



**AFTERMARKET
REVENUE:**

**Predictive.
Prescriptive.
Proactive.**

EXECUTIVE SUMMARY

Aftermarket services are an untapped source of revenue at many B2B suppliers, especially manufacturers. Yet current methods for identifying timely and profitable sales opportunities from existing customers can actually cost more than any potential profit. What sales leaders need is an automated system that proactively analyzes their existing customer data and behavior to uncover just the right customer leads at just the right time. Entytle, with decades of B2B aftermarket services expertise, has developed software that works with existing sales, service and customer data systems to generate recurring revenue. The software works with existing enterprise and customer relationship management systems and data, and delivers timely, actionable customer leads. The prescriptive, predictive, and proactive methodology of Entytle software uses sophisticated algorithms to analyze customer purchasing habits and behavior. Its machine-learning algorithms continually update and refine its analysis providing increasingly targeted leads for greater closure rates and customer retention.

The Aftermarket Revenue Challenge

With thousands of customers and hundreds of products, most sales organizations do not have the time or tools to chase down existing customer opportunities for up-selling or post-sales revenue.

There is simply no easy way to mine customer data at just the right time, for just the right customers. Yet according to an article in *Forbes*,¹ there are plenty of reasons to make that extra effort:

- A 5% increase in customer retention can result in 75% greater profitability.
- Another analyst firm calculates that it costs five times more to acquire new customers than to retain existing customers.
- And more importantly, aftermarket products and services typically have higher profitability than the original equipment, thereby boosting bottom lines of companies that do this well.

Sales leaders already know there are tremendous revenue opportunities for retention, up-selling, cross-selling, service, and replacement parts. They also know they have mountains of customer data to sift through to reach their goals. Unfortunately, many current methods for closing repeat sales and add-on services using that data are time-consuming and not easy to repeat.

COMMON METHODS FOR PURSUING EXISTING CUSTOMER REVENUE

Faced with these elusive customer revenue possibilities yet few tools to uncover viable leads, sales organizations have taken the initiative to find better ways to approach their existing customers. Depending on budget and resources, most rely on one or a combination of the following sales strategies:

Wait and Take

The bitter truth is that many organizations just wait for existing customers to reconnect and take their orders when they come in. In the meantime, many customers fall through the cracks and use third-party suppliers to fulfill their aftermarket needs or go elsewhere. Some sales associates proactively reach out to their biggest accounts on a regular basis. But this leaves too many customers untouched and potentially lost, and even major accounts may be contacted at the wrong time with the wrong offers.

Inside Sales Teams

Another method for mining customer after-sale revenue is to set up dedicated in-house or out-sourced sales teams. They begin by manually searching through existing customer databases by exporting them to spreadsheets or smaller database subsets. Lists of customer contacts and their product purchases are generated. These lists are then turned over to low-cost call centers or less-experienced sales associates to make scripted calls. The lack of sales sophistication during these contacts, however, adversely affects closure.

Customer Blasts

Perhaps the most popular form of after-sale contact is to indiscriminately blast email or call-center sales pitches to the entire customer base at regular intervals. This scattershot approach does reach nearly every customer—but at what cost? Most emails are deleted, or even filtered out as spam. And calling the wrong customer at the wrong time with a canned pitch can actually alienate existing customers, making a subsequent legitimate sales call that much more challenging.

In-House Analysis Tools


Businesses with budget and in-house data analysis expertise often build their own data mining tools. As expected, these are complicated, must not disturb the current sales force automation processes, and must be repeated on a regular basis to be even moderately effective. One could easily invest over a million dollars building a system, and still end up with hit-or-miss results. Any analysis, to be truly effective, must turn up the right customers at the right time. Otherwise, these data mining efforts are merely replicating the more manual efforts of a call-center approach. What are the analysis criteria? How does the data analysis decide which customer should be contacted, and when? Without this kind of actionable intelligence, businesses are still wasting time and money.

Connect sales with service

Some OEMs rely on technicians to upsell during a service contact. This is often a huge, missed opportunity simply because technicians aren't equipped with or are unaware of products or services that the client could most benefit from. Most companies are highly siloed and are unable to equip the technician with actionable information about the installed base. Routine technical calls can become profit-generators when technicians have at their fingertips specific aftermarket products and services that would be directly relevant to their customer call.

Not All Sales are Created Equally

With all the above approaches, to a certain degree, sales reps find themselves with plenty of existing customers, a lot of data on what they purchased, but little guidance on what the customer may really need—and when. According to a *Harvard Business Review*² article, “The Dark Side of Cross-Selling,” a great many cross-buying customers, even if closed, are highly unprofitable. These customers demand more service,



return more products, predominately buy only deeply-discounted products, and make relatively low dollar amount purchases. On paper the numbers look good—more sales. But bottom-line profitability can actually suffer. First, the company incurs costs for any method of contacting and initiating sales from these customers. Secondly, these customer types consume more internal resources and generate fewer dollars than most other customers in the form of over-consumption of services, shipping and returning of products, and purchasing low-margin items.

Wanted: A Sales Approach with Cost-Effective Results

All of the common methods previously described are proactive—to a point. The missing element in most proactive sales strategies is to produce *predictable* results with a low total “cost of sales.” For aftermarket revenue, this is not possible across an entire customer base without a prescriptive approach that can identify the most profitable repeat customers. Just reaching out to any and all customers is costly, time-consuming, and does not provide a desirable return on investment. What businesses need is a cost-effective way to gain repeat sales and services to high-value existing customers.

ENTYTL SOFTWARE

Entytle's Software-as-a-Service (SaaS) was developed by a team of experts with decades of operational experience at large B2B manufacturing and software companies. They struggled with the same after-sales revenue challenges outlined in this paper. After years of analysis and real-world customer trials, they found a solution.

Entytle software turns repeat sales efforts into more cost-effective, predictable, and proactive results using pattern recognition and other algorithms applied to a company's enterprise data. The key components of this analysis are:

- Pattern recognition of customer behavior and product life cycles
- Continuous analysis and machine learning of sales data and customer actions
- Actionable intelligence for contacting the right companies with the right offers at the right time

With Entytle, sales organizations are continually provided with leads that are specifically tailored to each customer's anticipated needs—such as out-of-warranty service, the anticipated need for replacement parts, or add-on or product upgrades to improve their existing purchases. When sales representatives receive Entytle recommendations they know when to reach out to customers at just the right time.

Service technicians often tend to be trusted advisors to their customers on all technical matters related to the equipment being serviced. On-site technicians could easily pull up client-specific offers directly relevant and beneficial to the customer, increasing the chance of conversion. Entytle connects easily to service systems (such as ServiceMax), so technicians have all the up-sell information they need, in the system they are most comfortable using.

The Entytle Approach

Each customer is unique. Each product a company sells fulfills a particular customer need. Matching the two factors at the right time requires a more comprehensive analysis of customer data than many businesses can afford or develop on their own. Entytle software uses sophisticated and continuous analysis to arrive at a more targeted sales approach—identifying which customer needs what item and when (see Figure 1).

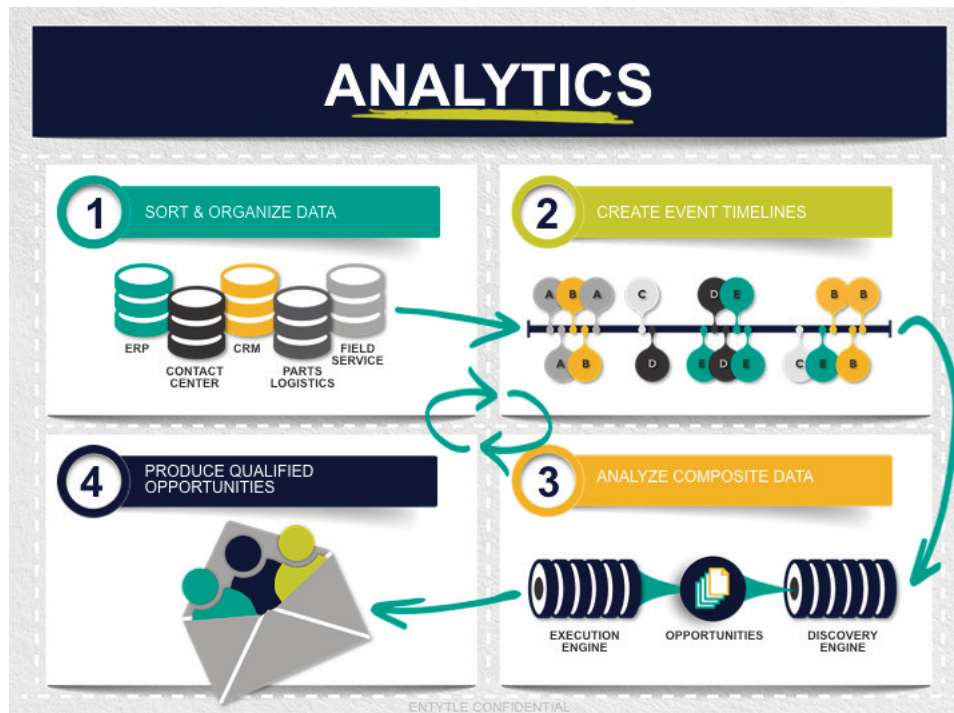


Figure 1. The Entytle continuous-learning software process for producing better qualified sales opportunities.

No Changes Required

Best of all, sales organizations do not need to make significant or disruptive changes to any of the following systems, software, or processes they already rely on for automating and serving their customers. Entytle works with:

- CRM software including Salesforce, MS Dynamics, etc.
- ERP systems including SAP, Oracle, and many others
- Email marketing automation like Marketo
- Field Service Automation software such as ServiceMax Contracts, SLAs, and warranties
- Equipment data
- Full range of customer data and their histories

This is just a sampling of common data and software sets Entytle can easily interface with.

Quick to Deploy, Low IT Intervention, High ROI and Security

Because Entytle is non-intrusive and easy to deploy, companies can be up and producing actionable sales opportunities in less than two weeks. There is no need for training sales personnel, and integration with existing IT is non-disruptive, as Entytle works hand-in-hand with a company's IT team throughout the set-up process. Entytle is cloud-based, and takes very little business IT resources to operate.

In addition, once Entytle is installed there is little or no need for a customer's IT team to maintain. Entytle reports are regularly distributed to selected sales associates automatically. All customer data sent to the Entytle cloud for analysis is encrypted. Once reports are ready for circulation, they are also encrypted and sent back to the appropriate company sales team.

In real-world deployments at Entytle customer sites, the average increase in opportunities is nearly 50%. One customer, an industrial pump and mixer manufacturer, reported a 40% conversion rate of those opportunities. A health sciences equipment manufacturer is using Entytle to win back 15% of customers who has stopped buying from them.

SUMMARY

B2B sales organizations have too much data and too little time to isolate truly profitable repeat-business and aftermarket opportunities. Manual or semi-manual strategies are at best ineffectual, and at its worst, expensive and time-consuming, with little or no ROI. Entytle software has the following benefits:

- Automates the entire qualification process
- Delivers right-customer, right-time opportunities
- Requires low maintenance yet a high return
- Provides quick, continually refined results

For more information on how Entytle software for leveraging greater returns on customer data, see: <http://www.entytle.com>

¹ Lawrence, Alex. "Five Customer Retention Tips for Entrepreneurs." Forbes. November 1, 2012.

<http://www.forbes.com/sites/alexlawrence/2012/11/01/five-customer-retention-tips-for-entrepreneurs/>

² Shah and Kumar. "The Dark Side of Cross-Selling." December, 2012. <https://hbr.org/2012/12/the-dark-side-of-cross-selling>