



**Why Installed Base
Management
is the Backbone of Every
Service Operation**

How manufacturers lose millions every year because they don't know where their assets are — and what to do about it.

Ask any service leader at a manufacturing or high-tech company to describe their biggest operational headache, and the answer is almost always the same: we don't have a complete, accurate picture of the equipment we've installed at customer sites. Serial numbers are missing. Warranty records are outdated. Ownership has changed hands. And nobody knows which assets are approaching end of life until a customer calls with a problem.

This is the Installed Base problem. And according to decades of field experience implementing SAP service solutions across industries, it is the single root cause behind most service inefficiencies — from missed maintenance opportunities and incorrect warranty claims to revenue leakage and poor customer satisfaction.

What is Installed Base Management?

Installed Base or Asset Management is the digital foundation of every service operation. It establishes a record of where each product, component, or piece of machinery is installed, who owns it, its service history, and its contractual or warranty entitlements.

In industries like semiconductor manufacturing, medical devices, and heavy equipment, complex assets are installed globally at diverse locations. A single MRI machine may have dozens of sub-components, each with its own warranty, service history, and maintenance schedule. Without an accurate Installed Base, none of that information is reliable.



Key insight: Accurate installed base management ensures every piece of equipment can be serviced proactively, tracked throughout its lifecycle, and analyzed for performance trends. Without it, service becomes reactive, costly, and unpredictable.

The As-Shipped and As-Maintained Records

The Installed Base journey starts at the point of shipment. When a product leaves the manufacturer, the As-Shipped Installed Base is created — capturing the exact configuration, specifications, and condition of every asset and sub-asset at that moment. This includes entitlement information such as warranty start dates, contract coverage, and service level agreements.

Over time, as repairs, upgrades, replacements, and modifications occur, the As-Shipped record evolves into the As-Maintained Installed Base — a live, real-time reflection of each asset's current state. Keeping this record accurate is one of the most significant operational challenges in service management, because customers and manufacturers make constant changes throughout a product's lifecycle.

The Real Cost of Getting It Wrong

The consequences of poor Installed Base management are significant and measurable across every industry:

1

Medical Device manufacturers find Installed Base data fragmented across multiple systems, leading to missed maintenance, regulatory compliance failures, and incorrect warranty claims.

2

Scanner and barcode technology companies struggle with multiple data entry points and manual workflows, making it impossible to accurately track service profitability or measure true service costs.

3

Heavy Equipment organizations operate with rigid legacy systems that cannot keep pace with asset changes in the field, resulting in incorrect entitlement validation and costly revenue leakage.

4

High-Tech companies running complex process-control equipment face revenue leakage from inaccurate entitlement management and fragmented service data across ERP, CRM, and spreadsheets.

Key Challenges Organizations Face

Inaccurate or incomplete data-missing serial numbers, ownership records, location details, and active contract information.

Poor warranty and contract visibility-entitlements not clearly linked to assets, or expired warranties that have never been updated.

Lack of hierarchy and component replacement tracking-sub-assemblies not captured when components are swapped.

No real-time insight for service teams-field technicians arrive on site without knowing the asset's current state.

Retired or inactive assets not archived-cluttering the system and skewing reporting.

Inability to track service cost per asset-making profitability analysis impossible.

KPIs That Define a Healthy Installed Base

KPI	WHAT IT MEASURES
Installed Base Accuracy %	Percentage of asset records that are complete and up to date
Assets with warranty/contract data	Percentage of assets with fully linked entitlement records
Asset uptime / availability %	Operational availability of tracked assets in the field
First-time-fix enablement rate	How often accurate IB data enables technicians to fix on first visit
Service profitability by asset	Revenue minus cost tracked to each individual equipment record
At-risk asset %	Percentage of assets approaching EOL or showing failure patterns

What Best Practice Looks Like

Organizations that manage their Installed Base well follow a set of proven principles drawn from decades of service implementation experience:

Maintain a single source of truth — all asset data governed centrally in SAP S/4HANA and distributed to SAP FSM, SAP SAM, and SAP Service Cloud.



Ensure every serviceable product is serialized and linked to a customer site from the moment it ships.



Automate equipment creation and updates on key events such as goods issue of delivery, installation, and upgrade.



Capture the full lifecycle — every installation, decommission, upgrade, repair, and location change recorded against the asset.



Link the Installed Base to all service transactions — contracts, warranties, repairs, and entitlements — so service is always backed by accurate data.



Periodically audit equipment hierarchies to prevent data drift.



Integrate IoT and sensor data to enable predictive and condition-based servicing.





The Business Value of Getting It Right

A well-managed Installed Base does not just improve operations — it transforms the business model. Organizations that invest in Installed Base accuracy consistently achieve:

Increased revenue through cross-sell and upsell opportunities driven by accurate asset visibility.

Reduced warranty claim leakage and increased contract revenue through proactive renewal management.

Ability to offer outcome-based service models such as uptime guarantees or equipment-as-a-service.

Improved spare parts planning and inventory optimization based on asset location and configuration.

Faster identification of affected equipment during safety incidents or regulatory recalls.

Field performance data feeding into R&D to improve product design and eliminate failure hotspots



Bottom line: Service organisations that treat Installed Base as a strategic asset — not an administrative record — consistently outperform those that don't. It is the foundation on which proactive, profitable, customer-centric service is built.



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