

Business Success Case Study

Konica Minolta Business Solutions U.S.A. Leverages Sprint Nextel and AirClic to Improve Service Profitability

With nearly 6,000 people in sales, service, and marketing, and 1,400 field technicians at 80 branch locations across North America, Konica Minolta Business Solutions U.S.A., Inc. (Konica Minolta), a wholly-owned subsidiary of Konica Minolta Holdings, Inc., is a leader in document imaging innovation, providing its customers with complete solutions for document creation, production and management. With its technologically advanced line of products and services, the company provides solutions to organizations ranging from small office/home office to workgroups and departments as well as large production operations.

Business Challenge

The merger of Konica and Minolta doubled the magnitude of operations for the solutions and services group responsible for providing post-sale service to customers who purchased solutions directly from the company. “Service becomes a key differentiator as a high degree of substitutes are available in the competitive office equipment industry,” said Tom Dillon, Senior Vice President of Solutions and Services at Konica Minolta. The sheer number of technicians and increasing customer demand for quicker service response times made managing technician time more essential. Furthermore, the company was experiencing an unacceptably high percentage of part variance, invoice inaccuracies, and parts shrinkage as technicians were manually inputting the eight-digit part numbers into the system.

Service Chain Strategy

Recognizing the opportunity to improve service levels and inventory costs, Konica Minolta embarked on a plan to automate and streamline its work order management processes. The company wanted to keep its existing decentralized model of work order management, yet accurately account

Service Management

Company Name

Konica Minolta Business Solutions
U.S.A. (www.kmbs.konicaminolta.us)

Solution Provider

Sprint Nextel and AirClic

Business Challenge

Merger of Konica and Minolta increased the magnitude of service operations. Lack of visibility into technician time spent per job and inaccurate inventory accounting led to high parts shrinkage, inventory variance, and average service response time.

Strategy

Leveraged Sprint Nextel and AirClic solution to accurately capture and report work order status and inventory usage and availability.

Value Achieved

- Reduced parts shrinkage from 8% to 1%
- Improved average service response time by 18%
- Increased inventory accuracy 5x
- Significant impact on customer satisfaction due to higher first-time fix rate
- Improved visibility into labor costs per job and truck stock

for the inventory in the field. “We want to ensure that the right part gets to the right place at the right time,” said Dillon. A recent Aberdeen study, “[The Service Parts Management Update](#),” revealed that improved parts management has a significant impact on a company’s overall profitability. According to the study, 90% of the best-in-class companies that automated their parts tracking reported improved customer retention due to higher part fill rates and first-time resolution rates. Moreover, 62% reported reduced inventory carrying costs. On average, such companies reported that 45% of their overall profits were derived from post-sale service.

Selection and Deployment

After conducting a thorough needs assessment, the Konica Minolta team outlined the solution requirements. Two requirements they identified were that the solution work within the constraints of the existing hardware, which included rugged cell phones and laptop computers, and that the solution integrate seamlessly with the company’s existing back office systems, including its SAP customer information management system. After careful evaluation, Konica Minolta adopted a Sprint Nextel wireless solution that included bar-code scanning capabilities from AirClic to monitor parts used and labor time.

Konica Minolta deployed the solution in three controlled phases. In phase one, which took two weeks, the company rolled out the solution to a few technicians at two locations. The data captured from the field was not integrated with the back office systems during this phase. After 30 days of intense testing and ROI assessment, the company launched the second phase, which primarily included integrating the field data with Konica Minolta’s SAP customer information management system. After successful completion of the first two phases, the company rolled out the solution to the rest of the 1,400 field technicians across North America. Dillon stated, “To ensure seamless adoption of the new process, we conducted training both on-site and via webinars prior to the roll-out. The feedback from the technicians was positive.”

Results

Post-deployment, Konica Minolta realized quantifiable improvements in several key areas. The solution’s timestamp functionality allowed the technicians to accurately and remotely report on-site labor time and travel time. Improved real-time visibility into technician time resulted in 18% decrease in average service response time.

The bar-code scanning functionality enabled the technicians to automatically capture the eight-digit part numbers, resulting in fewer errors in reporting parts usage and truck inventory. In fact, the company improved their inventory accuracy fivefold. Interestingly, the company was conducting an inventory count at the time of the solution deployment. Typically, it took Konica Minolta three weeks to complete the counting process. The Sprint Nextel and AirClic solution allowed the company to complete the whole process in half the time. Improved accounting of parts not only significantly reduced the inventory variance, but also decreased inventory shrinkage from 8% to 1%.

Such improvements enabled Konica Minolta to increase customer satisfaction as a result of higher first-time fix rate. Even though this rate improved by only 1%, from 90% to 91%, it had a significant impact on service profitability due to the high volume of service calls. “The solution led to a decrease in the number of 3x30 occurrences, an internal metric that tracks how many times a technician visits the same customer 3 times within a 30-day period,” said Nelson Lin, CIO and Vice President of Information Technology.

Lessons Learned

The Konica Minolta team attributed the success of the solution to the controlled deployment of the solution, training of the technicians prior to the roll-out, and the ability of the deployment team to resolve issues expeditiously. For instance, during the third phase of the implementation, the team realized there was a discrepancy in the labor time reported because of the difference in time zones. The problem stemmed from the fact that all the testing in phase one was conducted in the Eastern time zone. “The Sprint Nextel and AirClic team did a fabulous job of resolving the problem,” said Dillon.

Future Outlook

In the near future, Konica Minolta hopes to increase its focus on customer satisfaction by providing its customers with a 24/7 personalized web portal to initiate service requests, accept service calls, and track both equipment usage and maintenance needs. Furthermore, they want to consider remote product service solutions that will enable higher asset uptime due to predictive and preventative maintenance. The company also hopes to leverage the enhanced location-based functionality of the Sprint Nextel wireless network and AirClic solution to accurately track and provision its field resources.

AberdeenGroup, Inc.
260 Franklin Street
Boston, Massachusetts
02110-3112
USA

Telephone: 617 723 7890
Fax: 617 723 7897
www.aberdeen.com

© 2007 **AberdeenGroup, Inc.**
All rights reserved

Founded in 1988, **AberdeenGroup** is the technology-driven research destination of choice for the global business executive. **AberdeenGroup** has over 100,000 research members in over 36 countries around the world that both participate in and direct the most comprehensive technology-driven value chain research in the market. Through its continued fact-based research, benchmarking, and actionable analysis, **AberdeenGroup** offers global business and technology executives a unique mix of actionable research, KPIs, tools, and services.

The information contained in this publication has been obtained from sources Aberdeen believes to be reliable, but is not guaranteed by Aberdeen. Aberdeen publications reflect the analyst's judgment at the time and are subject to change without notice.

The trademarks and registered trademarks of the corporations mentioned in this publication are the property of their respective holders.