

What is digital servitisation and what opportunities does it offer?

01 December 2021, 01:00

Ludwig De Locht

Digital servitisation is the enrichment of a physical product with digital services in order to offer more added value to your customers. In other words, you develop a smart product. For example, as a smartwatch manufacturer, you can offer your user a personalised training programme via an app that takes into account the user's wishes, goals... and which he can then consult on his watch.

By adding extra digital services to your product, you help users get more out of it. These digital services can be offered to any stakeholder in the value chain, not just to end users. It may also be a service that makes it easier for a technician to configure a product.

Why digital servitisation?

Digital servitisation offers new opportunities for product developers at a time when competition is becoming fiercer and more global, and product lifespans shorter.

One step ahead of the competition

With additional digital services, your product distinguishes itself from competitors offering a similar product. It is difficult to make a difference with products alone, but it is possible with an extensive customer service. A service-based pricing model also makes it difficult for users to compare your product and service with those of a competitor.

Building long-term customer relationships

When choosing the digital services that you want to link to your product, you enter into a service contract with your customer. This leads to long-term customer relationships, the basis for a more predictable revenue stream.

Another form of digital servitisation is, for example, making your customers pay for the use of your product and not for the product itself. At the end of the life cycle, the product comes back to you and you offer your customer a new product, thus extending the customer relationship by several years.

Better understanding of customer needs

Long-term customer relationships and the data you collect with your smart connected product generate valuable insights into your customers' needs. These insights can then be incorporated into the development of future products. In this way, you can tailor them even better to what your customer wants.

The challenges of digital servitisation

Digital servitisation offers many opportunities, but it also comes with challenges.

Developing a smart product

The first step is to add technology to a physical product, such as sensors that collect data, software that processes the data and connects your product to the internet... In other words, you have to develop a smart product. (e.g. https://www.sirris.be/stay-one-step-ahead-your-competition-smart-product

Switching to a new business model

Opting for digital servitisation also means switching to a different business model: from one-off sales to continuous service provision. Companies that make the switch must respond to customer demands, requirements and needs much more actively and throughout the entire product life cycle. This will have an impact on your entire organisation.

Developing new skills

Digital servitisation leads to far-reaching customer centricity. This requires a different mindset and different soft skills from your employees. They will also have to develop new hard skills to deal with the new technology.

More info?

Want to know more about digital servitisation and how you can make the switch with your company? Then be sure to download our Casebook.

Download Casebook

Sirris helps you on your way to digital servitisation

When you switch to digital servitisation, you confront the entire organisation with a multitude of choices to be made and decisions to be taken. By supporting companies both technologically and organisationally, Sirris helps companies through this phase and helps them take the next steps.

Wondering what Sirris can do for your company? Feel free to contact us!

Consult our web page

Authors



Ludwig De Locht