

Syncron research reveals key challenges, strategic shifts shaping the future of aftermarket services

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92% of service organizations struggle to meet customer satisfaction goals consistently

STOCKHOLM, Sept. 26, 2024 /CNW/ -- **Syncron**, a global leader in intelligent Service Lifecycle Management solutions, today released the results of its 2024 research report, "Modernizing the Aftermarket." The report, conducted in partnership with Field Service Associates, highlights the pressing challenges service organizations face as they navigate a complex and rapidly evolving industry landscape.

Today, 92% of service organizations find it challenging to meet customer satisfaction goals consistently. A third (33%) still rely on manual processes to manage spare parts inventory. And nearly all (99%) report challenges when adopting new technologies, including concerns about data security (41%) and difficulties identifying the right solutions (39%).

The findings underscore the need for service organizations to embrace new business models, bridge the gap between current operations and future industry demands, and choose technology that helps them tackle the complexity of their business.

Strategic priorities for future growth

According to respondents, organizations expect revenue from outcome-based service models to increase from 25% to 41% over the next five years. This significant shift makes sense: focusing on the delivery of specific results or outcomes—rather than just products or services—can be a powerful tool to increase customer satisfaction.

While all respondents believe investing in operational improvements will lead to increased profits, over a third (34%) expect them to increase by more than 15%. Nearly half of respondents (48%) say optimizing their supply chain has the potential to provide the greatest boost to revenue and margins. Organizations would also benefit from improving parts pricing (59%), addressing supply chain infrastructure costs (58%), and optimizing inventory levels (53%).

Shifting from manual to automatic

As service organizations continue to move away from manual and outdated processes, there is a growing emphasis on adopting advanced technologies such as AI and automation to manage the complexity of modern data, ensure regulatory compliance, and improve decision-making. In fact, 39% percent of respondents said the use of advanced technologies is "most important" when choosing a solution for their organization and nearly half (48%) identified "visibility across data" as a primary benefit of modernizing aftermarket functions.

The research also found that incomplete or inaccurate data can significantly hinder an organization's ability to gauge performance accurately. Nine in ten (90%) organizations cite data as a challenge to monitoring their key performance indicators (KPIs), including its quality (49%) and quantity (43%).

The growing role of sustainability

Sustainability is a top priority for aftermarket operations, with 95% of respondents indicating plans to transition to a circular economy model within the next 12-24 months. This move reflects a growing recognition that adopting a circular economy model can lead to significant cost savings and improved operational efficiencies. While the drive towards a circular economy is clearly evident, about three quarters (76%) of respondents believe significant improvements are needed in how their organization tracks circulatory performance metrics and measures the carbon footprint of their supply chain (75%).

"As the aftermarket becomes an increasingly powerful commercial engine, those who are prepared to invest in innovative business models, technology, and sustainable practices will be best positioned to lead," said Sean O'Neill, Chief Product and Technology Officer, Synchron. "These findings provide valuable insights for organizations looking to stay ahead in a competitive landscape by embracing a data-driven and customer-focused approach."

Methodology

Synchron commissioned independent research firm Vanson Bourne to survey 600 decision-makers in service and supply chain roles across North America, Europe, Asia-Pacific, Latin America, and the Middle East in May 2024. Respondents came from organizations with a global annual revenue of more than \$250 million.

To explore the full findings and learn more about how organizations are modernizing their aftermarket operations, download the **Modernizing the Aftermarket Report**.

About Synchron

Synchron helps manufacturers and distributors capitalize on the new service economy by optimizing aftermarket profitability, increasing customer loyalty and enabling the transition to Servitization. Synchron aligns all aftermarket services with its Connected Service Experience (CSX) cloud platform, helping companies differentiate themselves through exceptional aftermarket experiences while driving significant revenue growth. The world's top brands trust Synchron, making it the largest privately-owned global leader in intelligent service lifecycle management SaaS solutions. For more, visit www.synchron.com.

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