SERVITIZATION

30 giugno 2020

REPLY
BUSINESS

INTRO

Speaker: **Massimiliano Tripodi**

SENIOR MANAGER

AGENDA

1. Definition

2. Business Cases
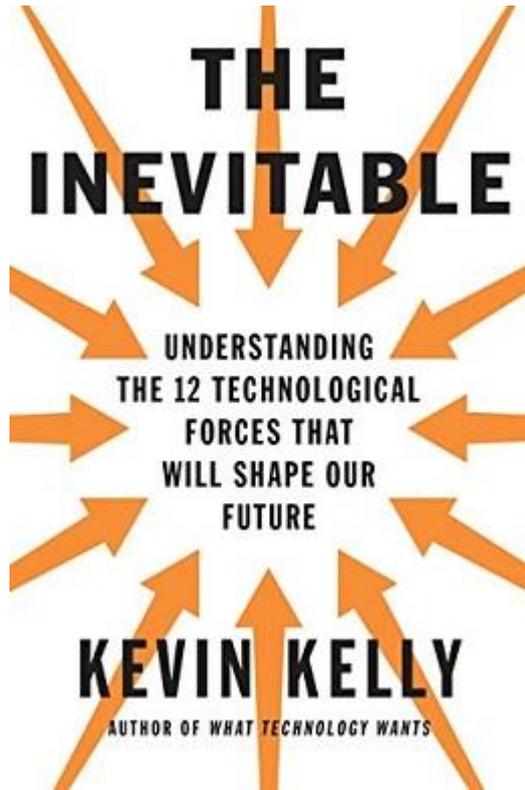
3. Impacted Processes

DEFINITION - SERVITIZATION

The delivery of a **SERVICE COMPONENT** as an **ADDED VALUE**, when providing products.

SERVITIZATION IS HERE

According to Kelly, much of what will happen in the next thirty years is inevitable.

In the book he outlines twelve trends that will forever change the ways in which we work, learn and communicate.

1. Becoming: Moving from fixed products to always upgrading services and subscriptions

Source: wikipedia

2016

BUSINESS CASES

Rolls-Royce manufactures engines, and for some years has offered a service package whereby customers pay by the hour according to the amount of time an engine is in flight. Rolls-Royce monitors data from the engines to predict potential maintenance problems, meaning that maintenance work is only carried out when necessary.

Another manufacturing company that is now successfully offering advanced services is **Xerox**. A firm initially known for photocopiers, Xerox now positions itself as an enterprise for business processes and management. Today, over half of Xerox's business comes from services.

SOME KEY POINTS

- ✓ Tangible or intangible "items"

- ✓ Usage VS Consumption fee

- ✓ Cultural aspects
    Millennials, Native Service Company, Transformation Journey

- ✓ New Customer Relationships

- ✓ System seller, System integrator, Partnership

IMPACTED PROCESSES

✓ **Item / Service Definition**
Rethinking and defining products and services
Impacts on: Item Master Data Templates, Engineering, PLM

✓ **Commercial And Sales**
Price lists, Discounts and Quotations
Service subscriptions

IMPACTED PROCESSES

✓ **Subscription Management**

Recurring relationships demand thousands of consumption choices

Cost per service hour

Price per cycle

Overage fees

Access time

Revenue share

Tiered usage schedule

Customer direct

Service level

IMPACTED PROCESSES

- ✓ **Manufacturing - IOT**
  Products should integrate tools and devices for consumption measuring and maintenance needs
  Impacts on: Engineering, Manufacturing, Supply Chain

- ✓ **Maintenance**
  Selling maintenance services and/or maintaining owned goods
  Impacts on: EAM Applications, IOT Integrations, Service SLA

IMPACTED PROCESSES

✓ **Financial**
Review billing and accounting models and revenue recognition (IFRS 15)

WE NEED AD HOC SOLUTIONS...

THANK YOU

www.reply.com

REPLY
BUSINESS

Subscription Management
Come il sistema gestionale ERP deve attrezzarsi per gestire la servitization

Michele Da Forno
Lead Business Solution Consultant – Oracle

#FinanceChannel

1

Safe harbor statement

The following is intended to outline our general product direction. It is intended for information purposes only, and may not be incorporated into any contract. It is not a commitment to deliver any material, code, or functionality, and should not be relied upon in making purchasing decisions. The development, release, timing, and pricing of any features or functionality described for Oracle's products may change and remains at the sole discretion of Oracle Corporation.

Recurring relationships demand thousands of consumption choices

Cost per service hour

Price per cycle

Overage fees

Access time

The **End of Ownership** is Here

Revenue share

Tiered usage schedule

Customer direct

Service level

Oracle Subscription Cloud Service
Power Recurring Relationships

ERP / EPM

Financials
Subscription Management
Project portfolio management
Procurement
Risk management
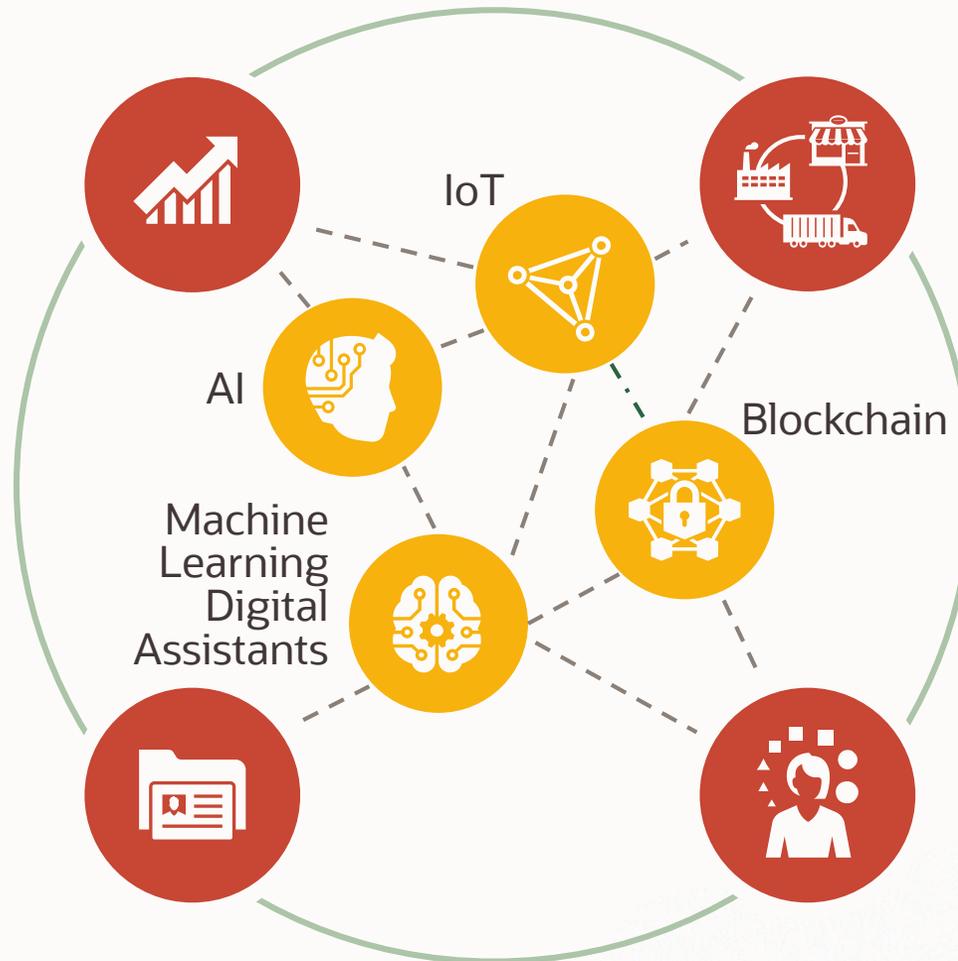Planning
Financial close
Narrative reporting

HCM

Global HR
Talent management
Workforce rewards
Workforce management

IoT

AI

Machine Learning Digital Assistants

Blockchain

SCM

Supply chain planning
Manufacturing
Order management
Product lifecycle management
Procurement
Supply chain collaboration and visibility
Maintenance
IoT Applications
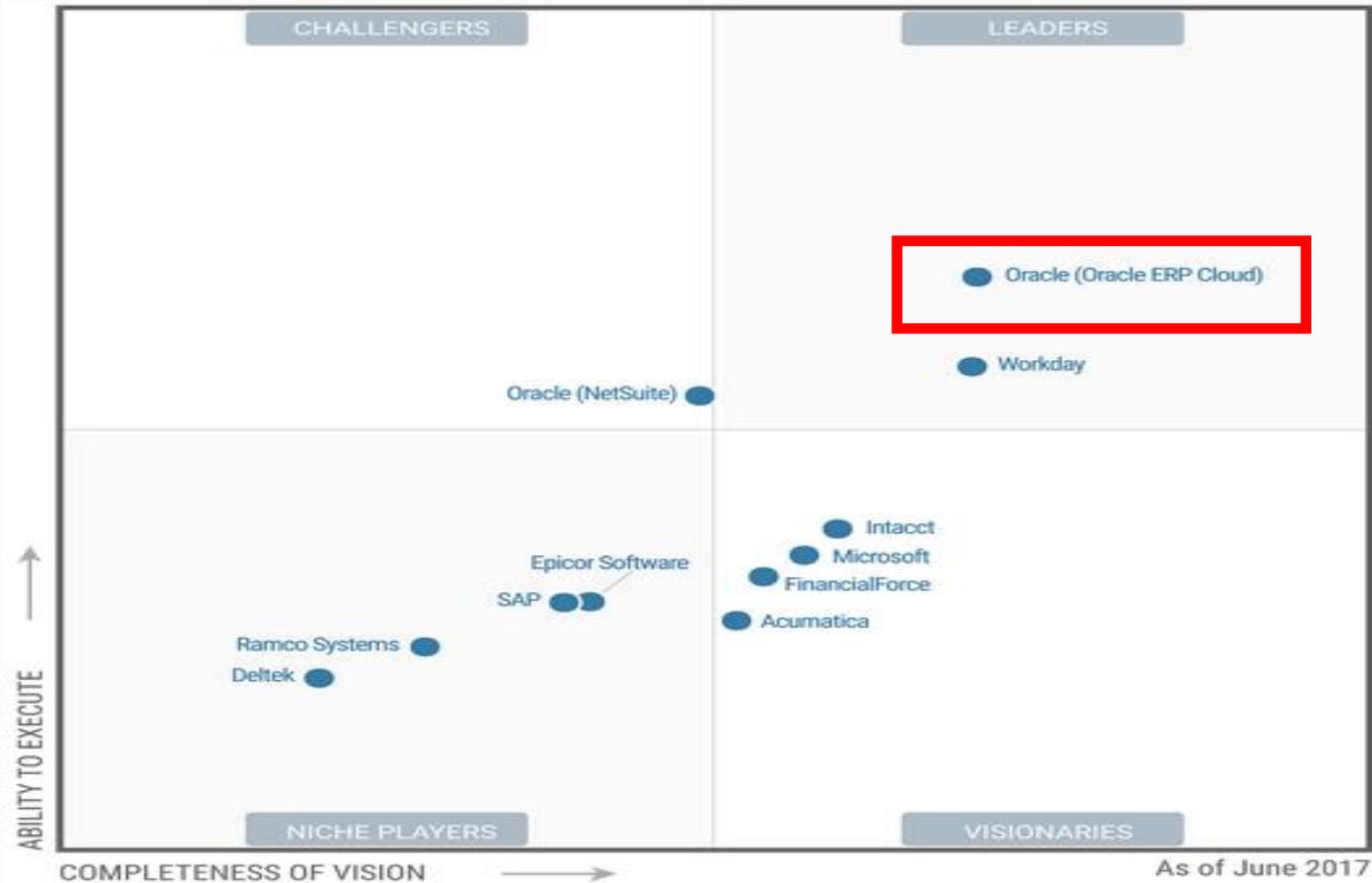Logistics
Inventory

CX

Marketing
Sales
Configure, price, and quote
Commerce
Service

Who is the leader in ERP SaaS (Native Cloud) ?

Who is the leader in ERP SaaS (Native Cloud) ?

Who is the leader in ERP SaaS (Native Cloud) ?

Figure 1. Magic Quadrant for Cloud Core Financial Management Suites for Midsize, Large and Global Enterprises

Consolidated revenue recognition

Credit memo creation and notification

Automated renewal creation

Financial and fulfillment

Determine when and what to bill

Visibility of existing billing process

Automated invoice creation

Complex business model support

Select and price recurring products

Setup contract terms and duration

Coordinate warranty and service coverage

Self-service

Inform and educate

Select and start subscriptions

Modify products, term and frequency

Check on usage and performance

Everything you need for subscriptions

One-on-one servicing

View lifetime value of customer

Upgrade & after subscription easily in one place

Personalize the renewal process

Analytics

View pending contracts

Review current subscriptions

Get visibility to renewal options and timing

Report on recurring and consumption billing

Fusion Applications Cloud: Unique Application Platform

CX

ERP / SCM

Commerce Cloud

← Self-service subscriptions →

Subscription Management
- Billing engine
- Usage / consumption
- Contracts
- Service products

When, how much and what to bill

- **Financials Cloud**

- **Revenue Management Cloud**

Engagement Cloud

← View and act-on subscriptions with oppty and accounts →

- **PPM Cloud**

- **SCM Cloud**

CPQ Cloud

← Modify and quote configurable subscriptions and mixed orders →

Revenue recognition schedule from subscription

- **Maintenance Cloud**

- **IoT Cloud Applications**

Manage
Easier than ever to launch and continually adapt

Easily manage subscriptions through sales, service or ecommerce channels.

Business teams can:
- Select and price recurring products, setup contracts terms and duration.
- Create coverage services for warranty and service plans.
- Create recurring and consumption based billing for ERP.
- Modify and quote configurable subscriptions and mixed orders.

Customers can:
Create, monitor and alter their subscriptions in any touchpoint.
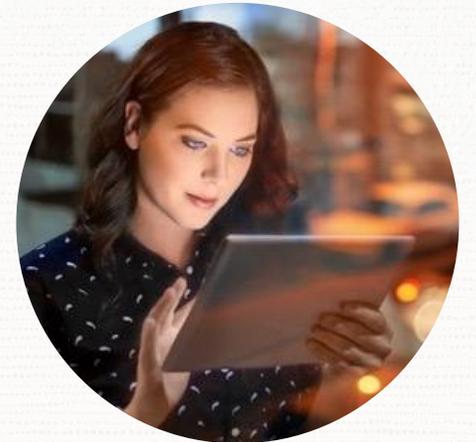
Flexible Pricing Capabilities

Functional Overview

Flexible Pricing Plan	Design one-time, recurring and usage charges for a single SKU
Tiered Pricing	Vary the unit price or discount based on the quantity or usage quantity
Automatic Price Adjustments	Setup promotions and discounts on one or more charges of a SKU
Manual Price Adjustments	Change the price manually on a specific subscription
Coverage Pricing	Price a support plan based on the assets and products it covers
Anniversary Pricing	Periodic price increase on a termed or evergreen subscription

Discount Lists - Promotions and Offers

- **Create discount rules at multiple levels**
  - Simple
  - Tiered
  - Attribute Based (*subscription attributes or item extensible attributes*)

- **Dynamic, declarative rules framework to define discount lists**

Subscription Number: 17007

Actions ▼   Save   Save and Close   Cancel

- Summary
- Parties
- Team
- Renewal Controls
- Sales Credits

◢ Overview

Customer	Computer Service and Rentals
Subscription Number	17007
Billing Account	10060
Bill-to Site	Knoxville
Bill-to Address	301 E Summit Hill Dr , , Knoxville37915 , TN
Currency	USD
Subscription Profile	US1 Subscription Template
Priced on Date	11/20/19
Start Date	9/1/19

Term	1 Year
End Date	8/31/20
Status	Active
Payment Method	
Total Contract Value	465.87
Subscription Contract	None
Supporting Documents	None ➕

◢ Products

Add Product

☐ Hide amended products

Number | Starts with ▾ | [   ] | Add ▼ | Search

* Number	* Name		Pricing UOM	Status	Quantity	Start Date	End Date	Total Contract Value
1	SR41101	465.87	Ea	Active	1	9/1/19	8/31/20	465.87

◢ Tax Control

Classification Code	STD
Exemption Control	Standard
Tax Exemption Certificate Number	

Exemption Reason	
Document Fiscal Classification	

Actions ▾   Save   Save and Close   Cancel

Cancel

Subscript

Summary

Summary	
Pricing	
Billing Summary	
Relationship	
Coverage	
Sales Credits	

Pricing

Charge Name	Periodicity	List Price	Adjustment
Monthly Dues	Mnth	37.99	✚
Setup Fee		9.99	✚
Data Storage	Mnth	1.00	✚

Pricing Terms

— Enable pricing term

Product

act Value

465.87

Coverage Based Services

Coverage Services Overview
Managing Coverage-Based Services

What Does it Do?

- **Creates and manages included and extended warranties**

- **Tracks coverage entitlements on intangible or tangible goods (e.g. software / hardware)**

- **Tightly coupled with asset maintenance**

- **Price and bill for one-time and recurring charges**

- **Renew coverage-based services**

Subscription Number: 17008

Actions ▼   Save   Save and Close   Cancel

- Summary
- Parties
- Team
- Renewal Controls
- Sales Credits

◢ Overview

Customer	Computer Service and Rentals		Term	3 Year
Subscription Number	17008		End Date	3/31/23
Billing Account	10060		Status	Active
Bill-to Site	Knoxville		Payment Method	⌄
Bill-to Address	301 E Summit Hill Dr , , Knoxville37915 , TN		Total Contract Value	144.00
Currency	USD		Subscription Contract	None
Subscription Profile	US1 Subscription Template		Supporting Documents	None ➕
Priced on Date	4/1/20			
Start Date	4/1/20			

◢ Products

Add Product

☐ Hide amended products

Number Starts with ⌄ [   ]   Add ▼   Search

* Number	* Name	Pricing UOM	Status	Quantity	Start Date	End Date	Total Contract Value
1	EW0002-R	Year	Active	1	4/1/20	3/31/22	144.00

◢ Tax Control

Classification Code	STD	Exemption Reason	
Exemption Control	Standard	Document Fiscal Classification	
Tax Exemption Certificate Number			

Edit Product: EW0002-R

Subscript... Cancel

Actions ▼   Save   Save and Close   Cancel

Sidebar menu:
- Summary
- Pricing
- Billing Summary
- Relationship
- **Covered Levels**
- Coverage
- Sales Credits

Summ...
Parties
Team
Renew...
Sales (

Add Assets   Add Covered Level

Covered Asset Serial Number | Starts with ⌄ | [   ] | Add ▼ | Search

Number ▲▼	Covered Level Type	Asset Name	Product Name	Covered Asset Serial Number	Quantity	Pricing UOM	Covered Level Start Date	Cove Leve Date
1	Asset	100000288891742	AS88000	SN20014	1	Year	4/1/20	3/31/2
2	Asset	100000288889228	AS88000	SN20018	1	Year	4/1/20	3/31/2

< [===] >   < >

Product: AS88000   ✕

AS88000

Power Servers

Power Server 100

Status Code	Active
Primary UOM	Ea
Revision Code	A

🖥 Specifications
📊 Structures   **Item Description**   Power Server Series 100
📎 Attachments
✖ Relationships
⇄ Associations

Done

d Product

act Value

144.00

Edit Product: EW0002-R

Actions ▼ | Save | Save and Close | Cancel

Subscript

Cancel

📋 Summary	
✉ Pricing	
✉ Billing Summary	
✕ Relationship	
📦 Covered Levels	
🗄 **Coverage**	
🔲 Sales Credits	

Coverage

Switch Coverage

Template Name   Gold Coverage

Template Description   24 * 7 Support

◢ Entitlement Rules

Actions ▼   View ▼   🔍

Row	Condition Columns		* Calendar	* First Response Metric	Result Columns	
	Severity (=)	Channel Type (=)			* First Response Warning Threshold	* Resolution Metric
	Low		24 by 7	960	60	7,680
	Medium		24 by 7	640	60	5,120
	High		24 by 7	320	90	2,560

‹ ───────────────────────── ›

d Product

2,560

act Value

144.00

Billing Engine

Billing Overview

Support for complex billing scenarios

    Configurable Billing Frequencies

    Advance and Arrears Billing

    Partial Period Billing

Support for Prepayments at Products and Charges

Billing Schedule UI

    Resolve billing inquiries

    Access invoice information

Pre Built Integration with Oracle Financial Cloud

Flexible Usage Rating Model
    Flat Rate
    Allowance and Overage Model
    Tiered Pricing (Block and Per Unit)

Support for complex rating models using algorithm extensions

Support to bill usage for trailing periods if not previously billed

Edit Product: SR41101

Billing Summary

Invoicing Rule Advance Invoice   Billing Frequency Mnth

Invoice Number | Starts with ⌄ | | Add ▾ | Search

| | | | | | | | | Invoices | | |
Interface Date	Bill-from Date	Bill-to Date	Usage Quantity	Amount	Invoice Text	Interfaced	Class	Actions	Invoice Date	Invoice Number	Tax
11/20/19	9/1/19	8/31/20		9.99	[$Item Name]: S...	Y	Invoice	⚙	11/20/19	4002	0.92
11/20/19	9/1/19	9/30/19	350	350.00	[$Item Name]: D...	Y	Invoice	⚙	11/20/19	4002	32.38
11/20/19	9/1/19	9/30/19		37.99	[$Item Name]: ...	Y	Invoice	⚙	11/20/19	4002	3.51
11/20/19	10/1/19	10/31/19	150	150.00	[$Item Name]: D...	Y	Invoice	⚙	11/20/19	4002	13.88
11/20/19	10/1/19	10/31/19		37.99	[$Item Name]: ...	Y	Invoice	⚙	11/20/19	4002	3.51
12/1/19	11/1/19	11/30/19			[$Item Name]: D	N	Invoice	⚙			
11/20/19	11/1/19	11/30/19		37.99	[$Item Name]: ...	Y	Invoice	⚙	11/20/19	4002	3.51
1/1/20	12/1/19	12/31/19			[$Item Name]: D	N	Invoice	⚙			
12/1/19	12/1/19	12/31/19		37.99	[$Item Name]: M	N	Invoice	⚙			
2/1/20	1/1/20	1/31/20			[$Item Name]: D	N	Invoice	⚙			
1/1/20	1/1/20	1/31/20		37.99	[$Item Name]: M	N	Invoice	⚙			
3/1/20	2/1/20	2/29/20			[$Item Name]: D	N	Invoice	⚙			

Transaction: Invoice 4002

Actions ▼   Done

Cancel

- Summary
- Parties
- Team
- Renewal C
- Sales Cred

General Information

Business Unit	US1 Business Unit	Transaction Date	11/20/19	Currency	USD - US Dollar
Transaction Source	ORA_Subscriptions	Billing Date		Transaction Total	681.67
Transaction Type	ORA_OSS_Invoice	Accounting Date	9/1/19	Lines	623.96
Transaction Number	4002	Salesperson		Tax	57.71
Billing Number		Invoicing Rule	In Advance	Freight	0.00
Reference	17007	Attachments	None	Charges	0.00
Document Number		Notes	📝		
Status	Complete				

Customer   Payment   Miscellaneous

Bill-to

Name	Computer Service and Rentals
Account Number	10060
Third-Party Tax Registration Number	
Site	Knoxville
Address	301 E Summit Hill Dr
	Knoxville, TN 37915 United States
Contact	

Ship-to

Add Product
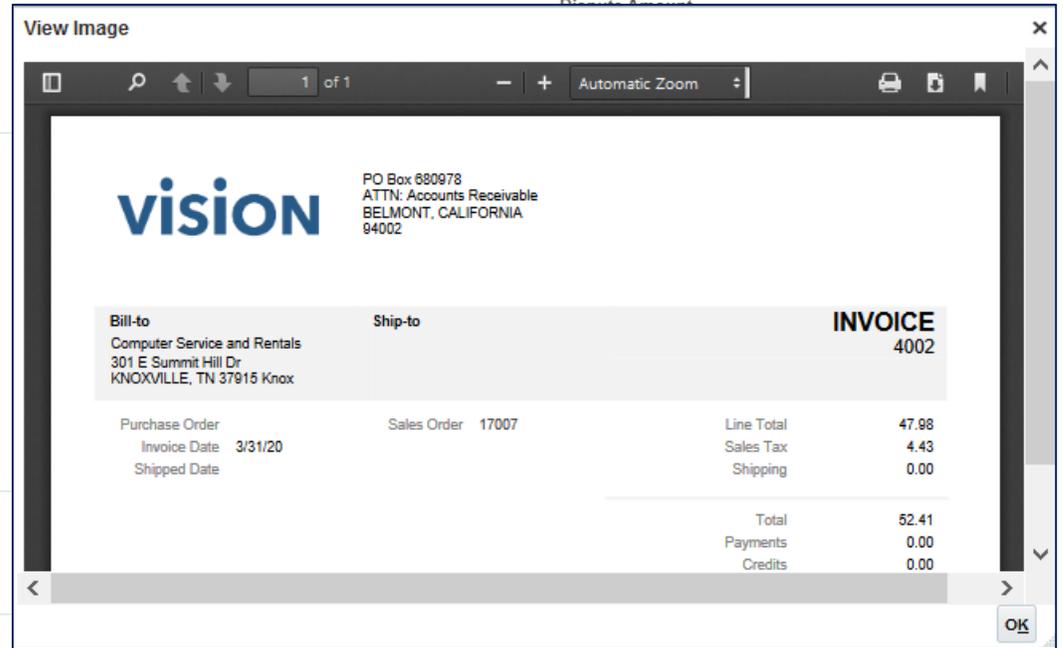
ntract Value

465.87

Invoice Details

Invoice Lines   Distributions

View ▼   Detach

Line Information   Tax Determinants   Revenue Scheduling

	Line	Item	Description	Line Information						
				Memo Line	UOM	Quantity	Unit Price	Amount	Tax Classification	Transaction Business Category
▶	1	SR41101	[$Item Name]: Setup Fee 2019-09-...		Ea	1	9.99	9.99	STD	SALES_TRANSACTION

View Image

1 of 1   Automatic Zoom

VISION

PO Box 680978
ATTN: Accounts Receivable
BELMONT, CALIFORNIA
94002

Bill-to	Ship-to	**INVOICE**
Computer Service and Rentals		4002
301 E Summit Hill St		
KNOXVILLE, TN 37915 Knox		

Purchase Order		Sales Order	17007	Line Total	47.98
Invoice Date	3/31/20			Sales Tax	4.43
Shipped Date				Shipping	0.00

Total	52.41
Payments	0.00
Credits	0.00

OK

Revenue Recognition Management

IFRS 15/ASC 606 Requirements
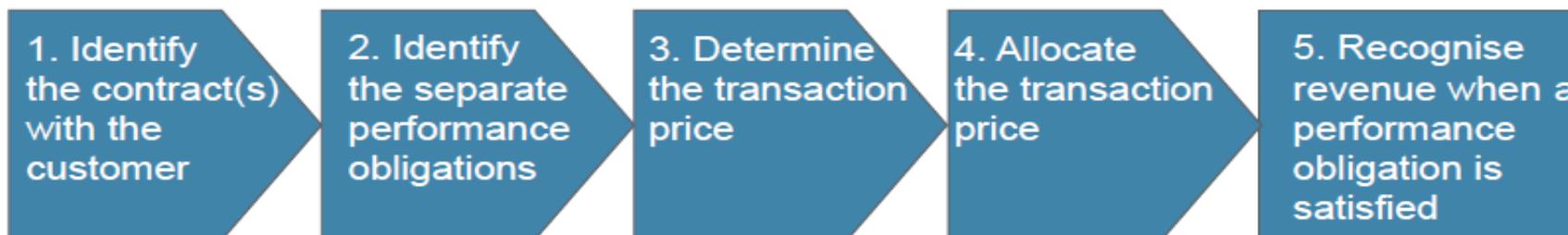*Principle: the 5-step Process*

Overview of revised proposals

Core principle:

> Recognise revenue to depict the transfer of goods or services to customers in an amount that reflects the consideration to which the entity *expects to be entitled* in exchange for those goods or services

Steps to apply the core principle:

1. Identify the contract(s) with the customer	2. Identify the separate performance obligations	3. Determine the transaction price	4. Allocate the transaction price	5. Recognise revenue when a performance obligation is satisfied

IFRS™ FASB

Edit Customer Contract

Actions ▼   Save   Save and Close   Cancel

Number	1001
Status	Review Not Required
Allocation Status	Allocated
Allocation Pending Reason	

Date	3/31/20
Freeze Date	3/31/20
Conversion Date	3/31/20
Identification Rule	Subscription Orders

Transaction Price	815.87	USD
Revenue Recognized	22.91	USD
Billed	0.00	USD

Comments

Performance Obligations   **Promised Details**

Actions ▼   View ▼   ⊞   ▤   ⊡

	Obligation Item		Extensible Line Attribute 1	Description	* Quantity	UOM	Selling Amount	Promised Detail Amount	Revenue Recognized	Billed	Pricing Dimension	SSP Representation Type	SS
▶	1006	SR41101	Data Storage	Cloud Backup Service	350	Ea	350.00	350.00	11.67	0.00			
▶	1010	SR41101	Monthly Dues	Cloud Backup Service	1	Ea	455.88	455.88	1.25	0.00			
▶	1013	SR41101	Setup Fee	Cloud Backup Service	1	Ea	9.99	9.99	9.99	0.00			

◀ Details

Line Details   **Satisfaction Events**   Line Reference Details   Contract Revision Details

View ▼   ⊞   ▤   ⊡   Add   Discard

|	Event Number	* Satisfaction Measurement Date	Satisfied Percent	Satisfied Quantity	Period Ratio	Period Start Date	Plan End Date	Discarded Status	Discarded Date	Discarded By
	1	3/31/20		1		3/31/20	3/31/20	No		
	2	4/30/20		30		4/1/20	4/30/20	No		
	3	5/31/20		31		5/1/20	5/31/20	No		
	4	6/30/20		30		6/1/20	6/30/20	No		

Embedded Real Time Analytics

Retain and renew
One comprehensive view for customer success

- See a 360 view of your customer's subscriptions and track the state of your business using real-time insights.

- Gain visibility across renewals, revenue, and at-risk customers

- Track core KPIs including:

  - Monthly recurring revenue and total contract value

  - Average revenue per user

  - Churn rate

  - Customer lifetime value

ORACLE
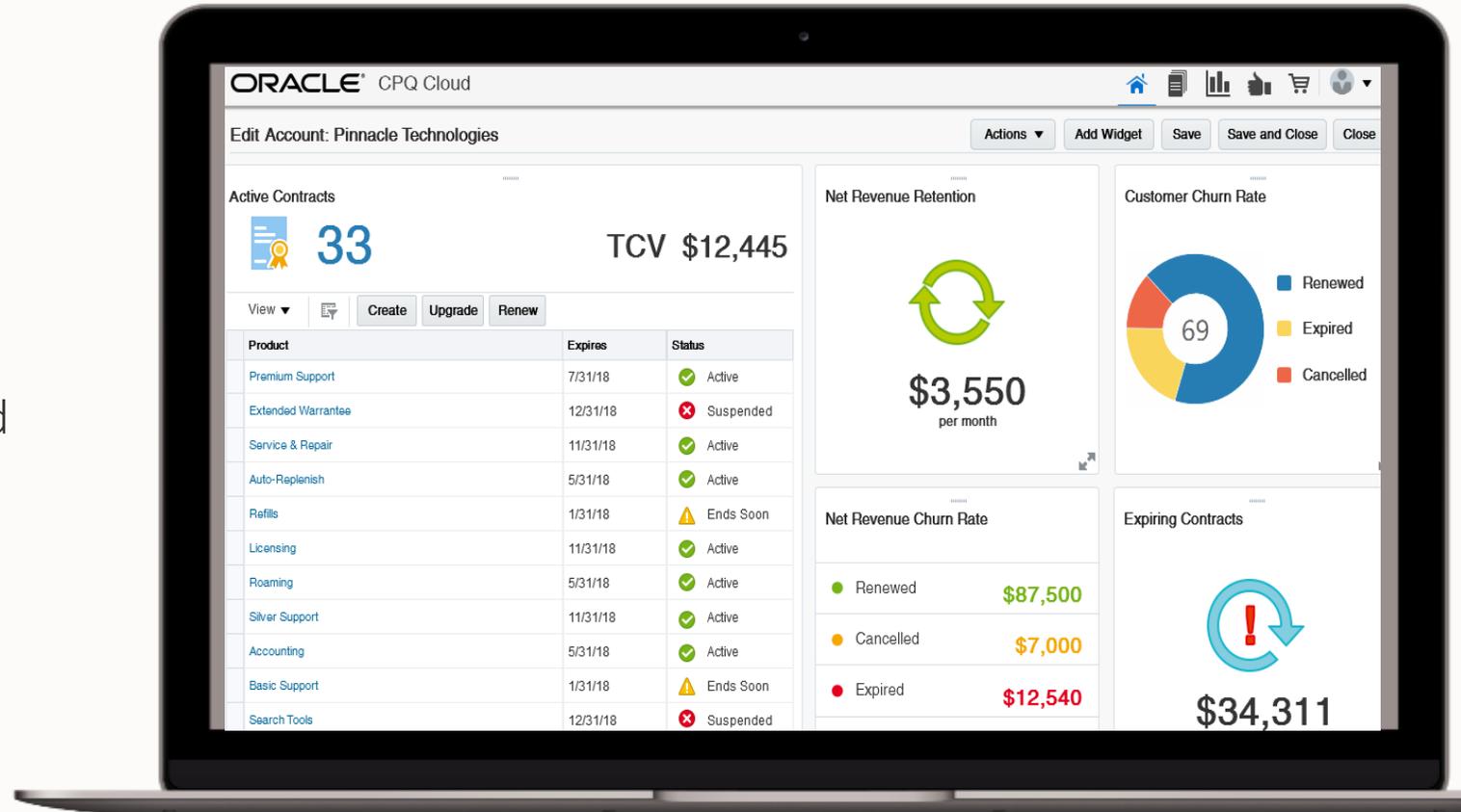
Actions ▼ | Add Widget | Save | Save and Close | Close
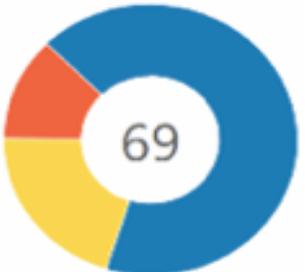
Active Contracts

33

TCV $12,445

Net Revenue Retention

$3,550
per month

Customer Churn Rate

69

- Renewed
- Expired
- Cancelled

14.42%
Churn Probability

Net Revenue Churn Rate

- ● Renewed $87,500
- ● Cancelled $7,000
- ● Expired $12,540

Expiring Contracts

$34,311
Expiring in 30 days

Expired without Action

11

$14,311
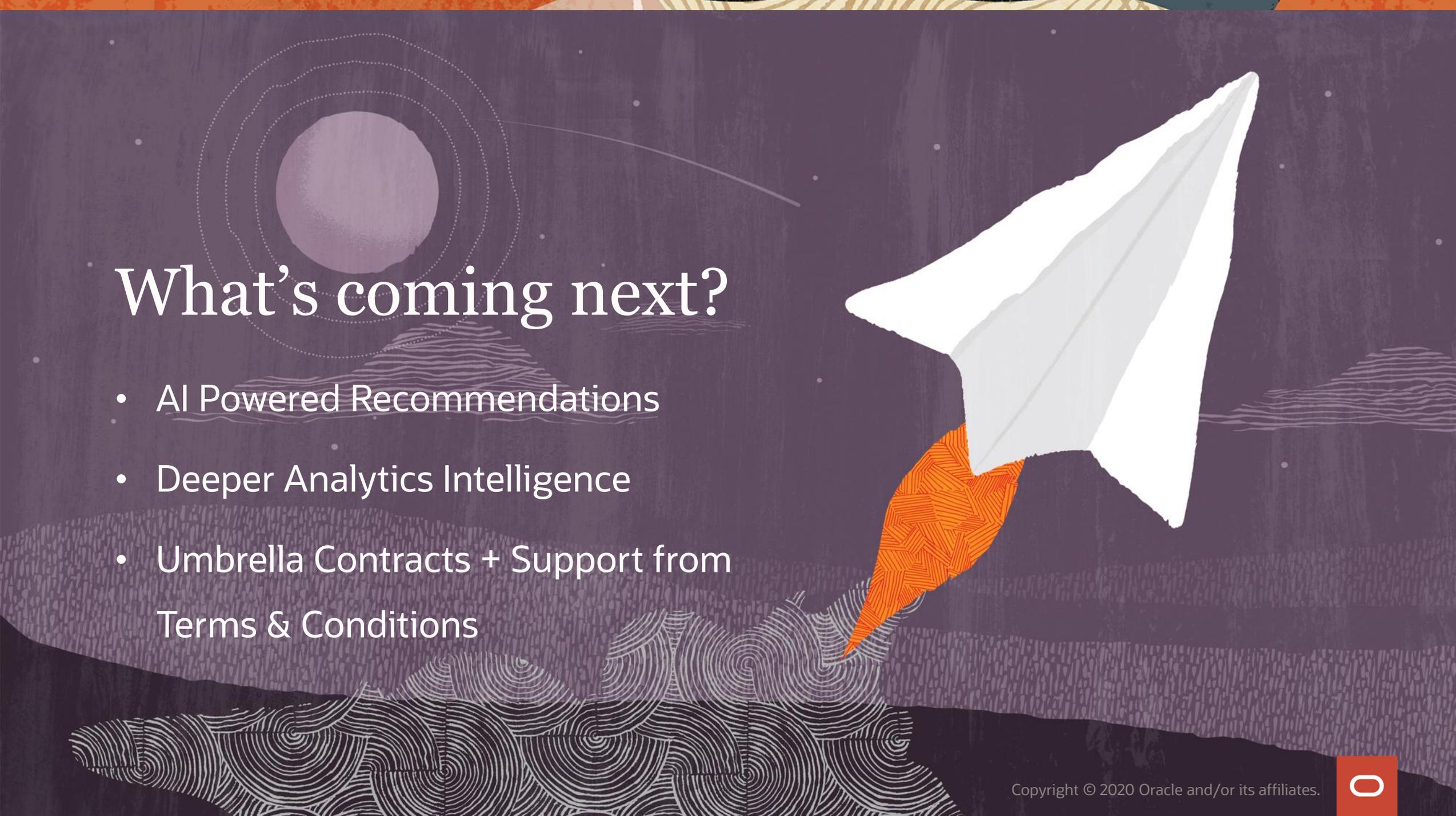Last 12 Months

Renewed Contracts

20

$134,311
Last 12 Months

Recurring Revenue

Lifetime Value

Net Payments

New Business

What's coming next?

- AI Powered Recommendations

- Deeper Analytics Intelligence

- Umbrella Contracts + Support from
  Terms & Conditions

Customer Momentum

Some Subscription Customers WorldWide

MOTOROLA SOLUTIONS

Land Mobile Radio

Stay safe and connected with the most advanced and reliable radios.

Public Safety LTE

Put real-time data and video in the hands of first responders.

Command Center Software Suite

Streamline operations with the only end-to-end public safety software suite.

Video Security & Analytics

Detect and deter crime through video security and self-learning video analytics.

Managed & Support Services

Deliver mission-critical operations so your team's lifeline is always ready.

Motorola Solutions Expands its Applications Footprint to Deliver Deeper Subscription Capabilities

- Implementing Subscriptions connect with existing Commerce & CPQ

- Replacing existing limited subscription software

Per gli uffici da casa e le piccole aziende

Continua a leggere >

Per le piccole e le medie imprese

Continua a leggere >

Per le organizzazioni più grandi

Continua a leggere >

Per le corporazioni internazionali

Continua a leggere >

Office Depot introduces a new line of Business Services with the help of Oracle Subscriptions

- Whole new business line

- Decided to use Oracle's Cloud vs. building custom in house application

- 120k Subscriptions

- Monthly revenue processed 18m

Wrap-Up: Oracle Subscription Management Cloud differentiators

Enables fixed and recurring orders

Supporting thousands of flexible customer touchpoints, pricing, delivery, and billing models

Solves subscriber challenges

Power to execute subscription changes (upgrades, downgrades, future dates, modifications etc.) To guarantee back office alignment and long term customer satisfaction

Single vendor, full stack solution

Cloud-based SaaS with seamless integration to oracle ERP, financials, CPQ, commerce, engagement and contracts

Provides subscription 360° view

See an orchestrated view of customer impacting data in one comprehensive view to enable better customer satisfaction

Maintains revenue rec. in ERP

Maintains revenue recognition rules in your core ERP systems where preferred by majority of fortune 1000 CFOs

Leverages solution flexibility

Utilize your existing core functionality for added benefit and avoid creating niche solutions with duplications and overlaps

Vuoi approfondire il tema? Contattami pure!

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