



Empowering ERP Asset Management Solutions

Why Warranty Tracking is Vital to your Maintenance Strategy

By – VIZIYA WorkAlign® Warranty Tracker Team.



Too little attention is paid to industrial asset warranties. Their existence is often an afterthought, and actual claims tend to be rare. Even when times are tough and maintenance costs come under scrutiny, warranties are often overlooked. Most companies lack a formal, systematic warranty claims process and it is costing them more than they may realize. This surely must change, because a mere 10% swing in costs can make or break an enterprise.

Warranty: How We Got Here

Today's consumers are taught young and are reminded frequently about warranties. Each time they purchase an electronic or mechanical device, they are encouraged to register it right away and to purchase an extended warranty.

Most of the time, consumers will ignore this guidance as the odds of equipment failure are low and a steady stream of newer, more advanced and appealing alternatives have rendered the failed item obsolete. Why file a warranty claim for a \$200 tablet or an \$80 printer and wait weeks or months for repairs or a replacement when you can just purchase a new one?

When warranties are provided or purchased, they tend to be forgotten. When an item fails after a couple of years of use, who remembers to cross check the warranty terms or whether it was purchased with a payment method that automatically extends the warranty? If a particular brand fails more often than others, is that knowledge factored into future purchase decisions?

Maintenance Strategy and How Warranty Fits In

In industrial and fleet settings, similar issues with forgotten and ignored warranties exist, even though the high cost, criticality, and often unique nature of an organization's equipment, sub-assemblies, and non-maintainable parts make them deserving of a tightly controlled warranty process.

Identifying, claiming, and tracking the recovery of their warranties is frequently viewed by maintenance organization as a difficult task given the limitations of their asset management strategy and systems. Those that try often resort to external spreadsheet-based files and institute processes that are largely manual and lack sufficient controls. This approach increases the risk of missed opportunities and errors, and limits visibility into the full warranty benefits potential.

While it can be argued that buying the extended warranty on your new television may not be necessary, when it comes to your physical assets however, it is worth it to keep a closer eye on your warranties. When you include a warranty strategy in your overall asset management strategy, your company can save significant money and increase your bottom line, as well as improve your vendor management.

VIZIYA WorkAlign® Warranty Tracker is a purpose-built solution for maintenance that delivers actionable intelligence to track and claim your warrantable repairs without hassle. WorkAlign® Warranty Tracker allows organizations to track warranties at the equipment and/or material level allowing you to manage warranties for equipment which have sub-assemblies and/ or components covered under different warranty terms.



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Increase Bottom Line

The savings opportunities afforded by proper warranty management affect the profitability of the organization in a direct and indirect manner. Any asset in service that fails prematurely will not only disrupt the planned maintenance schedule, but it may also reduce the expected production throughput.

A sizeable portion of direct maintenance spend is recoverable through legitimate warranty claims. Each potential warranty claim is a request for compensation from the supplier and therefore a receivable to the asset owner. A successful warranty claim is one of the easiest ways to contribute hard dollar savings directly to your company's bottom line and to ensure budget targets are achieved.

Indirect savings from warranties are less apparent but equally as important. The information derived from cohesive warranty management processes improves maintenance effectiveness, which drives equipment and plant reliability improvements and increases production throughput and quality.

Every maintenance dollar spent on an item under warranty is a profit dollar wasted. Recover or avoid maintenance costs by ensuring that in-warranty repairs are filed with the vendor for reimbursement. VIZIYA WorkAlign® Warranty Tracker allows you to track warranties at the asset and item level to ensure the maximum return.

Improve Vendor Management

Effective warranty management recovers some of the maintenance costs, but also draws attention to deficiencies in product and supplier quality or business process performance.

Combining warranty information with procurement data provides knowledge that was previously lacking on supplier performance, such as exposing which brands or vendors are consistently underperforming or exceeding standards. As a result, better purchasing and contracting choices are possible. Preferred vendors can be rewarded in the form of additional business in return for better warranty terms, coverages, and product and material discounts. Procuring from fewer, higher quality suppliers improves a company's ability to negotiate favorable contracts.

Vendor relations are improved when clear and accurate warranty records are kept. Sharing accurate and comprehensive warranty data with suppliers can increase the level of trust and strength of the partnership. Better supplier relationships encourage the suppliers to improve the quality of products and/or services rendered. When vendors receive multiple warranty claims from a customer, it can drive them to redesign the equipment or parts, which will not only reduce future warranty claims against the vendor, but it will reduce unscheduled outages and future maintenance costs as well.



Tracking warranty claims provides valuable vendor data. Capturing historical claims records in WorkAlign® Warranty Tracker improves your leverage when it comes time for vendor negotiation and selection. For example, if your data shows that items from one vendor fail more frequently than other vendors, you may choose to order parts from a different vendor.

Conclusion

Most companies today aren't investing enough time and effort to realize substantial warranty reclamation. Typically, companies are using cumbersome tools (e.g. MS Excel) and complicated processes. Often, they aren't collecting the appropriate information to mitigate against vendors denying claims. As a result, they don't realize the sort of proportion of funds recovered through warranty reclamation that they should, and often they end up giving up on the process all together. ("It's not worth the effort.")

Most asset management strategies don't account for effective tracking of both the assets and items that may have warranty coverages, the contract information concerning the warranty contracts and the coverages with appropriate vendors.

Failure to build warranty tracking into your overall asset management strategy, to ensure the ability to link and effectively track the warranty contracts and coverages relative to the assets and/or items, along with the pertinent trigger information prevents you from being able to initiate warranty claims with a high probability of successful reclamation.

The bottom line is: missed opportunities with warranty claims result in lost dollars and in turn damage your overall asset management strategy.



About VIZIYA

Headquartered in Hamilton, ON, Canada with offices in Madrid, Perth, Atlanta, Belgium, The Netherlands, and Dubai, VIZIYA is the industry leader providing bolt-on software products to enhance ERP- based asset maintenance systems. VIZIYA's proprietary WorkAlign® Product Suite delivers seamless integration into existing ERP systems. With over 55,000 users at 850 sites across 6 continents, the world's best companies use VIZIYA products to help them better maintain their assets. Visit viziya.com for more information.