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DIGITAL TRANSFORMATION

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TK Dealer Cloud



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Read Time: 12 minutes

DIGITAL TRANSFORMATION

Digital transformation involves the rethinking of how an organization uses technology, people and processes to fundamentally change business performance. Digital transformation can be the key to improving dealer operations from sales and marketing to event initiation through final event closure.

Successful transformation can mean visibility to important information that enables maintaining profitable growth in a competitive market while meeting shifting customer expectations. Digital transformation may also enable a future for Thermo King dealers with real-time interconnected customer and equipment information shared across the entire network of dealers to provide an unprecedented customer experience and competitive advantage.

300%
ROI

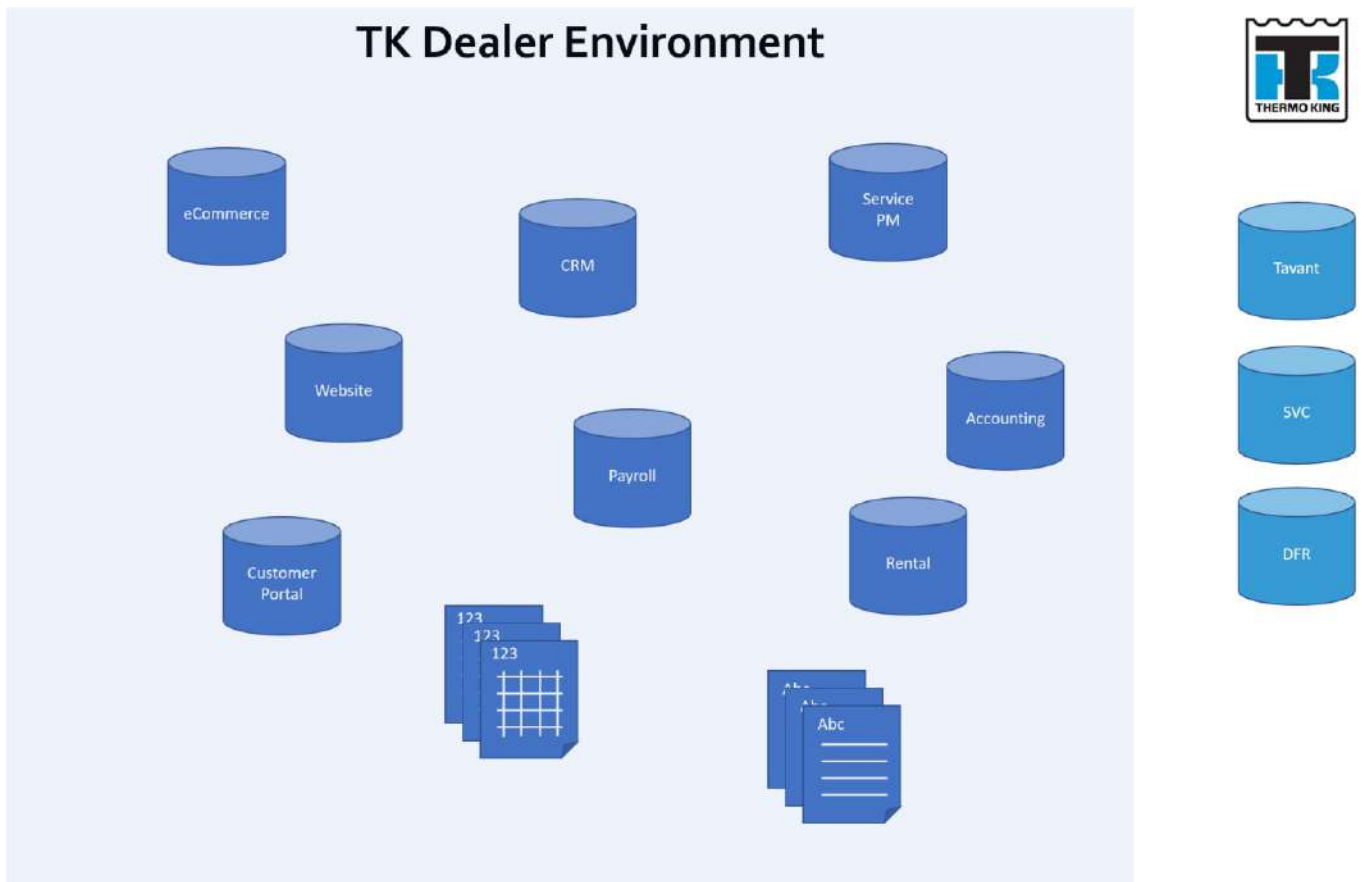
16 month
Payback

Digital transformation for Thermo King dealers enables visibility, automation, and efficiencies to streamline working with Thermo King and result in a unique customer experience with considerable payback.

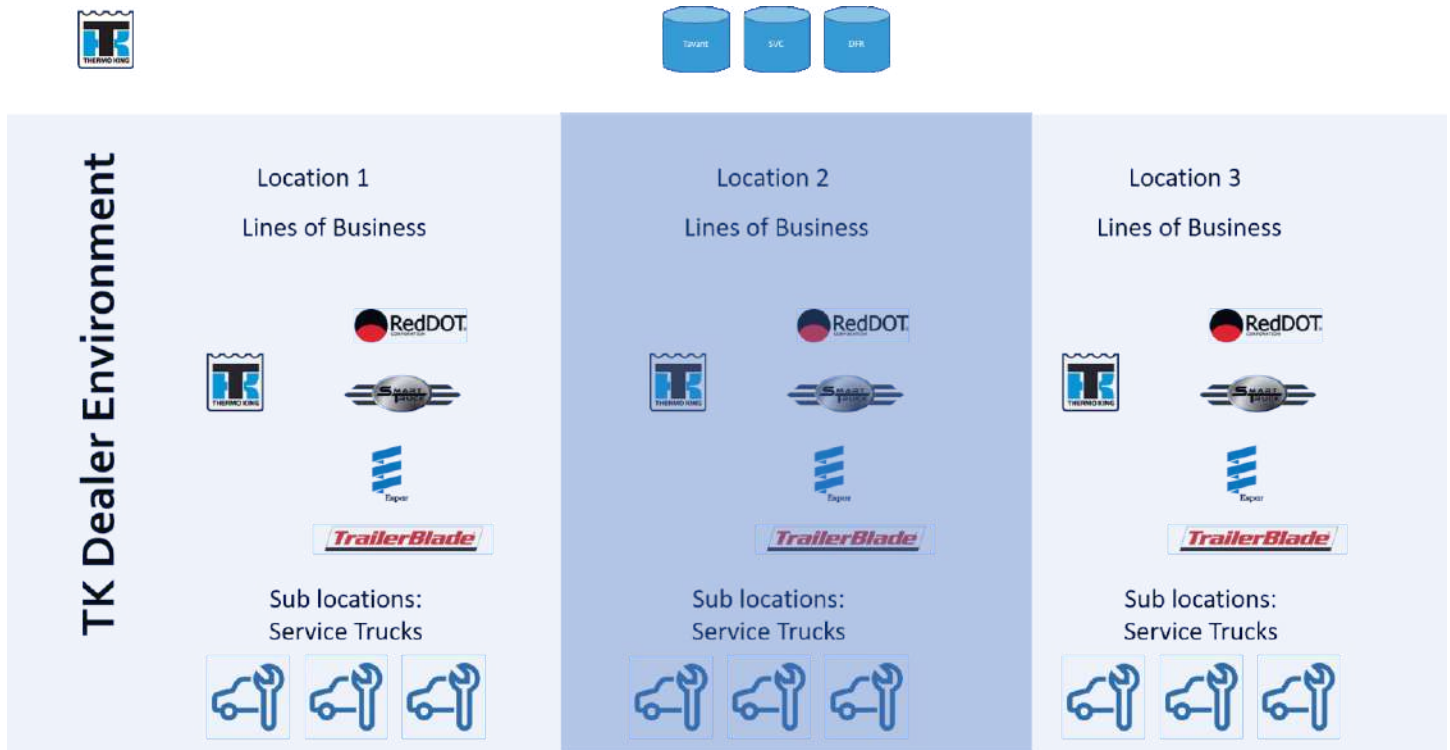
THERMO KING DEALER CHALLENGES

Thermo King Dealers share similar business processes, operational drivers, performance metrics and goals. While every business has to contend with sales, profitability, market demands and market forces on the path to success, TK dealers also face a number of technological challenges.

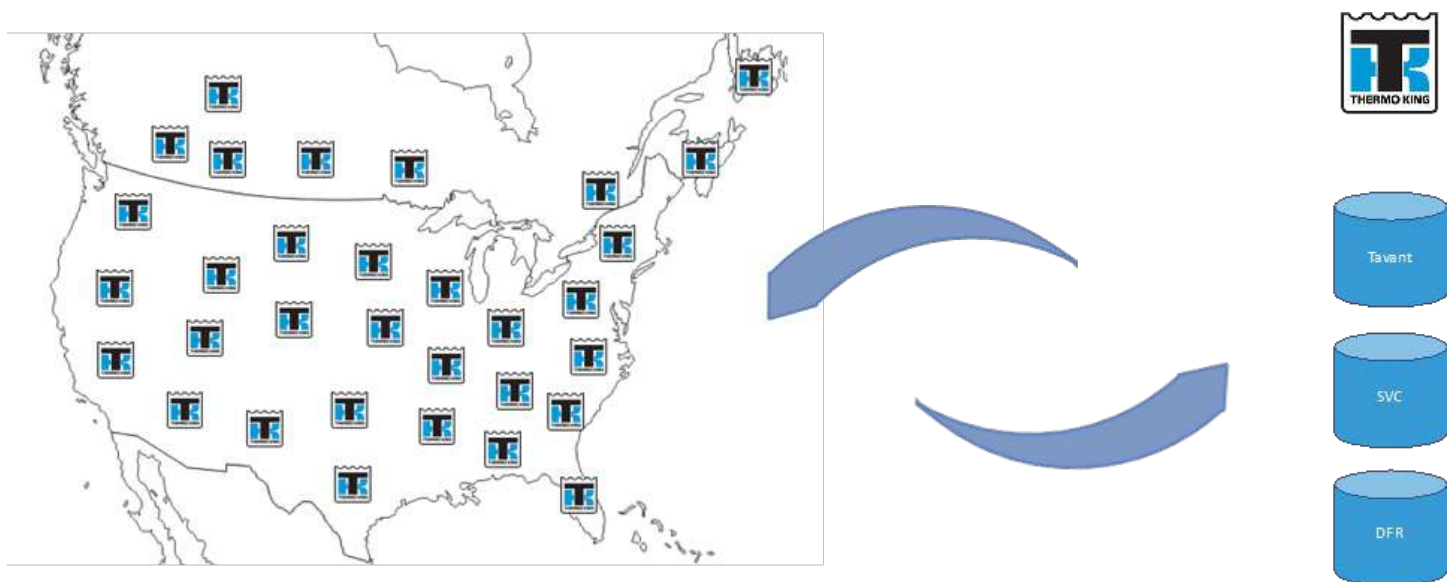
Most dealers have an unwieldy combination of systems that are incomplete and disconnected. This leads to inefficient processes and dependencies on siloed systems, point software solutions, countless spreadsheets and documents, as well as offline manual procedures required for day-to-day operations.



These challenges are compounded by the need to understand the operational transactions, performance metrics and financial results across multiple locations, sub-locations and even multiple lines of business, each with their own unique needs.



To further complicate the dealers' needs, TK customers are mobile, and dealers need the benefit of information from Thermo King's systems and a network of hundreds of TK dealers providing service to common customers across North America.



Traditionally, TK dealers have relied on homegrown systems, modified accounting packages from non-industry focused software publishers like Sage, or legacy dealer management systems like DIS Keystone. These systems often fall short in a number of ways.

DISPARATE SYSTEMS

Because many dealer management systems lack the flexibility to incorporate the various business processes required to run TK dealers' multifaceted operations, dealer organizations end up with multiple systems to accommodate their processes.

Core dealer information management systems were originally developed decades ago and built with cumbersome technologies, resulting in systems that are inflexible, difficult to integrate with, and are often stuck on old versions, as a result of past customizations.

To compensate for dealer system shortcomings, TK dealers often add complexity to their IT landscape by adding additional solutions for specific use cases. For example, a dealer might have a separate CRM application, a separate rental management system, a preventative maintenance solution and a stand-alone website, in addition to their dealer management system.

In this example, a dealer could be using 5 different systems to manage interactions with the same customer. As a result, data is fragmented, processes sit in silos, there are multiple user interfaces, broken transactions and no unified view of the dealers' relationship with their customers. They have no single version of the truth.

VISIBILITY

Another common challenge for TK dealers is visibility. While dealers record volumes of customer interactions, service transactions, counter sales and invoices, resulting data does not become information. Systems are not aligned with business objectives to ensure that information can be leveraged for improvement.

Whether captured initially, or on paper and recorded after the fact, most transactions are eventually entered into respective systems resulting in the capture of necessary information for business functions, such as accounting and billing. However, while core business functions are obviously important, data is not captured in a way that surfaces key performance indicators (KPI) that give dealers intelligent metrics that would help them improve operations with information tied to management objectives.

The systems and processes in place are not designed to house business logic. As a result, TK dealers aren't gaining the operational improvement that systems can provide. Analytics that could be gained are lost, trapped in archaic data structures, captured on paper without a way to make it useful, or not tracked at all.

EFFICIENCY

Beyond the inherent inefficiency of separate applications for separate business functions and the arduous tasks associated to aggregating information and reporting, the systems currently in use by Thermo King dealers are not aligned with business processes to drive consistency, ensure customer loyalty and maximize lifetime value.

As a necessity, many processes are tracked manually outside of dealer systems. Labor is not easily tracked against job codes, so it often happens after work is performed. Not only can this cause inaccurate metrics related to labor and profitability, but costs can be hidden related to the administration of the work, resulting in improper costs being associated to the work order or job.

There are also bottlenecks in the service process from scheduling and intake through work order close and billing. Often times, the same data is written on paper, then entered multiple times in multiple systems. Communications between service writers, technicians and parts managers require physically locating each other, face to face communication and written paperwork, often requiring unnecessary wasted time associated to work.

The lack of streamlined operating procedures to systems results in administrative overhead, introduces the opportunity for errors, increases costs and adds time to the process, even potentially decreasing customer satisfaction.

DATED TECHNOLOGY

Legacy technology causes a ripple effect of issues, costs and complexities that are compounded for TK dealers. Dealer environments are unnecessarily complicated and fraught with hidden costs. Also, due to dated code language, databases, system structures and technology platforms, advancements in dealer management systems for TK dealers are onerous and don't become available at the speed of today's market expectations.

The right technology can help put companies and people in the right position to maximize results. However, while TK dealers have continued to invest in dealer management systems,

these publishers of these applications have not continued to invest in the development of their solutions. These systems are dated and have not been re-architected and/or re-written to take advantage of significant advancements in technology.

Running a successful business is about being poised to take advantage of opportunities when they arise, but dealer technology needs have been underserved, which is a competitive disadvantage resulting in opportunity loss.

THERMO KING DEALER OPPORTUNITIES

In concert with TK dealer executives from finance and operations, Inscio performed a detailed analysis across multiple business drivers within key areas to discover value opportunities.

We set out to determine the benefits of a complete business application suite to support TK Dealers including service, rentals, equipment, parts, accounting, CRM, HR, ecommerce, and Business Intelligence (BI) built on the NetSuite cloud platform.

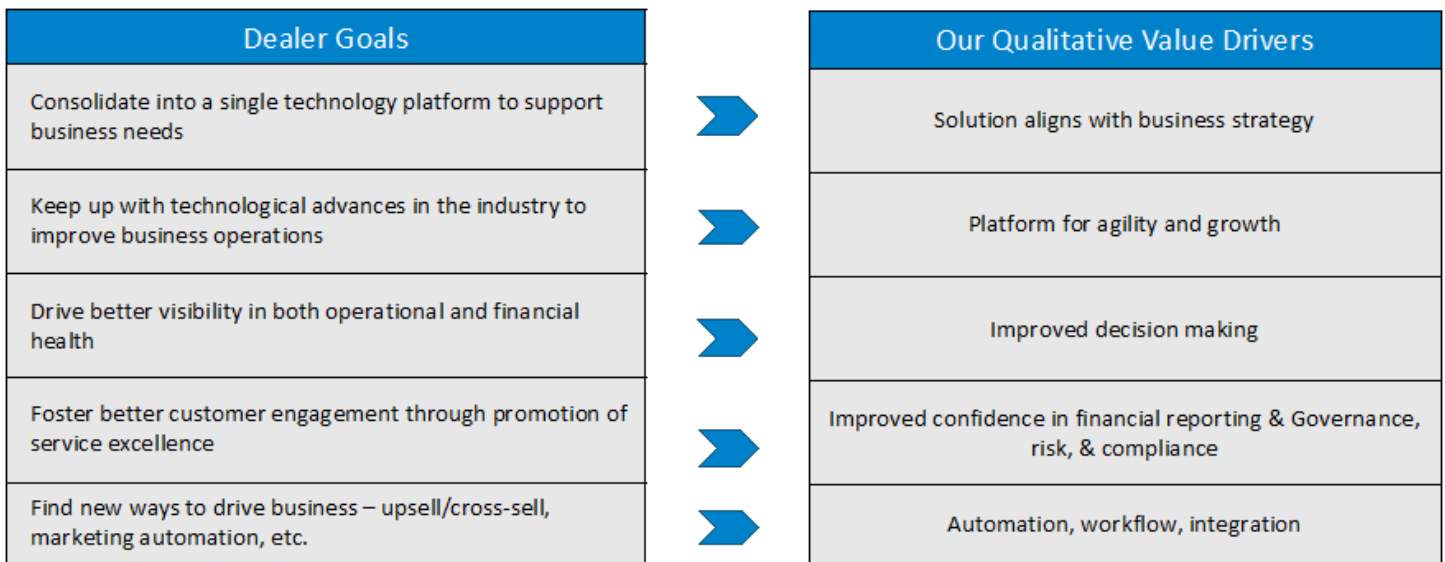
Incorporating leading dealer practices with built in roles including workflows, KPI, reports, and dashboards could empower TK dealers to:

- Deliver on the promise of Thermo King Dealer Excellence
- Consolidate technology into a single platform to support business needs
- Keep up with technological advances in the industry to improve business operations
- Provide a fast and engaging User experience optimized for any device
- Drive better visibility of both operational and financial health
- Foster improved customer engagement through the promotion of service excellence
- Improve timeliness, accuracy and consistency of information
- Reduce operational costs and inefficiencies?
- Deliver efficiencies by automating existing business processes

The subsequent analysis shows qualitative benefits of digital transformation from Inscio for Thermo King dealers followed by quantifiable benefits.

DIGITAL TRANSFORMATION VALUE STUDY

In concert with TK dealer executives from finance and operations, Inscio performed a detailed analysis across multiple business drivers within key areas to discover value opportunities. The subsequent analysis shows qualitative benefits of digital transformation from Inscio for Thermo King dealers followed by quantifiable benefits.



The following pages detail specific assumptions for value drivers, improvements, assumptions and calculations across lines of business or disciplines within Thermo King dealers.

A conservative approach was taken when calculating the ROI for this exercise. The numbers only consider agreed upon value drivers and disregard indirect benefits and offsetting costs. While specific values may change from dealer to dealer, this detailed study can be used to gauge the value that digital transformation can offer all Thermo King dealers.

SERVICE

Analyzing key areas within service, we were able to identify the following quantifiable benefits:

Business Driver	Assumption / Calculations	Potential Improvement
Increased Service Sales	5% increase in services with more visibility and time > 70% gross margins	5% - 10% improvement
Improved Service Gross Margins	1% improvement in gross margins with better visibility	1% - 2% improvement
Reduced Warranty Claims Leakage	Reduce warranty claim leakage by 50% on 5% leakage of warranty claims	50% - 75% reduction
Improved Service Efficiency	50% reduction in current 25% of manual activities	50% - 75% improvement

To achieve these returns, we were able to identify these Service Benefits Enablers:

- Execute on the Thermo King Service Excellence vision.
- Provide customers with a consistent, proactive, high touch experience.
- Increase profitability by reducing or eliminating duplicate processes.
- Improve internal collaboration, standardizing on one system and removing paper based work flows.
- Drive service visibility with a complete view of equipment, service history and customer interactions.
- Utilization, productivity and efficiency enablers that will help plan and increase service revenue.
- Be predictive with maintenance, customer service events, visit history, surveys and follow-up.
- Measurement of service transactions to drive accurate costs from service processes.
- Seamless integration with Thermo King systems.

EQUIPMENT

Analyzing key areas within equipment revealed the following quantifiable benefits:

Business Driver	Assumption / Calculations	Potential Improvement
Increased Equipment Sales	10% improvement in selling time for sales resources > 10% gross margins	10% -20% more selling time
Improved Equipment Sales Efficiency	10% reduction in manual activities	10% - 20% improvement
Improved Cross-Sell/ Up-sell	Increase equipment sales by 5% on 10% of orders > 10% gross margins	5% - 10% increase
Improved Equipment Gross Margins	Improve gross margins by 2%	2% - 4% improvement
Optimize Equipment Inventory	Reduction in carry cost for 10% reduction in inventory 5% cost of capital	10% - 20% improvement

To achieve these returns, we were able to identify these Equipment Benefits Enablers:

- Instant access to real-time customer information helps you understand the road your client has travelled and enables you to map the most effective path to keep your customer satisfied.
- Immediate access to client purchase/payment history, service history, last and next contact, and client value provides the tools you need to deliver an exceptional customer experience.
- Equipment 360 and Beyond: Leverage the product to provide you the real time information with respect to an individual serialized unit.
- Full understanding of the lifecycle of customer and equipment from marketing through sales to service.
- Reduce manual activities and leverage customer and market intelligence to increase both overall sales and average sales transaction amounts.
- A 100% native cloud solution, with a flexible and customizable platform that integrates to many 3rd party applications, future proofing Thermo King's business.
- Quickly adapt to changing external and internal needs by leveraging existing investments instead of replacing.
- Reduce reputation risk by improving security and control.
- Leverage the platform to rapidly integrate or onboard new locations, business models, channels, organizations.

PARTS

Analyzing key areas within parts, we were able to identify the following quantifiable benefits:

Business Driver	Assumption / Calculations	Potential Improvement
Increased Parts Sales	5% increase in part sales with more visibility and time > 30% gross margins	5% -10% increase in sales
Improved Parts Sales Efficiency	25% reduction in 25% current manual activities	25% - 50% improvement
Improved Parts Gross Margins	Improve gross margins by 1%	1% - 2% improvement
Optimize Parts Inventory	Reduction in carry cost for 10% reduction in inventory 5% cost of capital	10% - 20% improvement
Improved Parts Fill Rate	10% improvement in parts fill rate with inventory visibility > 30% gross margins	1% - 2% improvement

To achieve these returns, we were able to identify these Parts Benefits Enablers:

- Enhance fill rates and inventory turns.
- Increase average parts sale transaction value.
- Optimize inventory levels.
- Provide company-wide visibility across locations and business lines.
- Automate and direct parts management activities.
- Reduce redundant parts management activities.
- Enhance market penetration.
- Understand cores and warranty replaced parts.

RENTALS

Analyzing key areas within rentals, we were able to identify the following quantifiable benefits:

Business Driver	Assumption / Calculations	Potential Improvement
Increased Rentals	5% increase in services with more visibility and time > 40% gross margins	5% -10% improvement
Improved Rental Gross Margins	1% improvement in gross margins with better visibility	1% - 2% improvement

To achieve these returns, we were able to identify these Rentals Benefits Enablers:

- Rental Asset 360 and Beyond: Leverage the product to provide you the real time information with respect to customers, assets and profitability.
- Optimize asset profitability and utilization with scheduled and predictive maintenance.
- Control & manage rental pricing rates, discounts and promotions.
- Accurate and easy access to rental asset location and availability.
- Efficiently schedule and deploy rental assets.
- Automate periodic billing for unpredictable rental periods.
- Customizable agreement, contracts, statements and invoices with flexible billing and reporting.

FINANCE

Analyzing key areas within finance, we were able to identify the following quantifiable benefits:

Business Driver	Assumption / Calculations	Potential Improvement
Improved DSO	Reduce DSO by 5 days 5% cost of capital	5 – 10 days reduction
Improved Finance Efficiency	50% reduction in current 15% of manual activities	50% - 75% improvement

To achieve these returns, we were able to identify these Finance Benefits Enablers:

- Perform real time consolidations, automate period-end close, automate journal/GL entries.
- Utilize the system checklist of month end procedures such as locking periods and checking on other discrepancies.
- Utilize security permissions to restrict who has rights to perform specific functions in the application.
- Workflow will help automate and control approvals on transactions from AP Bills to Journal Entries.
- Speed up period end close and improve accuracy of financials.
- Decrease time researching changes
- Increase the speed at which information can be found, making employees more productive.
- Eliminate manual activities associated to month-end close, reducing time and costs associated with finance functions.
- Accuracy: Provides an enterprise-wide view of information with a complete audit trail for accuracy and transparency.

KEY TAKEAWAYS AND RECOMMENDATIONS

Digital transformation is the key that will unlock the Thermo King dealer vision for streamlined operations, profitable growth and an unprecedented customer experience.

Take the next step. Schedule your Value Chain Assessment today.

TK Dealer Value Chain Assessment (VCA) is a discussion of your specific processes and the impacts of making improvements. In a VCA discussion, we will ask questions to:

- Better understand the primary drivers of your business,
- Identify pain points where improvement can be made, and
- Help quantify the value of improving business processes and technologies

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About Inscio

Inscio is an award-winning consultancy dedicated to helping each customer grow profitably and simplify their IT landscape. We help our customers evaluate, implement and leverage the NetSuite cloud platform so they can realize the benefits of digital transformation applied to their business vision.

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