

Revenue Security for Machine Manufacturers and OEMs

*How to Increase Resilience and Boost Your
Revenue Despite a Volatile Market Environment*



Revenue Security as a Guarantee for More Resilience

Revenue security enables companies to operate independently of external factors and build greater resilience to change. This means that growth can continue despite a volatile environment, stronger competition or subsidized foreign industry.

A changing market environment with consistently low to negative forecasts for the global economies puts pressure on all companies, particularly on OEMS and machine manufacturers.



What is Revenue Security?

Revenue security describes a high degree of certainty that expected sales will be generated regardless of external circumstances, such as general economic developments. This enables a high degree of predictability and can be achieved, for example, through diversification or strong ties.

Current Market Environment

Order Slumps in the US Market

At the beginning of 2024, the stock market saw a drop of 0.08%, leading to an increasingly tense market mood. (Source: [latimes.com](https://www.latimes.com) from 01/03/2024)

Recent Recession

Hitting an all-time low last year, the US manufacturing industry struggles to react to decreased demand and adapt to the changed marketing environment. (Source: [manufacturingdrive.com](https://www.manufacturingdrive.com) from 06/06/2023)

Impending Shortage of Skilled Workers

By 2030, the manufacturing skills gap could end up with 2.1 million unfulfilled positions (Source: [nam.org](https://www.nam.org) from 05/04/2024).

Longer Delivery Times

The global composite PMI rose for a 3rd consecutive month in January 2024 from 51 to 51.8. This is the highest the number has reached since June 2023 (Source: [bnpparibas.com](https://www.bnpparibas.com) from 02/13/2024).

The Biggest Challenges

Diversification of Revenue Sources

The installation and maintenance of machinery and plants represent a clear ecosystem that is difficult to diversify. Due to long-term projects and service contracts, it is difficult to tap into revenue sources in the short term, which makes it harder to react to short-term market changes. In addition, new players from the Far East are entering the market, putting additional pressure on the relationship between companies and their (long-standing) partners.

Increasing Resilience of Existing Revenue Streams

In an ever-evolving landscape, it can be hard to adapt to new realities quickly, especially for contracts and agreements with a long headway. Along with current crises and conflicts arising increasing the resilience of existing revenue appears as a necessity.

Achieving Revenue Security, but How?

Identifying Strengths - and Weaknesses

To identify these, you can consider the following questions.

- | | |
|--|--|
| <p><input type="checkbox"/> Which internal factors influence revenues and margins?
For example:</p> <ul style="list-style-type: none"> • Efficiency of the production chain • Supply chains between production sites | <p><input type="checkbox"/> What options do I have to react to changes?
For example:</p> <ul style="list-style-type: none"> • Adjustment of sales and purchase prices on parts • Re-evaluation of existing (service) contracts |
| <p><input type="checkbox"/> What impact do market price and environment have on my revenues?
For example:</p> <ul style="list-style-type: none"> • Dependence on favorable energy prices • Sourcing raw materials from only one supplier | <p><input type="checkbox"/> Which business units are subject to market changes, and which are not?
For example:</p> <ul style="list-style-type: none"> • Sales of new machines • Service of existing machines |

The analysis aims to gain clarity about factors and sources of relative uncertainty. Both external and internal factors can play a role here. This allows you to prioritize and ensure an effective approach to risk mitigation.

Use data to your advantage

Ongoing risk mitigation and increased security should be made measurable to monitor, track progress and evaluate strategies. Here, the sources, quality, and usage of the data are decisive points that lead to success or failure of your strategy to achieve revenue security.

A particularly important factor is the increased transparency of competition and market development based on data to achieve sales reliability. Transparency of delivery times and market prices and their comparison with competitors can provide decisive insights into where there is potential to increase secure sources of revenue, which can make existing sales more resilient.

MARKT-PILOT

This is exactly why MARKT-PILOT developed its PRICERADAR. Through the unique combination of +10,000 data points, AI, and manual deep dives, we accurately identify your revenue potentials in the spare parts business. You gain insight into the local and global competition, securing a decisive advantage that supports you on the way to revenue security. PRICEGUIDE also allows you to get price suggestions based on your settings, which support you exactly in this regard.

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