



**Executive Briefing:
How will regulations drive digital
transformation requirements for
field service companies?**

FIELD **SERVICE** NEWS
think tank sessions

Introduction

The Field Service News Think Tank Sessions are a unique project. We bring together an intimate group of senior field service management professionals and pick apart some of the pressing issues facing the global field service industry across a day worth of detailed discussion and debate.

The topics are varied, in-depth and full of insight and Field Service News is proud to facilitate these sessions and share with our audience the learnings from these collaborations - which we present to you verbatim to ensure the insight from each panel of industry leaders comes to you undiluted and in its essential form...

In this Think Tank we take a deeper dive into regulations and how will they drive digital transformation requirements for field service companies.

Some of the key questions posed included but not limited to:

- What are the regulatory pressures you feel will impact the field service sector most significantly in the near future?
- How can technology help us mitigate any potential issues field service organisations may face with such regulatory pressures?
- Does having multiple systems of record create an issue when it comes to being able to access and provide the data necessary to ensure compliant best practices?

There are many nuanced talking points within this complex discussion, many different viewpoints and equally compelling perspectives. In short, it is the perfect topic for discussion for the Field Service News Think Tank sessions, where we allow our members to push each other's thinking as we work towards some common understandings.

In this iteration of the Field Service News Think Tank Sessions, we were joined by service leaders from across Europe to give us their insights into all of these critical topics. As always, the level of insight that came from allowing the group to speak freely behind closed doors was exceptional. In this Executive Briefing report, we have tried to distil some of that excellent conversation into a series of salient takeaways to share with the broader industry. I am sure there will be food for thought for all service leaders within the report. Enjoy.

Kris Oldland, Founder and Editor-in-Chief, Field Service News



Think Tank Session, Online July 2022

In attendance:

Clinton van der Merwe, Service Director Europe & Africa, Smiths Detection

Jan Van Veen, Founder and Managing Director at more Momentum

Dave Vernon, Director, The Forum

Shaun West, Professor for Product-Service System Innovation, University of Lucerne

Mark Homer, Managing Partner, Field Service Associates

Chris Hird, Editor, Field Service News

Kris Oldland, Editor-in-Chief, Field Service News

What are the key regulations

Before taking a look into digital transformation requirements we consider what are the key regulations we see effecting the field service sector in the present and near future.

Kris Oldland, Editor-in-Chief, Field Service News

“We did some work recently with some of our partners around this particular topic. And one of the key things that we one of the first questions was what are the sort of key regulations that, people finding challenging at the moment? And then over the next couple of years, what are the sort of key regulations that people are foreseen that are going to come up that might prove challenging, and without a shadow of a doubt, I think the ESG issues so environmental, social and governance issue, certainly a key one. The other one was right to repair, as the right to repair movement grows and regulations start to, to change around the globe.”

“Other key regulations were product safety, and regulations around product safety. And then data privacy, cybersecurity and GDPR. Its incredibly complex for business to work through the complex maze of regulations and a major question was do individuals need to be experts on regulation or rely on the guidelines set by the Chief Technical Officer or similar depending on the organisation.”

“Obviously the digital transformation is playing a big part in how people deal with he ever changing world of regulations, whether it be increasing efficiency by optimising vehicle fleets, scheduling, remote working aided by digital tools or the many other technologies available.”

Jan Van Veen, Founder and Managing Director, more Momentum

“I think there’s some more aspects involved also in terms of legal non regulations in general information security. And that’s about integrity, confidentiality and available of ability of data and platform systems. So we become more digital in service delivery. There are some technical but also regulatory aspects related to that. I also think there’s something else about intellectual property becomes more knowledge driven. How do we ensure intellectual property is protected.”

“It probable that we will see a shift of responsibility moved more towards solution providers, which means contractual and liability is going to change as well. This is something that needs close monitoring.”



Mark Homer, Managing Director, Field Service Associates

“Government sanction is also something that’s coming down the pipeline. There are more and more disclosures coming in ensuring you aren’t working with ex government or interested parties. And particularly as our service or partners are working with third parties, I think the ability to authenticate, identify people that are representing their brand. So you’re transferring liability and risk using third parties.”

“Rather than the compliance we need to think about the biggest risks. You really got to be very clear now about who you’re working with, and what your liabilities and what your potential risks that you’re carrying.”

“It’s astonishing in the UK alone there are now more than 90 regulatory bodies. A huge amount of red tape. And that’s only one country! Given this its highly likely businesses will have to focus more internally through the legal department and HR department to ensure ongoing compliance. All to ensure the service leaders are given all the tools they require to perform efficiently.”

Shaun West, Professor for Product Service Innovation,
University of Lucerne

“Having recently sat on a European project, final review on IPR. It seems to me to be stuck in the Dark Ages, it seems to not recognise badly co-creation, and these environments. And I think this is also a problem with GDPR. It is to protect people, but, if you give the people the right information, they can actually do more with it. And I think there really is something around the way that the regulations are potentially going on derivatives of data.”

“There is a naivety that there is value in data rather than the derivative of it. And ownership of it, and it’s almost like a slave or master relationship. I think some of the firms are being very loose and easy with contracts. And so there’s just a small print.”

Working with Regulations across Borders

Working within a single country can be challenging itself with the mountain of regulations, there is no doubt this gets even more complex when working across borders.

Shaun West, Professor for Product Service Innovation,
University of Lucerne

Something that's really important also now field service when you go on somebody else's site, somebody else's site. And so there's local regulations, and particularly if you don't trans boundary then the UK is incredibly challenging. I can't send a Dutch service crew there anymore, like you used to. Because it's outside and the complications make it impossible.

"So there's also changes in what regulations you can do, and what you can do on site and what you can't do and whether you're trained up or not. I think those regulations are going to create a compliance issue and the Russia issue is also adding huge complexities. How do you work with the various sanctions. Its adding an even further layer of regulation that makes field service work challenging"

Kris Oldland, Editor-in-Chief, Field Service News

"It is also important to point out when working cross border exactly where liability lies in certain areas. As we increasingly move towards embracing remote service, and where we are using third party workers, we are getting the customers engineers on site, and we are getting master experts to guide them. I think that's a real potential headache that we have not quite woken up to yet. If you are working on a piece of heavy machinery and something goes wrong, is it the technician or the person working in a remote centre providing support potentially from another country not understanding the correct legislation. "



Clinton van der Merwe, Service Director Europe & Africa,
Smiths Detection

“This is something that is holding back our industry tremendously because you’re talking about cybersecurity. A lot of airports don’t allow you to tap into the network externally and this creates a very difficult problem for us. We sign up to contracts with 99.98% uptime, availability 24/7 on site support with 15 minutes response and three hour repair times, but you’re not allowed to tap into their network. So it’s not setting any of the service organisations up for success, number one, number two, is that you are you just get this red tape.”

“The airport operations will tell you but the IT department says no way as your not gaining access to our system. The question is how do you adapt. This made working remotely impossible as it required a person physically sitting next to the equipment plugging in a USB flash drive. This is regulation overriding the ability to operate withing on required contract parameters”

“I think this is where the regulation needs to start. You need someone sitting in a centralised location somewhere in Europe watching the 1000’s of machines and predicting this machine will go down in two days time. This allows you to predict and the plan the work to ensure your meeting your contract terms. Cybersecurity in airports is obviously incredibly important but we all need to thin together to ensure the architecture is built in to allow service companies the ability to make repairs as required.”

Kris Oldland, Editor-in-Chief, Field Service News

“There is a very similar scenario in the medical world. In the health care sector tech guys have exactly the same challenge. Another observation in this and removing the ability to remove remotely means companies will struggle to meet their ESG targets. It is a great example of one set of regulations overriding another.”

Clinton van der Merwe, Service Director Europe & Africa,
Smiths Detection

“This also impacts who you hire. Previously you were hiring mechanical or electrical engineers now you need software engineers or cybersecurity engineers. It’s also a potential upside as you can sell this service to the airport and actually help them with the patch uplift. But it does change the whole dynamic of how we are going to do service going forward.”

Shaun West, Professor for Product Service Innovation,
University of Lucerne

"I have been working with one firm on how they do service patches and it is, very much an IT approach to it that is needed so that you can do everything, and you get the patches done. I need to make sure the patch is done correctly, tested and that the firmware is all in place correctly. This needs to be done often on top of the mechanical repair to the machine."

"There is perhaps another route to capture the data, but I think we need to work and have that flexibility built in. Rather than piggybacking on everybody else. But liability wise, if you turn off Wi Fi turn off that site and people don't have the ability to work then you need to ensure the contract has this downtime built in. If you have an outcome base contract it can prove difficult."

Kris Oldland, Editor-in-Chief, Field Service News

"This is almost the antithesis of the whole advanced services movement. If we have these challenges, where we cannot meet the uptime requirements that we have built into your service contract, that we as engineers cannot have the access, then we almost start coming back to a transactional by the hour process. It seems to contradict the direction of travel for most field service companies"

Jan Van Veen, Founder and Managing Director, more Momentum

"We need to remember here it's important to understand what the customer really wants, and where they see value. So is your customer really interested in the value and service a certain value based service? How much are they willing to sacrifice for this. AS always communication with the client is very important in these scenarios to understand exactly what the key priorities are."

"I think we should be quite careful here about what is our vision where things are heading really for your customers. And I think that's also really the name of the game we're not in. It's very in a service transformation. It's all about innovation, innovating your value proposition to innovate, to your business model, your operating model, but also these kinds of very specific legal and technical issues."

"But that also means if you want to take ownership of that, where is your team that's going to develop these new offerings, looking at the business model, the value proposition, earnings model, the legal aspects, the technical aspects, and then probably you should not depend on people who are not really committed to it. So you need to ensure you have your own experts in your team, your own consultants, but still need to have them bought in because in the end, the legal counsel is responsible for the security of the whole company. To have proper research of what is really going to drive the change, what problems won't we have to solve and have a team that is on top of it."

Is Regulation an Opportunity?

Is regulation a challenge to service innovation or is it something that we should be utilising as a catalyst towards developing new services?

Kris Oldland, Editor-in-Chief, Field Service News

“Like having some special service, cyber security embedded within the how we approach a series or added in parallel systems, so approaching clients to say we can provide this service for you running in parallel with our core service offering. We can then ensure we can provide that service uptime guarantee for you. It’s perhaps a catalyst and a great opportunity for companies to grow their service offerings.”

Mark Homer, Managing Director, Field Service Associates

“I think everyone’s focuses when we talk about digital transformation, but I think we need to focus on resilience, you’re building resilience and adaptability. Resilience is really allowing you to develop your business, grow your business, using technology, but recognising that as you give the tools to these digital workers, that you’re actually exposing yourself to additional risks. It’s great that you can physically be by that piece of equipment, but when you physically connect to it, you’re actually opening up a risk to yourself and to your organisation and to the end customer. Its important that you pay attention to what really matters most of the customer is where the value is, and obviously, regulation usually comes about because government or the industry body. It is really trying to impose some sort of standards or some sort of uniformity in approach and control.”



Dave Vernon, Director, The Forum

“These issues around regulations such as cybersecurity are only adding to the growing problem of resources. It’s hard to get people and when you do it takes a long time to train them up to the required standards. We must ensure that we embrace the digital transformation to ensure that the pressure on existing resources doesn’t see them leaving the industry, especially those with a lot of experience”

Kris Oldland, Editor-in-Chief, Field Service News

“A pertinent point is, as we do start thinking about remote experts, if we’re looking at the skill sets of the engineers, and how those are evolving, I still haven’t quite worked out whether we want the most experienced people that know the assets inside and out, they should be the ones in the remote centre, supporting multiple engineers, which seems to make sense.”

“But then the flip side of that is if something has gone wrong, and we can’t solve it through triage, and we can’t solve it remotely, and we can’t solve it with a firmware upgrade, then we need to send the guy that knows the very most about everything, the subject matter expert, because he’s the guy that has that that extra deep knowledge. Where do we want the depth of skill set? And also, then that comes back to this point around the compliance aspect of well, if we have got less trained engineers, or lesser experienced engineers out? Where does the responsibility lie in terms of making sure that we’ve got compliance for them?”

Jan Van Veen, Founder and Managing Director, more Momentum

“It feels like there are a number of different time frame windows when considering regulation. We have to make sure that our current business model compliance to regulations and changing regulations around data digital GDPR. Then the next level of time window is sustainable ESG repair first or the right to repair the obligation to offer refurbished parts in repair shop. Its longer term.”

“You have to have a serious consideration for your business model. If you don’t consider the future regulatory scenarios such as the right to repair you may destroy future revenue. There, we will see business models value propositions where we try to increase the utilisation rate of equipment and therefore become more sustainable sharing economy. I think we have to handle both time windows now. But with different levels of intensity and urgency, but you can’t wait till things happen, because then you will be too late. So I think that adds to the complexity around this topic and the discussion to be honest.

Regulation when crossing borders

Can learning be shared across borders to help mitigate risk?

Kris Oldland, Editor-in-Chief, Field Service News

“Another major challenge is for global organisations and the regulations that colleagues face in different countries. Especially when projects work across different borders and encompass regulations which at times may well contradict themselves. The way companies deal with this will depend on global leadership structures also.”

Clinton van der Merwe, Service Director Europe & Africa,
Smiths Detection

At Smiths you have APAC, Middle East, and you have got Americas and Europe and Africa, within our regions. The Americas obviously work off completely different types of structures because they’ve got an edit wall under the security authorization Council under TSA. So effectively they operate completely autonomously from the other regions. This makes sharing learnings from various regulations almost impossible.”

“But if you just look at the data the machine is giving you on the component type label that is all the same doesn’t matter from which region it’s coming from. And I think this is where you need to hone in and then try to dissect that data. And then using that data in a separate manner, although getting the data out from America’s, you can’t get it out because of regulation. So you can’t share that with the rest of the world. You’re allowed to share your data from rest of the world with Americans, but you can’t share it all the way around. So that’s the added issue that that it does give. So much change on the digital platform itself or the tools, but really, how can we adjust it to our separate needs to give us the data that we are allowed or not allowed to based on regulation to overall.”

Kris Oldland, Editor-in-Chief, Field Service News

“There are also different regulatory challenges that stop that from happening. It comes back to working with various regions globally and trying to harmonise the data to ensure that useful insights can be garnished. Its certainly prevalent in industries like healthcare, aviation and defence.”



Jan Van Veen, Founder and Managing Director, more Momentum

“I think there are some industries where compliance and risk management have a different aspect. Airlines, aviation, healthcare are typical examples. By the way, process industry as well. I think what you see in general at this moment, is a lot of things are changing and developing. Like data privacy, we think it’s all sorted out but in reality its not especially when you account for social media.”

Whenever things are changing, we always see that it’s difficult to have an idea of what’s going to happen, then you see differences across different countries or regions in the world. And that just makes it complex. But change is complex. And we’re talking about big change in the whole world at the moment. S. And that’s also why I think it’s good to have those different time windows. And whenever you’re with a project or a challenge, be aware, are you talking about a problem in level at time into one, two, or three, because you have to have a different approach, different urgency, different kinds of knowledge you need, and you can’t apply a strategy for time window three on an issue which is time low, or one or the other way around. So be conscious about that and make the right choice.”

“Then in legal across different countries, in the essence, we are all solving the same kind of challenge. So patterns are pretty much the same. But it can create some obstacles on the short term and maybe also on the longer term, but this also used to be with contract Law. One country had different contract law than the other but we all sorted out we were we knew how to handle it. But now when everything’s changing that I think that’s a real challenge at this moment.”

Kris Oldland, Editor-in-Chief, Field Service News

“When we come through the various different work revolutions that we’ve been through in the past, even from a technology point of view. When we had the most mobile computing, in Germany I still don’t think we’ve quite sorted out the labour laws for the telematics industry, for example, there’s obviously always been challenges, that regulation is driven. It just feels like, there’s more. But I think maybe that’s because I’m paying more attention.”

Jan Van Veen, Founder and Managing Director, more Momentum

“I had a recent discussion about what we perceive a huge amount of regulation change and change in society. He highlighted that our grandparents went through two world wars, the introduction of the car, electricity, machinery, planes, telephones, computing etc. So the change we are seeing currently may be significant but its not something new. Although there is no doubt the digital change is significant and we have to adapt and learn how to best maximise the tools available.”

A Hierarchy of Regulations

Is there a hierarchy of regulation and if so how do organisations work through this.?

Chris Hird, Editor, Field Service News

"I was in the oil and gas industry for 20 years. And as an example, one particular drilling operation, we had a regulatory compliance spreadsheet, which I think had 650 different lines on it of things that we had to comply with. It was almost as there is a hierarchy of compliance, because there's some things that are just red flag issue, where you have to comply, certainly with health and safety. But when you're out in the field, there's certain operations that you're going to try to do that. If you actually try to comply with everything, you're not going to be able to do it."

"In Clintons example cybersecurity overrides the environmental side of things. And, sadly, that's just a fact. And I think it's field service teams probably need to have a good understanding of what those red flag issues are and what regulations we 100% cannot break. And then what are the ones that okay, we'll probably get in a little bit of trouble, but it's not a it's not a showstopper if we do actually break those particular regulations. For example you may get in trouble with one regulator but its not a health and safety issue so perhaps one that you can live with."

Clinton van der Merwe, Service Director Europe & Africa,
Smiths Detection

"It's definitely an interpretation of regulation. Security often overrides other regulations as we have discussed. I come back to the point that this then drives the issue of throwing more people at an issue than may be necessary. And this will exacerbate the workforce problem we are facing. Even the digital transformation doesn't necessarily resolve this. We cant expect a single engineer to be a cyber security expert and a mechanical engineer at the same time. Or can we?"

"Through COVID interpretation was definitely an issue as there was a lack of clarity on regulation. One field service team was entering houses in full body medical protection equipment then another was just using a higher grade mask. This is a stark example of a difference in interpretation of regulation. We sat down with the various teams and it turned out both teams understood the regulation but had different risk appetites on how to deal with it."



Mark Homer, Managing Director, Field Service Associates

“This is where the human element definitely comes into play. Certain individuals have a different risk appetite and hence happy to have a different approach.”

Kris Oldland, Editor-in-Chief, Field Service News

“To the COVID point, it blew so much out of the water in terms of what is the difference between interpretation of guideline and regulation, because we saw exactly to your point that, we saw things like that all over the place. We held discussion with an organisation and a lot of emphasis was placed on empowering the engineer to make their own decision in the field without having to refer back to the manager constantly. They actually said they saw a huge boost in utilisation and productivity because the engineers were able to make that decision.”

“What often happens in these situations is innovations. And this is perhaps a good example of regulation driving digital transformation. It comes back to operational leaders driving change. The constant question through this period was are the regulations red line barriers or guidelines which require interpretation. Then how do we create best practice methods to operate within these parameters.”

Risk Assessments for Regulations

Here we discussed the importance of risk assessments when dealing with regulations.

Mark Homer, Managing Director, Field Service Associates

"As we have discussed there can often be a different interpretation of various regulations. This is where the importance of risk assessments comes into play. Its not just to protect the health and safety of operatives but to also to ensure all those involved are covered from future liability. Managers have a duty of care and one of the primary tools beyond training is to ensure risk assessments are complete, up to date and easy for operatives to follow."


Kris Oldland, Editor-in-Chief, Field Service News

"This is also an area which needs caution given those setting the boundaries or rules depending on regulatory interpretation may have little idea that the decisions may have on an operational level. There needs to be sensible dialogue with those executing the operation in the field to ensure that the guidelines being set were practical in allowing the safe and efficient carrying out of the required activity."

"This also applies externally as was my experience with GDPR. As a publisher we had to work very closely with our vendors to ensure what we were doing was minimising risk and at the same time lining up with external guidelines. Both sides had to work together to ensure that all boxes had been ticked to ensure GDPR compliance. Very important as a publisher as data is part and part of our business model when it comes to data transport."

Clinton van der Merwe, Service Director Europe & Africa,
Smiths Detection

"From a regulation standpoint, we do see that as pretty much a benchmark, or a guideline for us, but I think what is really important is also build in your, those regulations into your ISO processes, depending on where you are in the world. It will help your team to build the service models or customer models based on those guidelines of ISO. I think that that's certainly very important when you look at these regulations, and different country regulations on top of it."



Chris Hird, Editor, Field Service News

“This is where I see a trade body is potentially incredibly useful. I found that was important in the past, in the oil and gas operations side of things. If we were to carry out an operation and be fully compliant, we literally couldn’t carry out the operation because you can never be fully compliant. We relied a lot on the trade body to lobby government to point out to them that, look, if we literally were compliant with all the various regulations across the HSE, the EA, planning authorities, we could not execute this operation. So there needs to be some give at some point and change the regulations to make it suitable. And it’s not to make it less safe or more cost effective. That was literally to make the operation achievable.”

“Occasionally there needs to be some movement in the regulations. This needs to be evidence based and backed up by data. Quite often regulator’s don’t involve the industry when they’re coming up with the regulation. At times they will come out with regulation which is completely non evidence based and makes execution of various operations incredibly hard to achieve whilst at times not serving much purpose.”

Clinton van der Merwe, Service Director Europe & Africa,
Smiths Detection

“You always need a good risk assessment to support the activity. This is even more important if there is a grey area around compliance with a certain regulation. The risk assessment shows that although you may not be fully compliant with the regulation that all risks have been suitable assessed and mitigation measures put in place to lower any residual risk.”

Chris Hird, Editor, Field Service News

“In the oil and gas sector an enormous amount of time and effort go into risk assessment to ensure compliance and lower or remove risk where possible. These are constantly reviewed and updated. In saying this there are scenarios where complete regulatory compliance still remains challenging. The complexity comes when a single activity is covered by a multitude of different regulators coming at the same problem from different angles. So to execute the operation in full compliance with all regulations can become very challenging. Constant dialogue and transparency with the regulators definitely helps.”

Jan Van Veen, Founder and Managing Director, moreMomentum

“I think that’s the essence of the risk assessment in the legal sense to ensure risk is either eliminated or on certain cases minimised if you don’t comply with a certain regulation you can then show the regulator that all efforts were made to carry out the activity with a minimum impact.

“In the risk assessments you want to include the regulation, this can potentially help identify areas for opportunity and change. How can we use the technology differently. This can also help drive the digital transformation and may lead to process efficiency improvements.”



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