



Equipment Service Agreements – Worth the investment?

By James Buchanan

Purchasing, installing, and commissioning capital equipment is a process that takes careful planning, involves many resources and is a focus of many key decision makers in an organization. Once installed, the Operations and Maintenance Teams assume the responsibility of achieving the production capacity delivered by the equipment vendor and required by production demands. Consumables, spare parts, preventative maintenance, service, and emergency repairs are all necessary evils in ensuring not only smooth operations on a daily basis, but also the longevity of the equipment. Managing the costs associated with these can be a difficult and unpredictable task, resulting in budget overruns, unplanned down time and “band aid” fixes to keep equipment running until functional repairs can be completed. Service Agreements offer the ability to not only control costs, but also ensure that the equipment is maintained to the manufacturer’s standards and requirements.

Importance of Service Agreements



WHY INVEST IN A SERVICE AGREEMENT?

While some equipment owners may view Service Agreements as manufacturers attempting to profiteer in the follow-up to equipment sales, they have become increasingly more popular with both Equipment Owners and Manufacturers. They have numerous benefits for both stakeholders and are widely considered a reasonable investment in the ongoing successful operation of the equipment. Operators and maintenance staff are increasingly difficult to find, and the transitory nature of the modern workplace means that experience on specific equipment can be inconsistent at best; this results in the potential for lack of first-hand operator training and knowledge, questionable equipment setup, operation, and maintenance all of which will have a negative impact on production and operational efficiency.

With a Service agreement in place, an equipment owner can reap the inherent benefits, such as:

- Planned and scheduled maintenance visits / unplanned machine outages through early detection of wear or part failures
- Having specialized technical experts review the equipment on a regular basis
 - These reviews can include not only safety inspection but include scheduled machine maintenance
- Higher machine availability through reduced downtime
- Opportunity to reduce potential breakdown
- Better budget control – fixed annual cost
- Opportunity for operator and maintenance personnel refresher training during the visits
- Ability to review spares inventory and ensure that necessary consumables are appropriately stocked as required

Equipment manufacturers, on the other hand, benefit from a closer relationship with their customer and can increase customer satisfaction through regular contact, greater operator knowledge and frequent interaction with their equipment in the field. Predictable maintenance schedules allow for more efficient planning of valuable technical service resources and a reduction in emergency, machine down events.

STRUCTURING THE AGREEMENT

There are numerous types of Service Agreements in today's world, some are tightly regulated by the provider with little room for change, with others recognizing the necessity for flexibility and being highly customizable to meet the needs of each individual customer.

Many equipment manufacturers today will offer various levels of service, increasing in cost as the included options increase, depending on the customer needs and demands. An informed customer will be well versed in what their requirements are.

Working well with their customers, equipment manufacturers will seek to ensure that whatever requirements a customer may have will be identified during the planning phase of a Service Agreement, and they seek to build upon these to build an optimized plan that will best serve the customer.

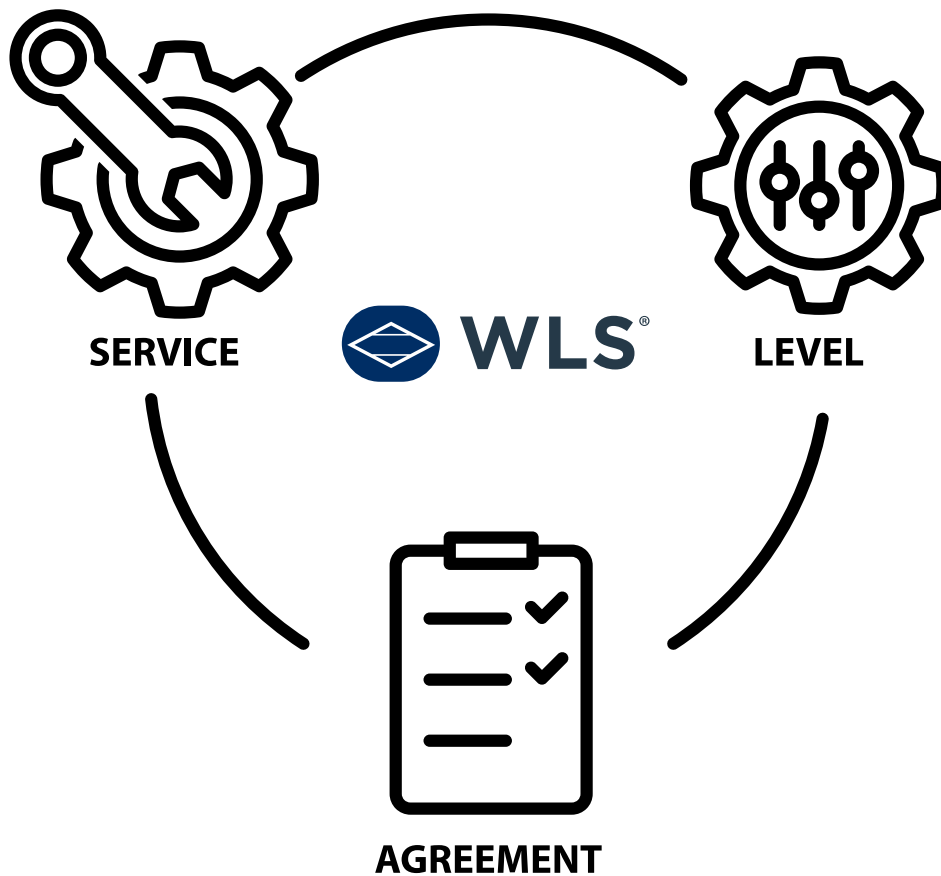
Building an efficient and effective Service Agreement will consider:

- The number and age of the machines in the customer facility
- The Manufacturers PM schedule for the equipment, both frequency and required down time
- Requirement for wear parts or consumables
 - Inclusion in the contract or consider a separate line item or quote
- Production schedules and equipment availability
- Inclusion of Emergency visit(s) as part of the contract
 - This can speed up the response time to an emergency removing the requirement for quoting and PO turnaround times
- Parts or additional service discounts offered to the customer as a fringe benefit to the Agreement
- Remote technical assistance included as part of the Agreement
- Extended Warranty package included in the Agreement
- Payment plans - annual or rolling monthly billing



In any production environment where machine availability, predictable maintenance events, and control of costs are a priority and an integral part of the facility operation, a Service Agreement is a useful tool to consider.

WLS offer their customers a highly flexible and customizable Service Agreement option within their portfolio of Aftermarket Services. Available on newly commissioned equipment or on machines with many years of service already completed, customers can ensure that the WLS Equipment in their facility is operating at the highest efficiency. With the knowledge that the costs are agreed and fixed for the duration of the Agreement, the Service Agreement helps equipment operators control costs in many areas of the operation beyond the maintenance costs of the equipment.



ABOUT WLS

Weiler Labeling Systems is an industry-leading designer and manufacturer of high-speed rotary and in-line trunnion labeling machines and serialization and coding solutions for the pharmaceutical and medical packaging markets. With nearly three decades of experience in providing labeling, coding, inspection, and precision-manufactured systems, WLS is at the forefront of delivering customized solutions backed by a culture of unwavering customer care. As part of the ProMach Pharma business line, WLS helps our packaging customers protect and grow the reputation and trust of their consumers. ProMach is performance, and the proof is in every package.