Growth comes knocking…

How to increase profitability and customer retention by leveraging Technology

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How to?

• Reduce Warranty Spend

• Increase Supplier Recovery

• Increase Customer Satisfaction

Source: Warranty Week estimates
### Worldwide Warranty Claims Estimates for 2008 in US$ Billions

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<th>Auto</th>
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<th>Building</th>
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Source: Warranty Week estimates
Harley-Davidson Inc.
Warranty Claims & Accruals, 2003-2009

Source: Warranty Week from SEC data
Harley-Davidson Inc.
Warranty Reserves, 2003-2009

Source: Warranty Week from SEC data
Caterpillar Inc.
Warranty Reserves, 2003-2009

Source: Warranty Week from SEC data
Business Challenges

Warranty Center
- Warranty claims expense
- Staff cost
- Varied processes across business units
- Fraud and duplication
- Integration with corporate systems and dealer systems
- Changing business needs
- Transparent interaction with service partners and customers
- Product and service quality
**Business Challenges (contd.)**

- **Policy Management**
  - Enforcing warranty terms and entitlement
  - Efficiently managing service bulletins, campaigns and safety recalls

- **Claim Submission**
  - Ease-of-use
  - Error-free claim entry
  - Long claim cycle time

- **Part Returns**
  - Ensuring parts are returned when required
  - Tying claim adjudication to part returns

**Warranty Center**

- Policy Management
- Claim Submission
- Part Returns
- Claim Processing
- Supplier Recovery
- Product Failure / Cost Analysis
Business Challenges (contd.)

Product Failure / Cost Analysis
- Measuring cost of warranty
- Detecting failure trends early
- Forecasting warranty expense

Supplier Recovery
- Efficiently managing contracts
- Tracing claims end-to-end

Claim Processing
- Reducing manual effort
- Consistency in adjudication
- Tracking detailed claim history
- Paying invalid claims
Solutions: Key Features

Business Features
- Intelligent warranty entitlement
- User-friendly claims submission and real-time validation feedback
- Integrated part returns and supplier recovery
- Integrated user support (service demos, training manuals) and customer feedback
- Handheld / mobile device compatibility

Platform and Configurability
- Flexible and configurable warranty terms
- Flexible adjudication rules
- Workflow engine
Predictive Analysis
- Performance measurement – products, service partners, suppliers
- Forecasting of warranty expenses
- Detection of emerging issues
- What-if analysis

Process Automation
- End-to-end traceability of claims activity
- Automated rules-based decision-making
- Auditing
- Integrated part returns
ROI: Real Examples of Savings

• **Reduction in warranty expenses** (up to 20%)
  – Duplicate claims elimination (up to 100%)
  – Reduction in fraudulent claims (up to 100%)
  – Reduction in review time per claim (up to 25%)
  – Significant increase in Supplier recovery (50% plus)

• **Reduction in claims cycle time** (up to 60%)

• **Reduction in warranty reserve**
  – Lower overall warranty expense (up to 20%)
  – Better prediction of future expenses
Case Study - Challenges

Policy Management
- AS 400/JDE (ERP) did not manage warranty policies
- Claim processors had to manually enforce warranty terms
- AS 400 system did not manage service campaigns / product recalls

Claim Submission
- AS 400 user experience not intuitive, leading to erroneous data entry
- Dealers had to email/fax supporting documents

Part Returns
- Claim processors had to manually track part returns
- Claim processors had to manually communicate with dealers
- Dealers had to fax the part return freight invoices to OEM
Case Study- Challenges (contd.)

**Claim Processing**
- Manual processing leading to longer payment cycle
- No consolidated view of claim & equipment history
- No notification to dealers when more information required
- Manual checking for duplication and fraud
- No pre-authorization information captured on special consideration claims

**Supplier Recovery**
- Manual tracking of supplier recovery through Excel sheets
- Lack of visibility for suppliers leading to disputes and longer cycle time

**Product Failure / Cost Analysis**
- Inadequate data captured in claim to do fault / cause analysis
- No real time access to data for ad hoc reporting requirements
# Case Study - Solution & Impact

## Policy Management
- All policies setup in system and enforced through system
- Service campaigns setup and tracked in system, reducing campaign operations cost by 40% (no paper service manuals mailed to all dealers, no manual effort for business to track the customer)

## Claim Submission
- Guided data entry UI and validation rules lead to 99% drop in entry errors
- Online help manual help reduced early training costs by 75%

## Part Returns
- Part tracking reduced claim cycle time and improved supplier recovery
- Significant reduction observed in claim part return errors
Case Study- Solution & Impact (contd.)

**Claim Processing**
- 40% claims auto processed
- 100% elimination of duplicate claims using business rules
- 50% reduction in claim cycle time
- Supporting documents electronically linked to a claim along with pre-authorization information, leading to improved audit process

**Supplier Recovery**
- Increased supplier recovery by 25% and reduced errors
- Reduced cycle time by more than 50%
- Integrated system for dealer claims and supplier recovery allowed business to get supplier advice before paying dealer claim
- Supplier recovery handled in house, saving costs on 3rd-party collection agency

**Product Failure / Cost Analysis**
- Provided canned reports for:
  - Measuring cost of warranty
  - Early detection of product failure trends
  - Warranty expense forecasting
- Supported ad-hoc reporting, removing dependency on IT
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