

# Capitalize on Replacement Part Sales Using IoT

As a mobile equipment manufacturer, you are aware that there are significant opportunities for revenue in selling replacement parts for your machines. However, chances are that much of this income is lost to aftermarket parts manufacturers. Why is that? In theory, OEM parts are ideal for the equipment and will result in optimal performance. In many cases, it is simply a matter of convenience. If the equipment owner can more easily go online and order parts, they may not think of coming directly to you when they are focused on getting the machine back up and running. End users also may not know what part is in need of replacement leading to delays in repair. The best way for you to prevent the loss of this revenue is to make it as simple as possible to get the parts that they need when they need them.

## So, how can IoT help?

IoT may not seem like an obvious solution to the problem. However, because IoT gives you the ability to track any countable cycle (hours, picks, lifts, etc.), you can then use that data to alert customers when a maintenance interval has been reached. This makes it easy for them to order what they need when they need it, without having to dig through the service manual to find part numbers.

## How does it work?

By uploading a list of replacement parts with the suggested maintenance cycle, price, item number, etc., the system can then generate an alert to your customer at the appropriate time with a quote for the replacement part that they need based on their usage of the equipment. The solution itself is not complicated, but it can help to capture part sales that you may be missing. Industry research shows that OEMs typically are missing out on 80% of possible replacement part sales. If you can recapture even a small amount of that it can pay large dividends.

Let's dive into the possible ROI on this just a bit farther and include some estimates about warranty claims as well. For the sake of round numbers, let's assume you make a machine that costs \$100,000 and you sell 100 units. If by implementing IoT you were able to save just 1% on warranty spend by getting improved data about usage and increased part sales by only 4%, you could see an annual increase in revenue of \$500,000! Obviously, these numbers will vary for your specific situation but we believe that these are rather conservative estimates.

So, what are you waiting for? Talk to us today about how Cross IoT powered by Elevāt for your mobile equipment can help you capture revenue that you are currently losing — not to mention the other inherent benefits of IoT. We would love to have an in-depth conversation with you to determine what your ROI could be and how IoT can help both you and your end-users.

If you are interested in learning more about Cross Mobile Systems Integration, and would like to discuss your specific system needs, contact a team member today!