VIKING – Servitization in the digital age
DTU – November 6\textsuperscript{th} 2018

By Henrik Helsinghof, Director for Agreements, Service Planning & Sales Excellence
Introduction

Elements in Vikings Servitization strategy

Digitalization as a pre-requisite to efficient Servitization

Working with Servitization
Introduction – Henrik Helsinghof
Who am I – and why am I standing here today?

- Director of Owner Agreements, Planning Excellence and Sales Excellence
- 33 years old – 12 years with Viking
  - Student assistant, Business Process, Business Development, Sales, Global Sales
- M.Sc. BA in Innovation & Entrepreneurship
- Executive MBA, Henley Business School
Our safety offering

- Liferafts
- Immersion suits & lifejackets
- Evacuation systems
- Lifesaving appliances
- Lifeboats, hooks and davits
- Marine fire

Safety

Training

Concepts & Financing
Shipowner Agreements

Prioritizing quality, predictable prices and easy administration
Shipowner Agreements
Fixed expenses, predictable budgeting
Shipowner Agreements
Fixed expenses, predictable budgeting

Today: Fluctuating servicing costs make forecasting difficult
Shipowner Agreements

Fixed expenses, predictable budgeting

*Tomorrow:* Predictable costs with a fixed price agreement make management easier
Shipowner Agreements

Fixed expenses, predictable budgeting

Tomorrow: Predictable costs with a fixed price agreement make management easier
Shipowner Agreements

Single point of contact with dedicated planners
Liferaft exchange
Efficient coverage anywhere in the world
Liferraft exchange
Instant access to a global pool of liferafts
Lifer raft exchange
Fast turnaround time at the pier or warehouse
Servitization
What does it mean to VIKING?

- Understanding actual customer need
- Fulfilling the need in an efficient way
- Value proposition – to be reinvented?
- Impact from digital development?
- Impact on core competences?
- Defining actual need!
Influence of market conditions
How is the market changing – and how do we respond to its needs?

- Global economic crisis
- Fewer suppliers
- Leasing models
- Consolidation of customers
- Digitalization/blockchain
- Servitization
- Product innovation
- Autonomous vessels

Customer dialogue + internal/external analysis

VIKING offerings

1960 2009 2019 20XX
Fullfilling the customer need
How our understanding of the value proposition changed over time

Change in perceived customer desire:

- “The customer needs a quality product”
- “The customer needs a quality product, and the ability to service it globally”
- “The customer needs a quality product and predictable service cost globally”
- “The customer needs compliant quality safety equipment without hassle”

So how do we deliver that?
“You would make a ship sail against the wind and currents by lighting a bonfire under her decks?

I have no time to listen to such nonsense!”
Industry 4.0 relevance to Servitization

- Digital Product
- Product Innovation
- New Services
- New Services
- Supply Chain Efficiency
- Operational Excellence
- % Revenue Improvement
- % Cost Reduction

4.0

Digital Supply Chain

Data Driven Services

Digitally Enabled Operations

VIKING LIFE-SAVING EQUIPMENT
An example on product development supporting the journey

Standard liferaft – Service onshore every 12 months

Extended service interval liferaft – Service onshore every 30 months
Checked onboard annually

Check for CO² & humidity
Win win situation?

Customer:
- Same safe product
- Less handling & interactions
- Less “surrounding cost” (customs, transport etc etc)
- Commitment longer
- Onboard test (1 min)

Viking:
- More expensive product
- Lifetime cost is lower
- Stock requirement are less
- Longer customer commitment

Conclusion:
- Higher investment
- Lifetime cost is lower
- Margins increase
Customer readiness for servitized solutions?
Promise for simpler setup, less customer handling, more efficient workflow

Move 70% of your service coordination to VIKING!
Customer readiness for servitized solutions?

The **bigger** the better?
Customer readiness
Two main parameters seem decisive for customers interest in “Servitized” solutions

Operational maturity

Digital maturity

"The good times are gone"
"You’re in or you’re out!"
Digitizing the service process as enabler

Service & Planning
- Making transparency and efficiency
Inspection of liferafts
Ipad inspection checklist

Pre-filled data

All-relevant tests

Immediate data in SAP

Speed internally and externally
Ipad inspection checklist

Pre-filled data
All-relevant tests
Immediate data in SAP
Speed internally and externally
Check-in / Check-out liferafts
VIKING LIFE-SAVING EQUIPMENT

Global Raft Management Dashboard: Liferats on Stock in Plants

SAP Analytics Cloud

Number of Liferats per Plant Type
- Service Station: 100.00%

Number of Liferats per Region
- EU AF

Number of Liferats per Object Type
- S12: 248
- S30: 38

Number of Liferats per Construction Year
- 2018: 17
- 2017: 12
- 2016: 13
- 2015: 13
- 2014: 15
- 2013: 15
- 2012: 16
- 2011: 14
- 2010: 13
- 2009: 19
- 2008: 29

Number of Liferats per Product Hierarchy L3, Product Hierarchy L4

List of Liferats on Stock (Exportable)
Working with servitization

- Do’s and don’t
- Pitfalls and tips
Change in perceived customer desire:

- “The customer needs a quality product”
- “The customer needs a quality product, and the ability to service it globally”
- “The customer needs a quality product and predictable service cost globally”
- “The customer needs compliant quality safety equipment without hassle”

What about our core competence!
Is Porters "Old" value chain still relevant?
Service-driven value chain

What about the product?
What about the transition phase going from Goods dominant → Service dominant?
Incremental development
(How we normally process an idea)
• Questions?
Why choose **VIKING**
as your global safety partner?

- **95%**
  - renew their Shipowner Agreement.

- **70%**
  - expand their Shipowner Agreement during its first two years.

- **8/10**
  - of shipowners recommend VIKING.

- **9/10**
  - of customers rate VIKING as professional and service-minded.