



Leading Network Equipment Vendor Minimizes Fraudulent Warranty Losses

A leading Silicon Valley-based network equipment provider saves millions of dollars by tracking abuse and fraud in its Warranty Services program.

EXECUCITVE SUMMARY

CUSTOMER

Major IT Infrastructure Vendor, Silicon Valley

BUSINESS CHALLENGE

- Increase customer satisfaction
- Reduce abuse and fraud in Warranty Program
- Minimize Warranty costs

BUSINESS SOLUTION

- Streamline Warranty fulfillment process
- Eliminate multiple Warranty fulfillment on the same serial number

BUSINESS RESULTS

- Cost reductions of \$10–\$12 per phone interaction
- Callers required to set up Customer profiles
- Ensuring accurate reporting of calls as Warranty rather than Service

Company Background

Headquartered in Silicon Valley, our customer (“company”), a 2015 Fortune 100 company, is one of the leading manufacturers of IT infrastructure. Its equipment is deployed by the world’s largest telcos, communications service providers, enterprises, and cloud computing providers.

Over the years, the company has evolved from selling into enterprises and service providers to a brand new set of customers including small and medium businesses and cloud customers. The company sells its products worldwide through authorized distributors, partners, and resellers.

Business Challenges

The company focuses on achieving the highest level of customer satisfaction by providing unmatched warranty, stocking replacement parts all over the world to eliminate or reduce customer downtime, without compromising prompt service delivery. The company wanted to reduce the cost of servicing its customers, so the savings could be passed on to its customers.

The major goals of an effective Warranty program are to:

- Reduce fraud and service abuse
- Maximize warranty while minimizing costs
- Monitor delivery
- Successfully integrate acquired businesses
- Increase customer satisfaction

Based in Santa Clara, California, Sensitel, the Big Data Analytics company helps companies in collecting data from tiny embedded sensors, the kind found in everything from smartphones to GPS devices.

Sensitel’s TrackAware solution tracks over 1,000,000 shipments for Logistics service providers. Retail chains leverage Sensitel’s Staffcaster tool to identify which parts of their stores are most populated by shoppers and then direct their staff accordingly. Sensitel SENS platform leverages Apache Hadoop and Spark to process the data tsunami from the Internet of Things.

Sensitel Solution

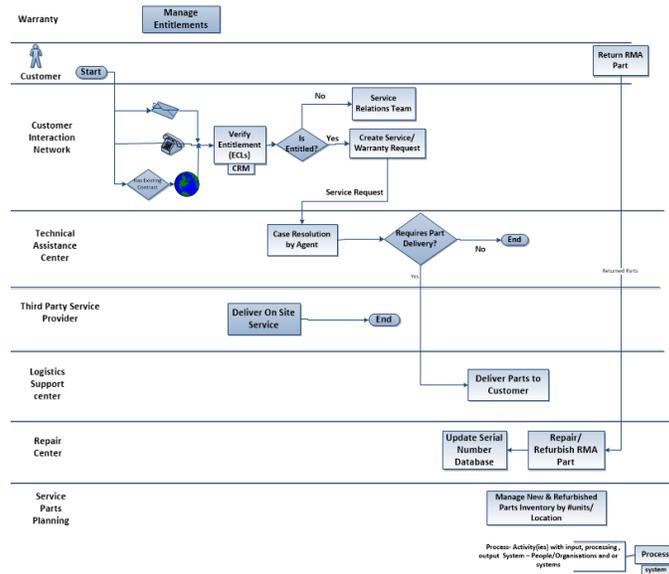
The company approached Sensitel because of our unique capabilities in securing global supply chain operations and product-tracking technologies in industries such as Food, Logistics, Pharma, and Telcos. Our solution not only identified the patterns of gaps, risks, and fraud in service operations, but also predicted the threats that could creep up in the company’s business operations. Right at the outset, Sensitel interviewed various stakeholders (Figure 1) in the company—Customer Interaction, Technical Support, Warranty, Services Product Managers—and uncovered numerous deficiencies in businesses processes; for example: Serial Number database Integrity issues did not allow for strict enforcement of entitlement; Entitlement checks were not maintained as the Ticket was passed from Customer Interaction to Technical Support; Serial Numbers returned by customers were different from the ones used in creating request; Underreporting of warranty replacement; Multiple shipments of parts were identified under an open Ticket; and Tech Support was not authorized to check the reason code for the prior shipments.

Figure 1. Warranty Value Chain Stakeholders



Based on these findings, Sensitel developed a detailed flowchart summarizing the gaps in the exiting Warranty fulfillment process, shown in Figure 2.

Figure 2. Existing Warranty Fulfillment Process



A thorough analysis of the company's existing Warranty Fulfillment Process led Sensitel to make the following changes:

- Quantify Warranty Abuse: Analyze over-delivery and abuse: Warranty data (Type, Service Type, Cost, Location, Customer type, Call ID, time taken, MTBF rate, resolution time) and perform deep analytics to pinpoint Pareto (80/20 rule)
- Conduct Field Studies
 - Identify patterns of service acceptance/denial (Customer Information logs and Tech Support cases)
 - Interview external stakeholders, such as distributors and repair centers.

Customer Benefits

The customer expanded its Customer Information database by enabling web-based entry for Warranty claims resulting in:

- Cost reductions of \$10-\$12 per phone interaction
- Requiring callers to set up Customer profiles
- Ensuring accurate reporting of calls as Warranty rather than Service

Cumulatively, benefits reached millions of dollars per quarter for this global technology company. However, the biggest benefit was increased trust and integrity of company's products as the company was able to detect and root out multiple bad actors that could abuse company's services and warranty program.

Besides this one-time benefit to the customer, the Sensitel team incorporated many of the analytics and tracking technologies used for detecting warranty abuse for this customer in its SENS Data analytics offering, thereby promoting a holistic approach for service abuse reduction for all of high tech industry.

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