

# „DEVELOPING A DIGITAL DNA FOR THE SERVICE TRANSFORMATION“

Service Transformation Summit 2024

March 2024

JENBACHER



# SERVICES



**Martin Wendel**

VP Global Services  
INNIO's Jenbacher Brand

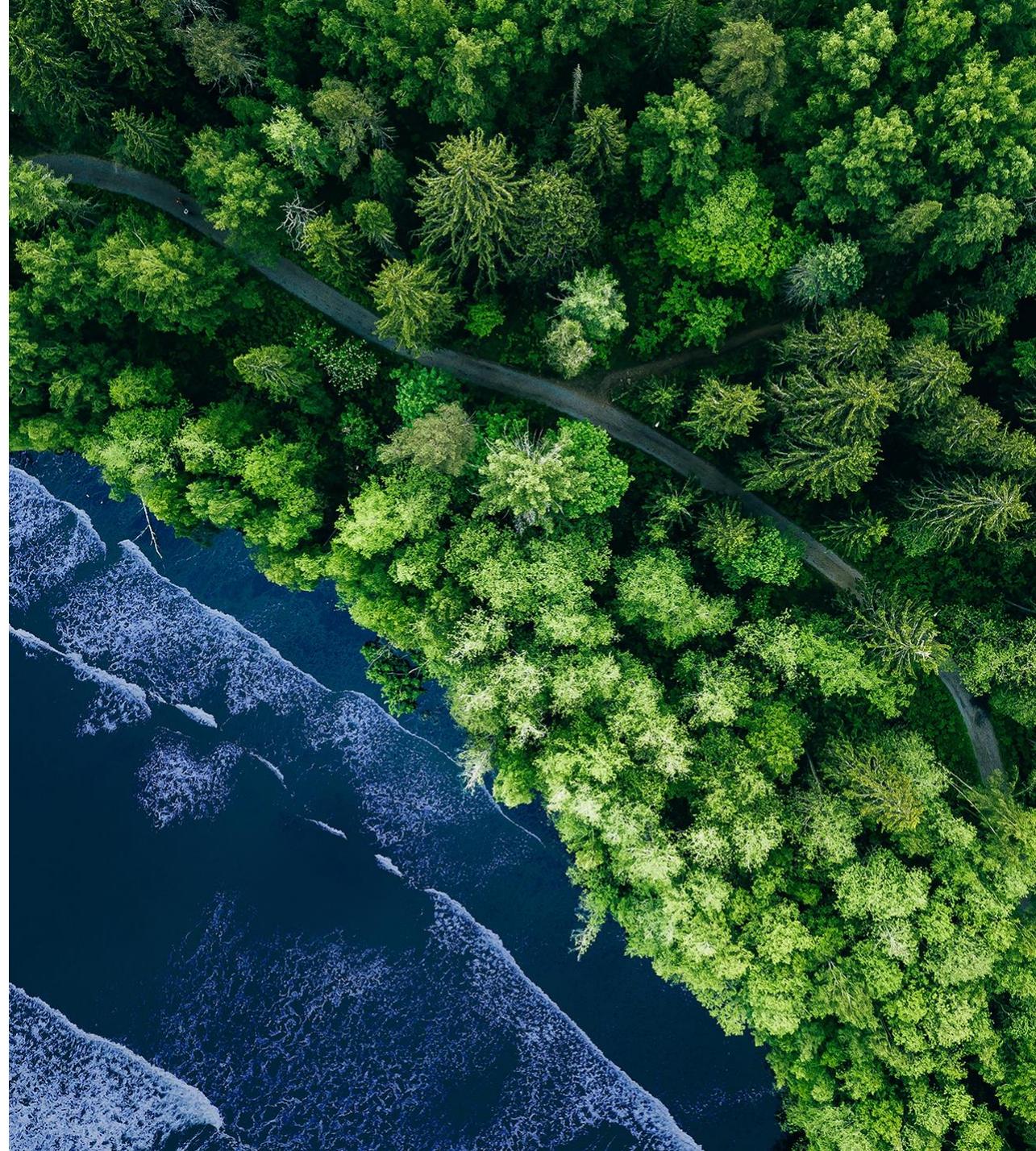
**JENBACHER**



# SUCCESSFUL DIGITAL SERVICE TRANSFORMATIONS

Hypothesizes how to develop the relevant DNA

1. Service transformation must satisfy the “why” of all relevant stakeholders
2. Service transformations follow sets of relevant, senseful select project portfolios
3. Service transformation happen more, the less we (permanently) think about it



# MOVING ENERGY FORWARD

## INNIO is...

...a leading energy solution and service provider empowering industries and communities to make sustainable energy work today.

...headquartered in Jenbach (Austria), with other primary operations in Waukesha (Wisconsin, U.S.) and Welland (Ontario, Canada).

...delivering innovative solutions for the power generation and compression segments through our Jenbacher and Waukesha product brands and our digital platform myPlant.

...helping industries and communities sustainably generate and manage energy while navigating the fast-changing landscape of traditional and green energy sources.

**JENBACHER**



# INNIO'S JENBACHER BRAND IS A LEADING SOLUTIONS PROVIDER IN POWER GENERATION

Our solutions provide power and heat for versatile applications worldwide



**250 kW** → **10.6 MW**

High efficiency & fuel flexibility

## When & where it is needed



Commercial customers



Data centers & emergency power



Greenhouses



Landfill gas\*



Coal mine gas



Special gases



Utilities, municipalities, IPPs



Microgrids



Biogas



Sewage gas



Associated petroleum gas

# GLOBAL SERVICE NETWORK TO SUPPORT YOUR JENBACHER ENGINE OPERATIONS

## Key service facts for Jenbacher engines



**25,000+**

systems produced to date



**1,200+**

certified Jenbacher field technicians



**155,000+**

eTrainings completed



**12,000+**

engines digitally connected via myPlant Performance



**60+%**

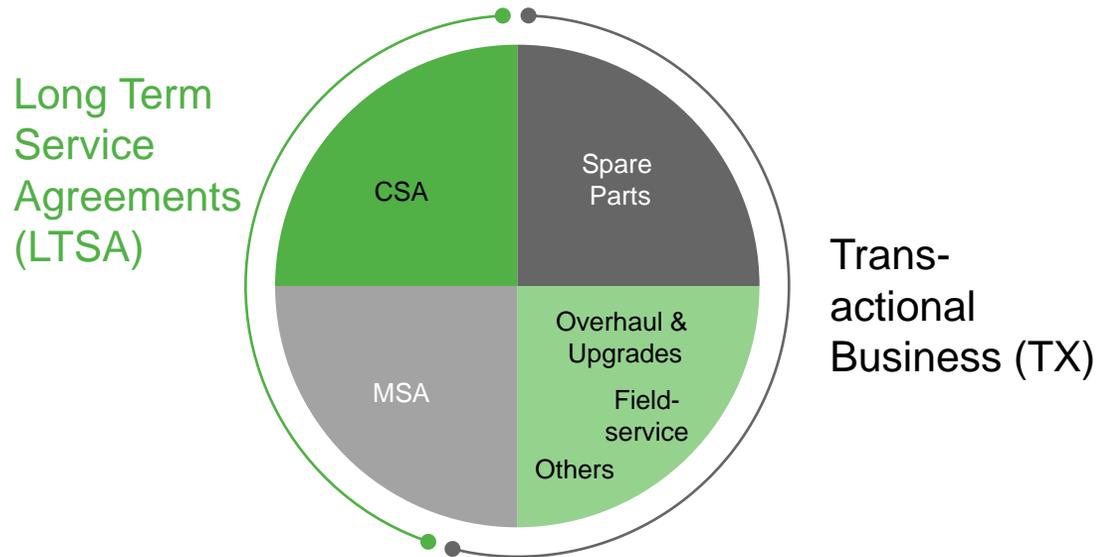
remote fix rate



# 1. INNIO AT A GLANCE

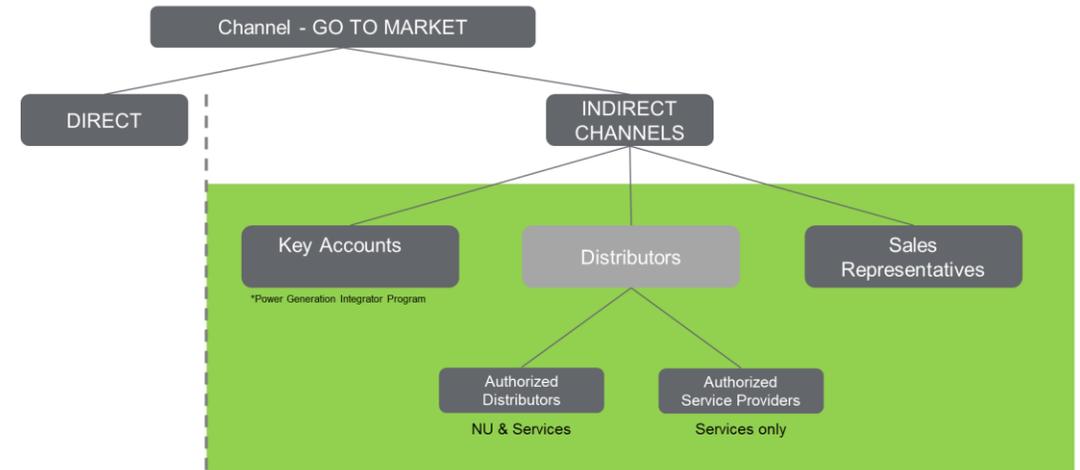
## Our Jenbacher Services Business

### Overview Services Products



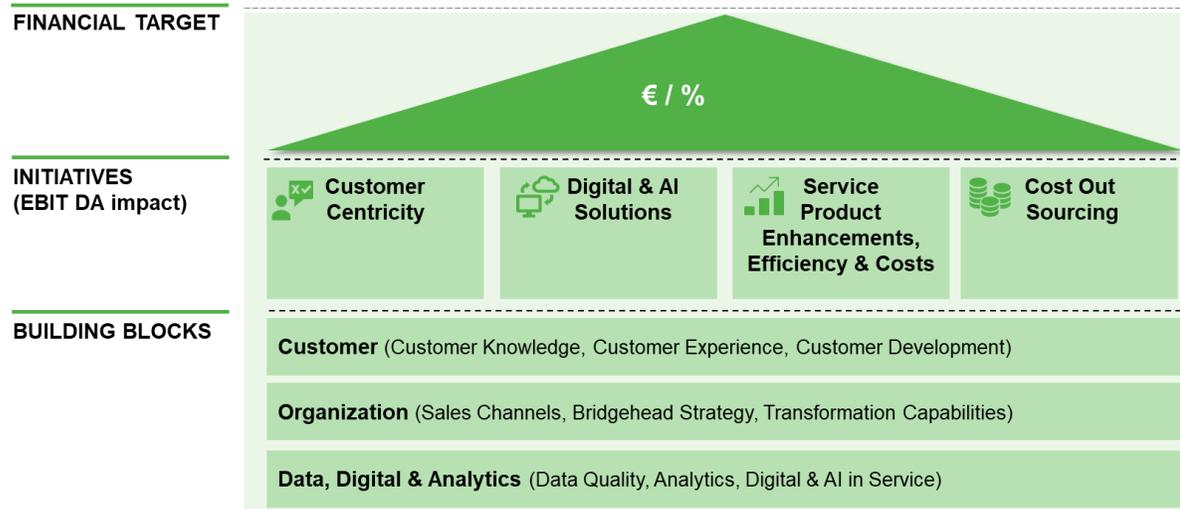
- LTSA (LongTerm Service Agreements)
- CSA (Contractual Service Agreement = provide Parts & Service to the customer)
  - MSA (Material Stream Agreement = provide Parts only to our Distributor / Partner)
  - O&R (Overhaul & Repair)
  - CM&U (Upgrades) = Upgrades of the engine to enhance performance or update engine to latest state of the art

### Overview / Customers & Go-to-Market



## 2. THE 4 PILLARS OF THE SERVICES STRATEGY

Customer Centricity, Digital enabled products, Efficiency, Cost optimization



### Building Blocks

#### Customer

- Customer Knowledge
- Customer Experience
- Customer Development

#### Organization

- Sales Channel
- Bridgehead Strategy
- Permanent optimization of transformation capabilities

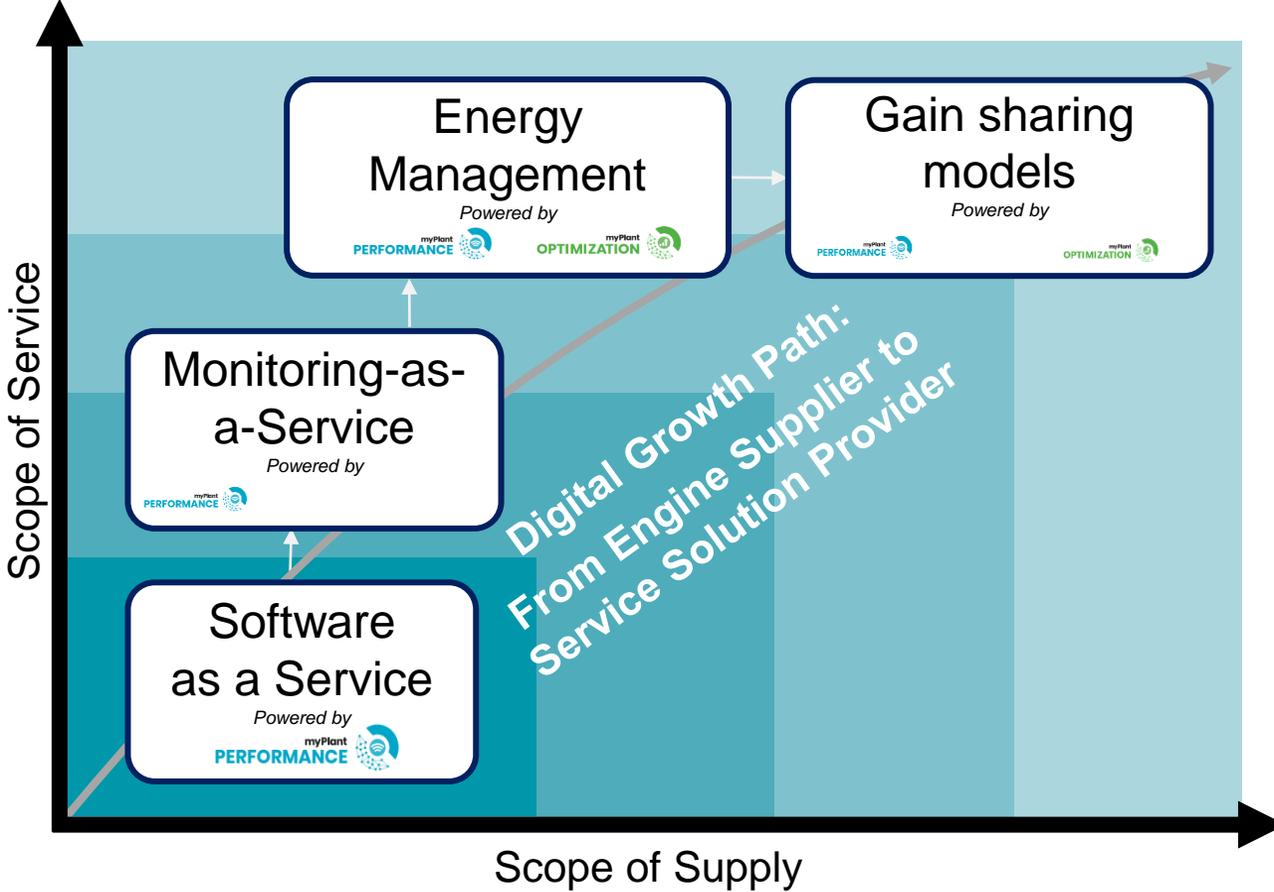
#### Data, Digital & Analytics

- Data Quality
- Analytics
- Digital & AI

### 3. DIGITAL SETUP & TOOLS

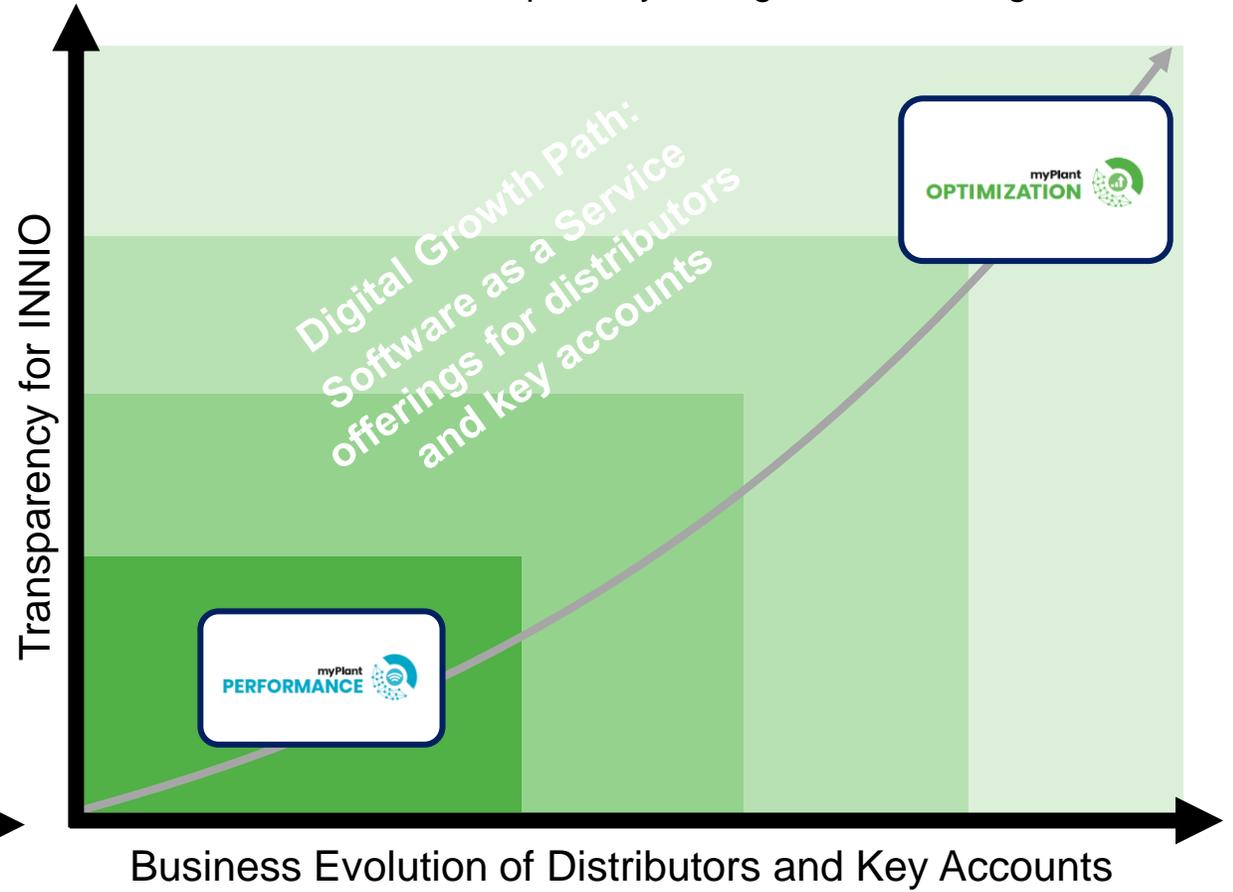
#### Digital enabled products:

Enhance our business models to increase customer satisfaction



#### System landscape:

Drive revenue and Transparency through SaaS offerings



### 3. DIGITAL SETUP & TOOLS

#### Our myPlant platform portfolio



- Engine monitoring
- Increased transparency
- Improved performance

Focus: engines, fleet of engines



- Increased economic efficiency
- Optimization of the plant fleet
- Flexible electricity trading

Focus: plant, plant park, pool



# 4. DEVELOPMENT A 'BALANCED' PROJECT PORTFOLIO

## How to transform an organization by projects

1. Define Strategic Objectives – Understanding goals of Services organization
2. Identification of areas of improvement – incl. customer service, operational efficiency, technology infrastructure
3. Develop Project Portfolio – in alignment with strategy  
Priorization in

Strategic impact and feasibility/effort

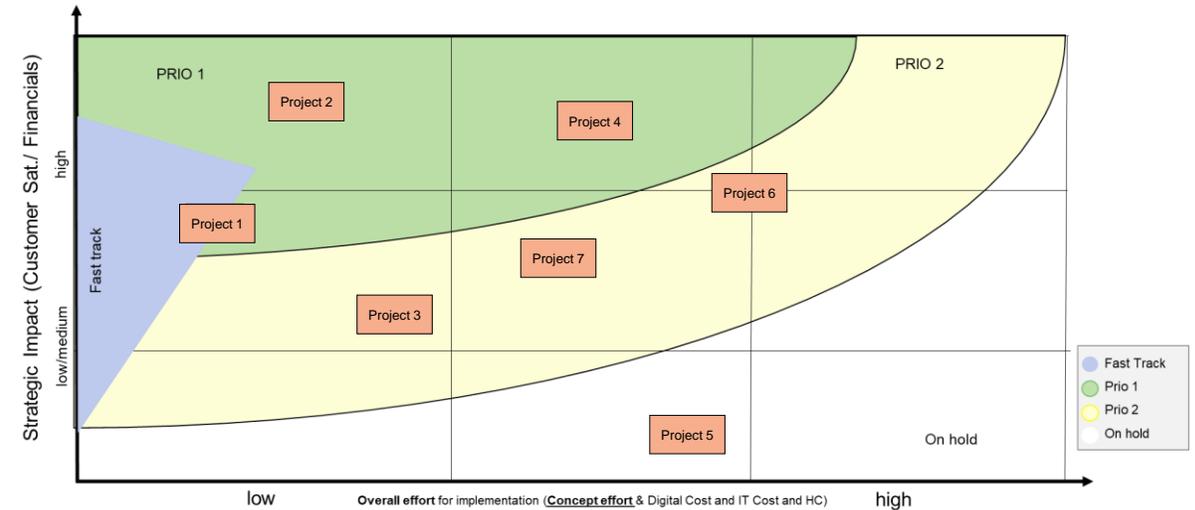
Basic vs differentiating

Feasibility (resources / capabilities)

Cost benefit ratio

Localization / Generate critical mass for local footprint

4. Continuous review on progress of each project and its impact on organization

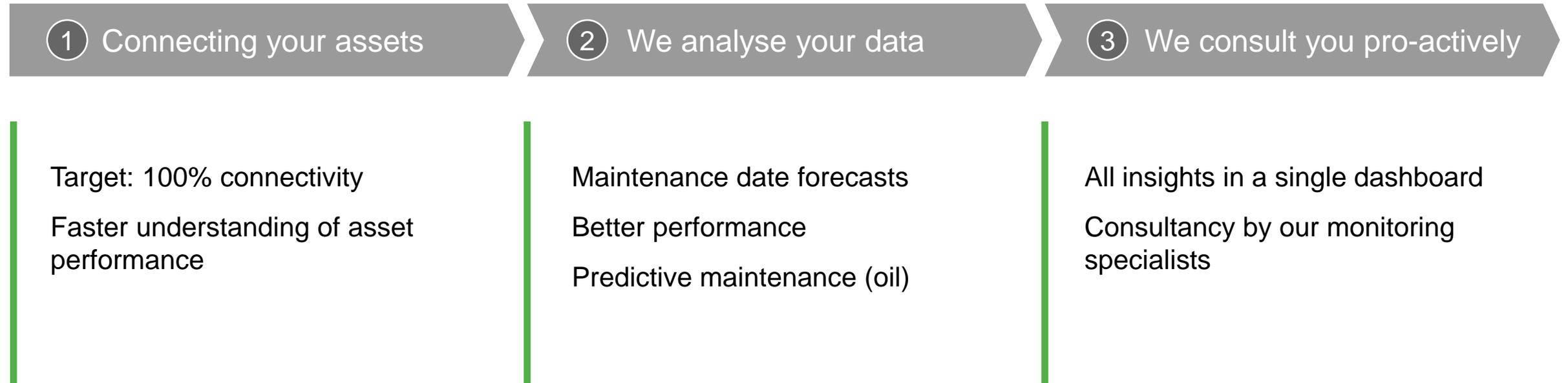


	Basic	Differentiating
<b>Capabilities</b>	<ol style="list-style-type: none"> <li>1. Speed &amp; responsiveness in core services</li> <li>2. Efficient &amp; effective execution</li> <li>3. ...</li> </ol>	<ol style="list-style-type: none"> <li>1. Field technician &amp; customer service manager act as proactive customer caretakers</li> <li>2. ...</li> </ol>
<b>Purpose/ Logic</b>	<ul style="list-style-type: none"> <li>– Holistic portfolio of capabilities required</li> <li>– No weaknesses allowed</li> <li>– Be as good as competitors</li> </ul>	<ul style="list-style-type: none"> <li>– Only a few capabilities needed</li> <li>– Strength that can be experienced</li> <li>– Need to differentiate</li> </ul>

# 5.1 DEEP DIVE – MONITORING-AS-A-SERVICE

## Data analytics-based customer consultation

Proactive customer consultation to enhance product performance for the specific customer business / application



## 5.2 DEEP DIVE – PRICING SOFTWARE

Where will a Pricing software support and how will we benefit?

### Objectives

- ✓ Take decision based on data insights
- ✓ Plan different scenarios before price changes
- ✓ Increase pricing agility (“automate the manual”) through mass-data management
- ✓ Understand your customer segments and exploit your value potential
- ✓ Maintain a one-step-shop for price-enhancement activities

### Benefits

- ✓ Cross-/upselling opportunities discovered and addressed
- ✓ Increased margins from higher pricing based on advanced analytics and customer micro segmentation
- ✓ Higher price adjustment / increase stick rate and better management of pricing waterfall
- ✓ Enhanced rebate management
- ✓ Improved customer contract commitment management
- ✓ Time & resource savings for price maintenance and system updates (ERP, CRM,..)

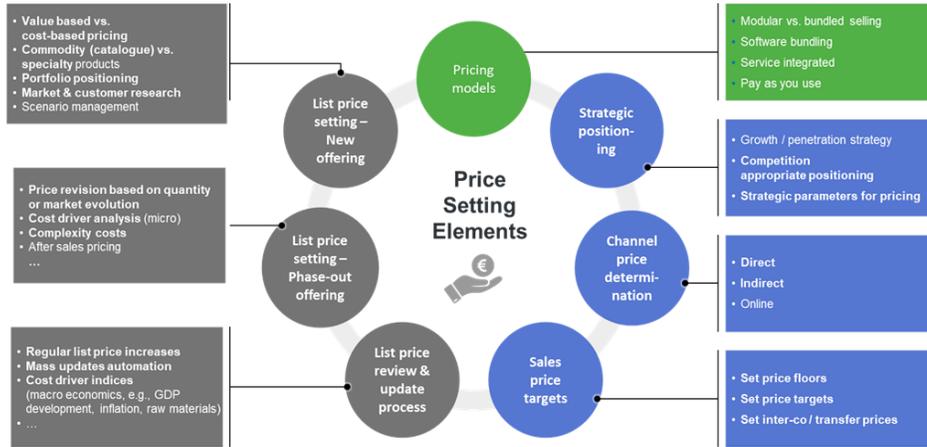
At its core, it simply assists businesses determine the optimal price for their goods and services to the right customer and balance top & bottom-line growth.

**“How can we increase profitability while staying competitive in a dynamic market?”**

# 5.2 DEEP DIVE – PRICING SOFTWARE

## Targets and Benefits of implementing AI based pricing software

### Goals



### 1 Optimize list prices across the entire product portfolio

- Solution **supports price assessment** for the full portfolio incl. less managed product tail
- Objective and data-driven decision support in price setting

### 2 Make our sales team's jobs easier

- Solution must **identify growth and recovery** insights that make sense and are actionable
- Faster decision-making with higher possible authority

### 3 Automate manual processes – gain time advantage towards clients

- Empower sales teams to help our customers, not waste time by processing & analyzing data
- Reduce time to prepare, quote & negotiate

### 4 Increase revenue globally

- **Recover lost business** and **reverse churn** as soon as it begins (or even before)
- Sell **broader scope of products** to core and non-core customers, more often

### Benefits



- ✓ AI can **analyse** multiple elements and **propose real-time price points** to increase **profitable growth**.
- ✓ AI can **automatically score** and **prioritize leads** based on their chances to **convert into customers**.
- ✓ A.I can **detect** which **customers** are likely to **leave** and **helps businesses** implement **targeted** retention **strategies**.
- ✓ AI can **utilize** different **models** to **determine customer buying behaviours**, helping with **targeted pricing strategies**.
- ✓ AI can **identify opportunities** for **upselling** and **cross selling** complementary **products** or **services**.

# 5.3 DEEP DIVE – PARTS LOCATOR

## Status Quo Jenbacher Spare Parts Performance

### Typical status without Parts Locator

Significant increase of parts availability in Nuremberg and most local warehouses



Enhanced stock levels especially in central warehouse Nuremberg



Delivery flexibility and quality moving towards target level



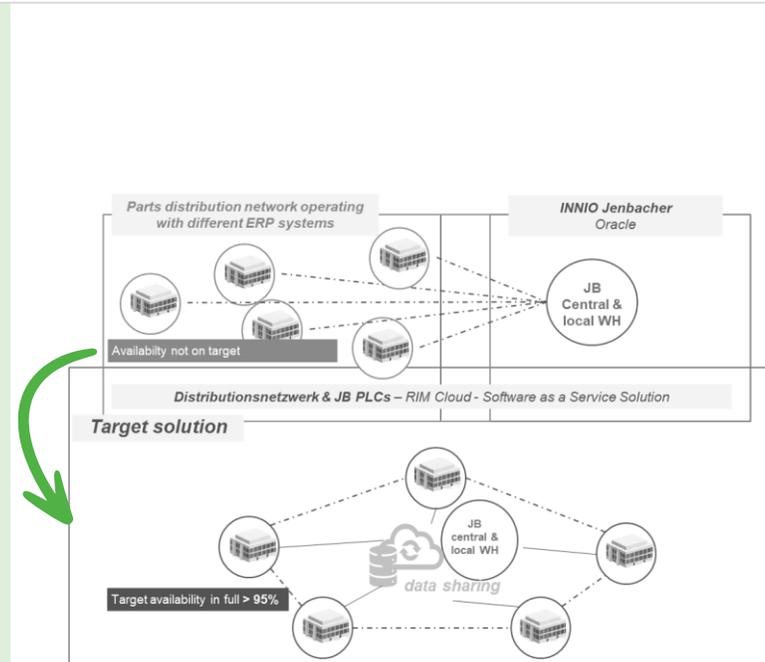
Continuing to establish INNIO as reliable supplier



### Target Scenario

#### Starting point:

- Local material and inventory planning capabilities
- Low material availability and short demand reaction times
- No data transparency



#### Performance targets:

- Strategic parts planning at the 'Point of Sale' including full transparency and KPI tracking
- Higher parts availability and increased reaction times
- Optimized distributor inventory globally
- Full data transparency

#### Commercial targets:

- Increase of revenue due to enhanced local parts availability
- Efficiency in material planning
- Efficiency in replenishment
- Efficiency in warehouse and transport operations

# 5.3 DEEP DIVE – PARTS LOCATOR

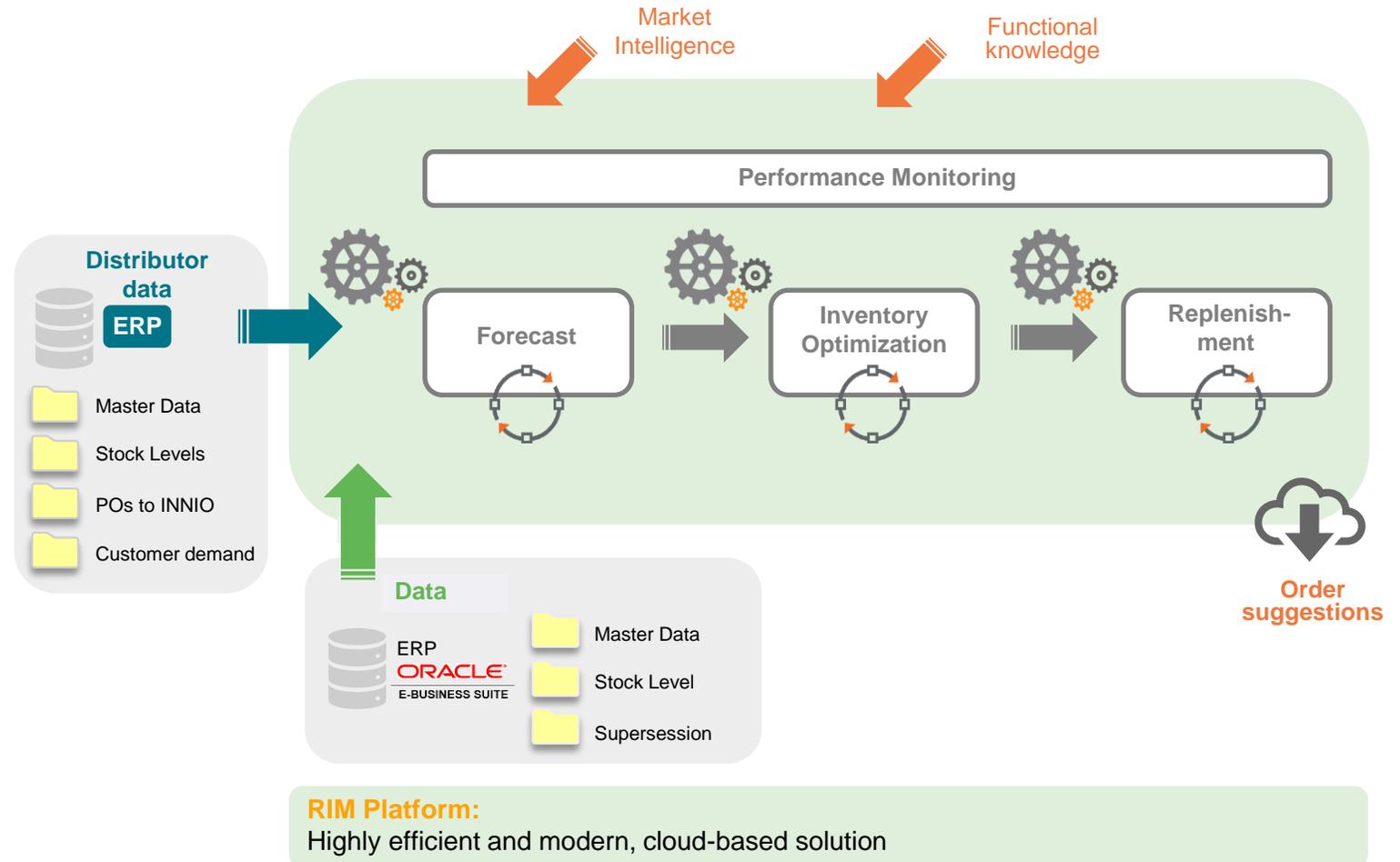
## Digital collaboration model

### Link of different ERP Systems

**Daily data interchange:**  
Planning related data

**Regular updates:**  
Planning parameters and item classification

**Daily plan runs:**  
Replenishment order recommendation



## 5.3 DEEP DIVE – PARTS LOCATOR

### End-to-End Optimization



Demand Forecast



Inventory Enhancement



Replenishment



Performance Monitoring

#### Predict spare parts needs

Use all available information about the fleet, its usage and maintenance to forecast spare parts demand across all levels in the service chain

#### Excellent position stock

Utilize inventory optimization to decide where to position spare parts stock to meet customer demand and service level targets

#### Maintain excellent stock levels

Compare excellent stock levels to actuals and create excellent supply plans utilizing serviceable, unserviceable stock, multiple suppliers and delivery modes and structured returns

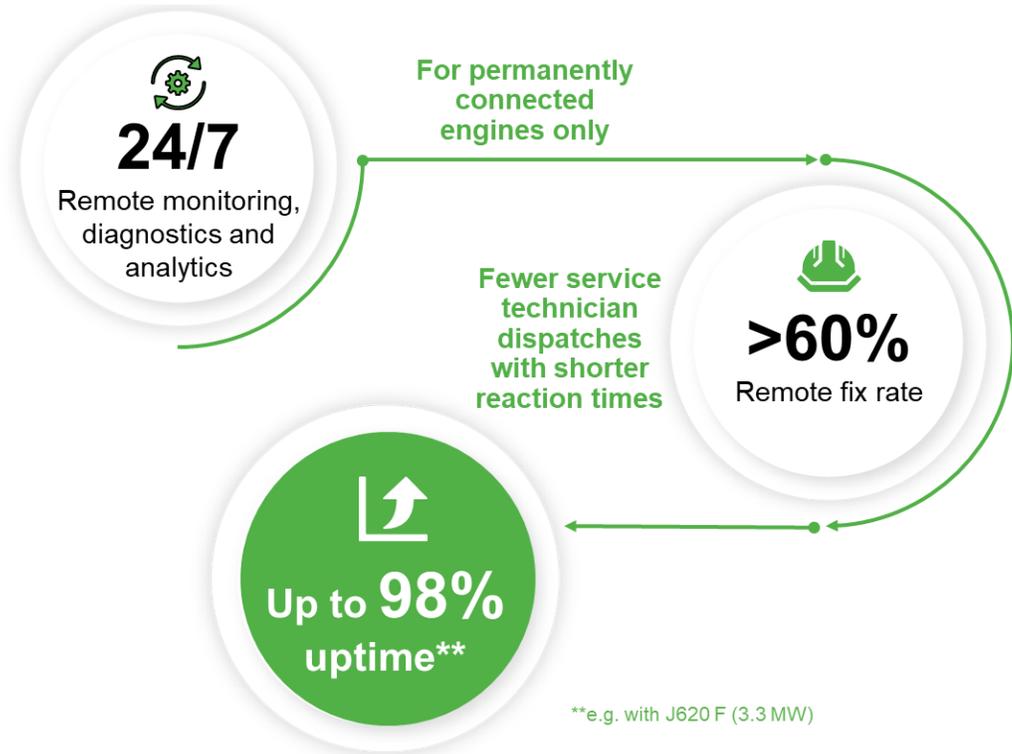
#### Monitor KPIs

Continually monitor the supply chain by reviewing aftermarket-specific KPIs and planning alerts

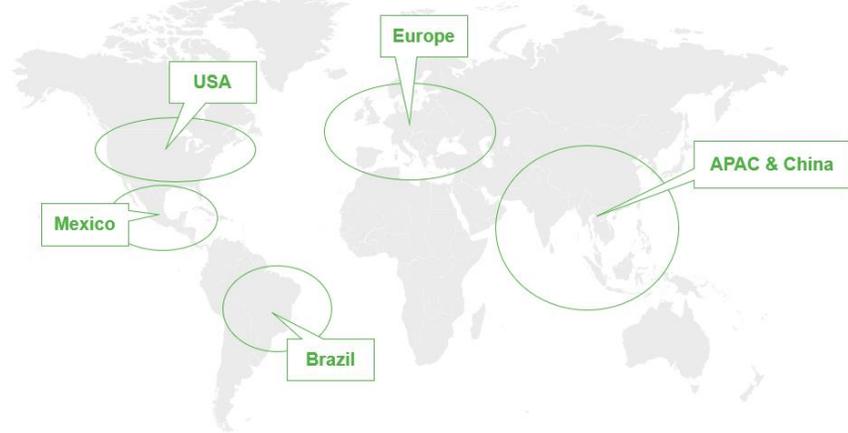
# 5.4 DEEP DIVE – REMOTE FIX & FIRST TIME RIGHT

## Strengthen Technical Support

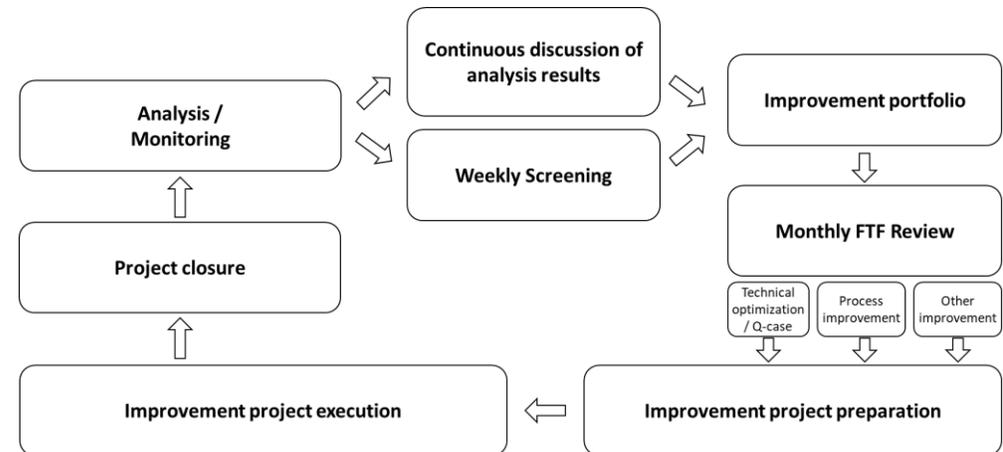
### Technical Support Remote Fix



### Technical Support Locations



### Improvement Cycle 'first time right' using data mining software



# 5.5 DEEP DIVE – CONTRACT LIFE-CYCLE MANAGEMENT

## Overview

### Objective:

Implement efficient and effective processes, organization and supporting systems

#### Financials



Full realization of (long-term) financial potential

#### Processes / Organization



Define **clear roles, responsibilities** and **owners**

Efficient **execution of existing contracts** on all special incidents

High degree of **process automation / contract execution**

#### Contract configurator / standardization



Establish **standardized and automated workflows** (DoA)

**Streamline and simplify**, eliminate double work

Ensure **compliance** and full **transparency of all activities**

#### Data quality



Establish a single **source of truth** for all data types, flows and updates

Define **key users** for each application and **process owners** for every process

Ensure **complete and accurate** data entry & maintenance (incl. **Dashboards**)

# 5.6 DEEP DIVE – ENERGY MANAGEMENT

## Product Profile

**Technology:** *Cloud-based software tool* on myPlant platform – myPlant Optimization

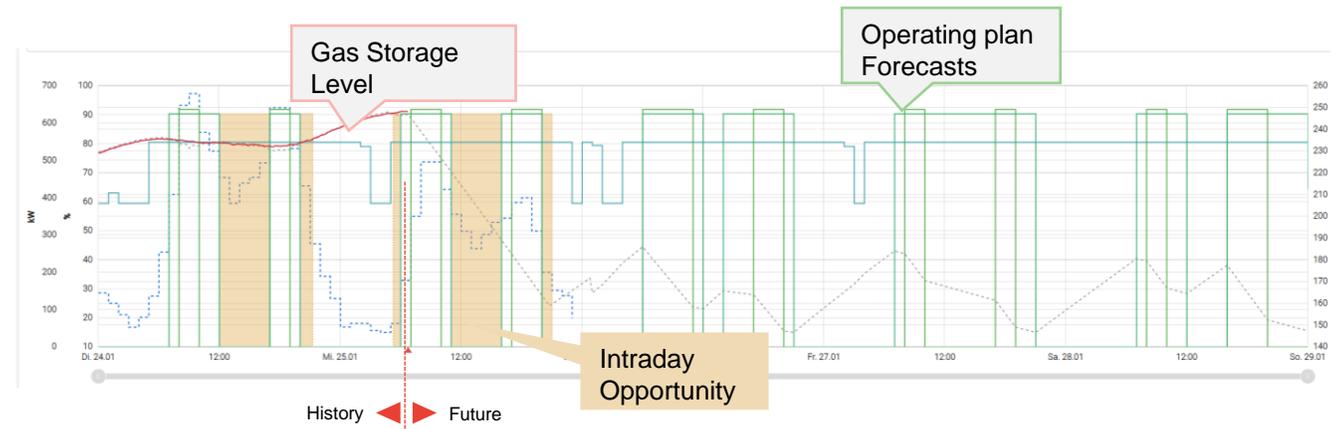
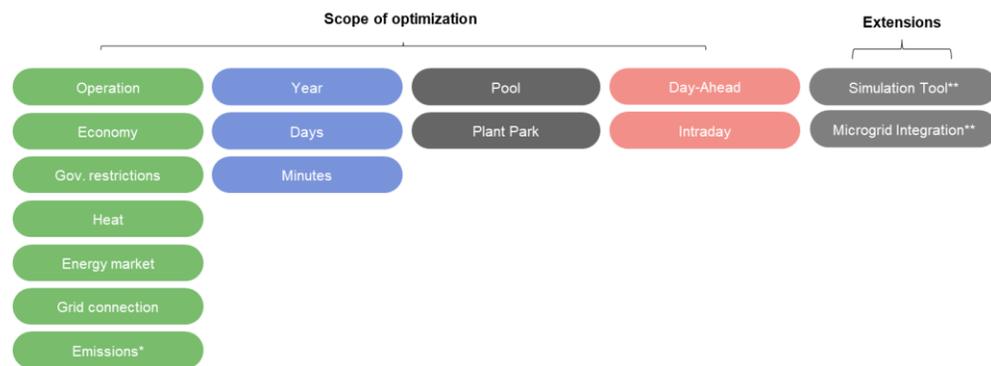
**Output:** Generates *operating plans & timetables* for every asset on the power plant

**Benefit:** Power plant *revenues increased @ low cost of operation*

### Value adds:

1. Triggers control signals to run assets on site automatically at the right moment to reach targets and increase productivity of operations
2. Incorporates variety of factors such as operating targets, storage levels, heat consumption, market prices, emission & gas forecasts
3. Ensures to meet regulatory targets to secure subsidies and trade electricity at high-price peaks

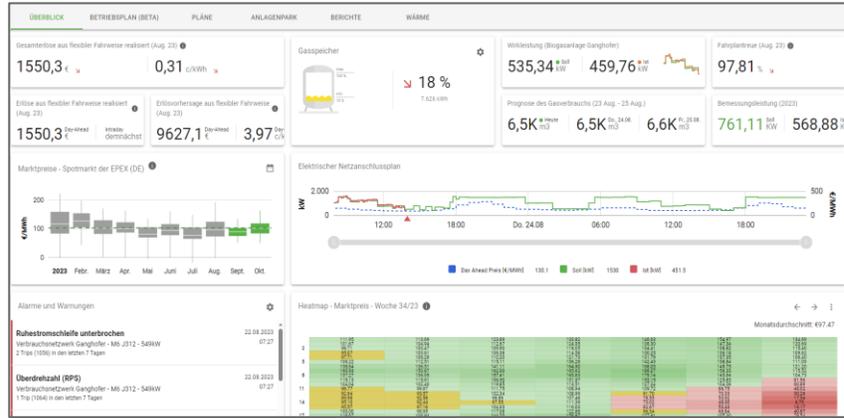
**Cost/Price:** Individual power plant complexity driven *monthly optimization fee* or *trading profit share*



# 5.6 DEEP DIVE – ENERGY MANAGEMENT

## Insights into “myPlant Optimization”

### Innovative management system & KPI Control



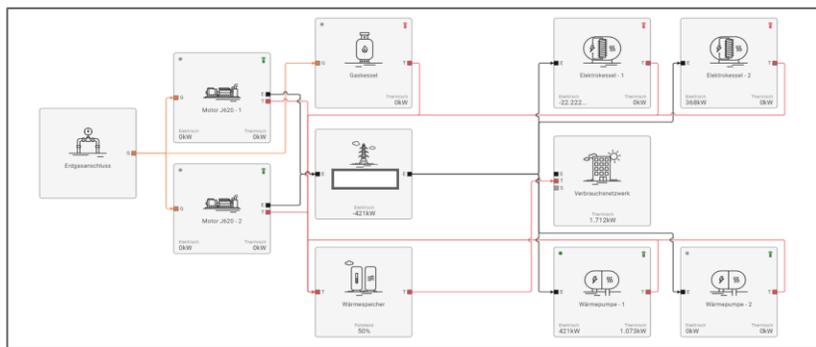
### Asset operation profiles and forecasts



### Heat maps on electricity & gas price forecasts



### Modular plant scheme set-ups



### Plant simulation schemes & Revenue/OPEX reports

This block contains three screenshots related to plant simulation and financial reporting:

- Simulation Interface:** A window for selecting simulation scenarios, showing a table of different plant configurations with their respective electrical and thermal capacities.
- Plant Creation:** A screen for creating a new plant, showing a grid of available components like engines, generators, and storage.
- Financial Overview:** A slide titled "1 Finanzieller Überblick" (Financial Overview) explaining the simulation results. It includes a bar chart showing revenue and OPEX for different plant configurations and a summary of multiple and extra revenues.

## 5.6 DEEP DIVE – ENERGY MANAGEMENT

### Energy Management as enabler for further INNIO's strategic initiatives



**Energy Consulting & sales enablement**



**Energy optimization for INNIO facilities**



**Smart dispatching for microgrid controller**

#### **INNIO as solution advisor & provider**

Customer-centric offering to consult along business lifecycle to be the partner of choice

Digital-enabled business model adjacent to INNIO's core

Holistic consulting competence to improve customer business model

Increased competitiveness through portfolio extension

Transform commercial organization from selling engines to an integrated solution provider

Increased CUSTOMER CENTRICITY

Insights into CUSTOMER business model & RETURNS

## 6. SUMMARY

### Successful Digital Service transformations and development of the relevant digital DNA

- 1 The challenge to get the transformation of service (incl. digital and DNA) field is to create a purpose or why for all stakeholder
- 2 The vehicle for the transformation is a set of projects providing besides commercial benefits the relevant change and capability building elements
- 3 The less we think about the transformation / DNA development, the more the change will happen

INNIO Group is a leading energy solution and service provider that empowers industries and communities to make sustainable energy work today. With its product brands Jenbacher and Waukesha and its digital platform myPlant, INNIO offers innovative solutions for the power generation and compression segments that help industries and communities generate and manage energy sustainably while navigating the fast-changing landscape of traditional and green energy sources. INNIO is individual in scope, but global in scale. With its flexible, scalable, and resilient energy solutions and services, INNIO enables its customers to manage the energy transition along the energy value chain wherever they are in their transition journey.

INNIO is headquartered in Jenbach (Austria), with other primary operations in Waukesha (Wisconsin, U.S.) and Welland (Ontario, Canada). A team of more than 4,000 experts provides life-cycle support to INNIO's more than 55,000 delivered engines globally through a service network in more than 100 countries.

In March 2023, INNIO's ESG rating ranked first out of more than 500 companies worldwide in the machinery industry assessed by Sustainalytics.

For more information, visit INNIO's website at [www.innio.com](http://www.innio.com). Follow INNIO Group and its brands on [X](#) (formerly known as Twitter) and [LinkedIn](#).

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In general, "Ready for H2" Jenbacher units can be converted to operate on up to 100% hydrogen in the future. Details on the cost and timeline for a future conversion may vary and need to be clarified individually.

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# JENBACHER

Jenbacher is part of the INNIO Group



**ENERGY SOLUTIONS.**  
EVERYWHERE, EVERY TIME.

