

Mechatronic Production Systems Ltd —

Mechatronic recognised that it needed to move towards a servitized business model and has been working with the Advanced Services Group to help it gain a clearer understanding of the company's visions and goals.

Being part of the programme has enabled the company to shift its focus from selling machines to providing automation as a service. The company wanted customers to shift away from 'purchasing the drill bit to guaranteeing that the hole gets drilled.' This meant listening to what its customers required, and then tailoring services around this which has led to the business offering three different levels of service.

Streamlining some of the processes and packaging service credits for each hour of support, whether this is telephone, remote, or onsite support, was an obvious choice for the business. The service credits Mechatronic introduced can even be used towards spares and material costs. This reduces the negotiating time with each customer to a one-off transaction. Mechatronic's customers can purchase the service credits and operate at an engineer to engineer level. This removes a lot of the administration time involved in raising a quote or purchase order and then processing it. It means the company can respond to its customers quicker.

Furthermore, by being able to recoup the time previously lost on administration, the company can now work towards offering full service level agreements. Because customers pay for service credits in advance, the business' cash flow has also improved.

Mechatronic's Proof of Principle service enables it to sell credits to potential customers before they order capital equipment, allowing it to create feasibility studies, initial designs and prototypes aimed at de-risking projects at the front end. This helps the company to gain credibility with its customers and reduce risk for both parties.

Mechatronic is also offering a 'try before you buy service' for the fleet of Autonomous Intelligent Vehicles (AIV) it hires out. While the new service may not utilise servitization in its entirety, it is based on a revenue model.

By the company's own admission, finance has been a real challenge in its quest to embrace servitization.

Chris Gibson, General Manager, explains:

"Our bank has been very open-minded, but it has taken a long while to find the right bank which understands our vision and is willing to support us as we take the steps into this new world of servitization."

Finding the right calibre of staff is also proving testing from an intermediate service perspective. For Mechatronic, finding the right service engineer is proving difficult. The limitation is finding those that have the relevant experience as the company operates in a niche industry. The pool of experience within this area of expertise is difficult to come by. Although this is definitely a barrier it is solvable.

Mechatronic recognises the advantages that servitizing its business offers and has focused on making this a dedicated part of its intermediate services offering. Because the company realises the potential, it has set its sights on increasing revenue from servitization and is building this department up.

Chris concludes:

"It has taken two years of working with the Aston Business School team to understand the strategy and benefits to actually taking a risk and embracing servitization. The programme has been a great opportunity for the business."

"The Advanced Services Group has really helped us to understand and change the perception of service within our business. It has been a big hurdle throughout the business from board-level down that has taken time to overcome. However, we are now able to demonstrate it is a profitable venture."

"We no longer think of our products at a unit level, we think of our products and services at a factory level, and this makes a real difference to the role we play as a thought-leader in this space."

As a result of taking part in TRAN-SIP, Mechatronic:

- Increased their employees by two
- Introduced 'service credits' to support their customers which led to higher revenues.



Find out more
www.mechtechautomationgroup.com



Founded in 1988, Mechatronic Production Systems (Mechatronic) provides innovative automation solutions and system integration services. It designs, manufactures and delivers bespoke automated manufacturing, processing and packing solutions across a range of industries including automotive, medical, industrial, aerospace, pharmaceutical and food and drink.

The company is part of the Mechtech Automation Group and operates alongside sister company Robopod Limited, which provides standardised, off-the-shelf robotic automation.