service calls to only those that have trunk stock. This limits the resilience of the FE service model and ability to respond to customer needs – and exacerbate the very concept that organizations are trying to solve for.
- **Driving up inventory costs.** One solution to preserve response times is for the OEM to drastically increase the number of FEs in their employ. It is important to note, that they must in conjunction increase spend on inventory to supply this growing network with plenty of spare parts. So, the OEM will have incurred the cost of purchasing inventory in tandem with the cost of hiring more employees to their workforce.
- **Equipping staff and partners.** OEMs are looking more to augment their existing workforce with service partners to improve response time and customer satisfaction. But such a strategy is inherently at odds with trunk stock because those outsourced resources probably won't have the same parts that an OEM's employed workforce will. This requires the OEM to move spare parts to end-user sites or come up with another solution.

Of course, the pandemic has made a trunk stock concept even harder to properly execute than before. Showing up on time, with the proper parts, is harder than ever; transportation and shipping systems can often be spotty, infrequent, or inconsistent. Also, more jurisdictions have implemented more rules and regulations governing how and what can and cannot move across their borders.

At the end of the day, though, end-users still expect timely, quality service. They don't care how it gets done – it just needs to get done. It's on service organizations to deliver.

A Better Logistics Approach

There's another logistics strategy that we're seeing produces better results than the trunk stock model. Source has helped customers solve these challenges with a robust service parts logistics solution that relies on a few key steps:

Using data from past service experience and future modeling to pinpoint locations that are optimal for quick end-user response and efficient parts supply.

With that knowledge in hand, recruiting FEs based in or near those optimal locations – and then having them stay remote as opposed to being based from the nearest office.

Procuring forward stocking locations (FSLs) – warehouses in the right strategic places all around the world that have all the parts an FE would need to service the end-users in that region. This approach enables the fastest possible onsite response and the least amount of time spent getting the proper parts where they need to go. It avoids all the parts losses that go along with trunk stock model. It also enables better management of parts inventory; organizations can account for every part at all times and replenish FSLs as needed.

There are a few important advantages to OEMs of using this model:

- Greater control and visibility into their inventory.
- Secure, trusted inventory control and replenishment, with clear visibility when and where parts are needed and minimized risk of loss or damage.
- The ability to coordinate when and how field engineers obtain replacement parts. By making this process as efficient and fast as possible, OEMs can support maximum uptime and improve customer satisfaction.

Essentially, it's a "maximum coverage" strategy – determining where people and parts can be stationed or based for the most efficient service experience, and then putting the right resources in the right places to execute. With this in place, it's much easier to achieve consistent, strong SLA performance.

About Source Support Service's Customers

Source's customers are technical product manufacturers in the enterprise IT, medical technology, and industrial automation markets. Since we were founded in 2001, our customers have enjoyed access to a global on-demand field engineer network, a scalable training and certification platform, a global service parts logistics partner network and an advanced services management platform to unify and manage it all.

With over 20 years of experience executing millions of same-day and next-business-day support interactions around the globe, we've refined our service model to streamline support experiences and support our customers' service resiliency and quality performance objectives.

For more information on Source's global service parts logistics solution, and how Source can help your organization quickly scale to match any need, please visit sourcesupport.com.