Warranty 360

Power of Analytics with AI – Enhanced value in Warranty space

An accelerator from Tech Mahindra available as a cartridge in IBM Cloud Pak for Data to meet 360° warranty analytics for different business domains.
Introduction

Warranty 360 is a solution from Tech Mahindra certified and available from IBM as a product cartridge on IBM Cloud Pak for Data, a unified open data platform for complete data life cycle management and is a powerful, effective platform for AI based data analytics. It delivers consistent, meaningful, in-depth insights to reduce warranty costs and is based on expandable analytics framework.

The global warranty management market to grow from USD 1445.5 million in 2016 to USD 3657.89 million by 2023, at a CAGR of 14.18% and 20% of the warranty costs can be reduced with the help of analytics.

Summary

Tech Mahindra’s Warranty-360 aims to bring the customer to a common platform to get meaningful insights, by means of expandable analytics framework on top of existing IT platform.

- It uses proven statistical algorithms to deliver consistent high quality insights which in turn reduces Warranty cost
- Aggregate and analyze data from manufacturers, suppliers
- Potential to halve the warranty costs over next 3-5 years
- Close loop process to improve Product Quality, Self-funding transformation initiative, Improve supplier chargeback process, High level of Automated claims processing

Key trends of Warranty Management

- **Optimization of Warranty costs** - will help improve bottom line and brand image
- **Timely Analysis** - Early warning of issues and timely inputs for the vehicle design is key for Quality improvement in automobile industry and reduction of warranty cost
- Besides manufacturing, the trend is applicable by and large to all consumer oriented verticals like Retail, Electronics, Energy and Utilities etc.

Challenges in Warranty Administration

- **Dealer Issues**: Services provided by the dealers impact the part performance, Customer perception and warranty cost / Claim
- **Production Issues**: Warranty claims are higher for products manufactured at certain plants / geography, specific to a production processes
- **Component / Supplier Issues**: Warranty claims are higher for certain suppliers or component categories
- **Customer Usage Issues**: Products that fail at a higher rate in the field due to unanticipated customer usage, specific to customer demography.

Business Challenges

- Warranty costs are a huge expense for global manufacturers, with average spend crossing 4% of the sales revenue
- Warranty Reserves at higher side, estimated at $800 / vehicle / year
- 70% of Warranty expenses are due to repetitive failure in the performance of parts
- There are multiple systems involved and getting a single view and analysis of warranty data is time consuming
- Product quality, communicating warranty information across the organization is more critical than ever.
Solutions

- Reduce the Warranty cost & the Claim rate
- Eliminate the product call back & part replacement
- RCA: Identify areas where efficiency can be improved & cost reduced
- Minimize the product breakdown

Customer Benefits

- 5-10% reduced warranty costs
- 10-20% increase in supplier recovery
- 5-10% improvement in first time fix rate
- 5-10% reduction in claim cycle time
- 10%-20% improved visibility of warranty reserves & Claim Rate
- 5-10% decrease in fraudulent claims
- 5-10% reduction in parts inventory
- 5-10% improved product quality through enhanced product & claim data availability
- 10-30% increase in services revenue

Unique Differentiators

- Actionable insight for the manufacturers at each touch point of the Warranty management lifecycle including Claims processing, Supplier Chargeback, Parts/ Goods return
- Integrates data from multiple sources, structured as well as unstructured, like warranty claims, incident reports, financial reports ad social media etc. to provide a holistic view of the process performance
- Advanced algorithms on the data harvested help in predicting future Warranty cost, trace part failure, perform customer sentiment analysis and analyze campaign revenue/profitability
- Accelerate analysis of warranty and peripheral data through predefined report templates and graphical dashboards, as well as functionality, which enable customization of workflows and reports.
Warranty 360 – Predictive Analytics – Use Cases

- Warranty reserve forecasting
- Claims rejection % rate
- Dealer-wise claims at a given point of time
- Labor Hour prediction
- Claim process cost/time
- Demographic impact on Warranty

- No. of failure expected per part
- Spare part forecasting & inventory stock out
- Claim type segmentation: 80% of warranty costs come from 20% of claims
- Dealer evaluation
- Parts segmentation & Claim relation
- Component Analysis

For more information on Warranty 360 and IBM Cloud Pak for Data, please contact IBM sellers (or) Tech Mahindra at IBM360@techmahindra.com
Warranty 360 hosted on IBM website as industry accelerator: https://community.ibm.com/accelerators/catalog/content/Warranty-360-Analytics