

Industry Perspective

Beyond the Product: The Next Frontier of Industrial Aftermarket Growth

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aranca

Industrial aftermarket opportunities span from individual components to plant-wide assets, with services expanding from repairs to lifecycle performance management

Asset coverage | *From individual components to plant-wide systems*

Components & parts	Single machine	Fleet or line	Whole-site systems
Examples			
• **Bearings & housings:** Mounting, dismounting, fit checks, condition assessment • **Seals & couplings:** Leakage/wear diagnosis, alignment and replacement • **Lubrication:** Lubrication audits, lubricant selection, relubrication	• **Motors, pumps, fans:** Vibration and temperature monitoring, alignment, and breakdown troubleshooting. • **Gearboxes, drivetrains:** Lubricant/oil analysis, repairs and reconditioning. • **Other rotating machinery**: Condition assessments, root-cause analysis	• **Conveyors & feeders**: Idler, roller and drive checks, alignment, corrective repair • **Mills, crushers & mixers**: Gear and bearing checks, overhaul and rebuild • **Kilns, dryers & drums**: Support-roller and drive inspection, alignment, reconditioning	• **Assets across production and utilities:** Asset criticality assessment; monitoring and maintenance (e.g. boilers) • **Linked machine lines**: Coordinated maintenance and shutdown planning • **Power, drives & control panels**



Service Offering Breadth

Product & field services	Reliability & predictive	Maintenance execution	Maintenance management	Asset performance & lifecycle management
Supply, install, troubleshoot and restore individual components	*Detect emerging faults, assess equipment health and identify failure causes.*	*Deliver planned, breakdown and shutdown work, including overhauls*	*Plan, schedule & coordinate maintenance, spares and contractors across assets*	*Optimize maintenance strategies, asset availability and lifecycle costs across*

Sources: Aranca Analysis

Note: Asset coverage and service breadth represent complementary, not necessarily sequential, dimensions of aftermarket expansion

OEMs typically lead in product-specific services, while broader maintenance and asset-management opportunities involve a more diverse provider ecosystem

Scope of services	Product & field services	Reliability & predictive	Maintenance execution	Maintenance management	Asset performance & lifecycle management
Service types How services are packaged	• Spares & consumables • Repair & remanufacturing • Installation & retrofit	• Condition monitoring • Oil & lubricant analysis • Failure analysis	• Preventive & corrective • Shutdown & breakdown • Alignment & balancing	• Planning & scheduling • Spare-parts management • Contractor coordination	• Reliability strategy • Outcome-based contracts • Lifecycle costing
OEMs Equipment & component makers	E.g., SKF, Schaeffler, Timken, Flowserve	E.g., SKF condition monitoring, Schaeffler OPTIME	E.g., Flowserve QRCs, Sulzer service centers	*Selective OEM participation; expansion opportunity*	*Selective OEM participation; expansion opportunity*
Distributors Parts & MRO supply	E.g., Motion, Applied Industrial Technologies	E.g., SKF-authorized distributors (OEM data platform)	E.g., Motion Repair & Services	–	–
Independent specialists Repair, testing, diagnosis	E.g., Equipment Specialists (rebuild, repair)	E.g., VSC, ATS, Allied Reliability	E.g., Equipment Specialists (alignment, balancing)	–	E.g., Allied Reliability, Life Cycle Engineering (consulting)
Maintenance contractors Outsourced maintenance	–	E.g., Bilfinger Smart Maintenance	E.g., Bilfinger, Altrad	E.g., Bilfinger (outsourced maintenance)	E.g., Bilfinger asset management
In-house teams Customer-run, no vendor	*Minor repairs*	*Site condition-monitoring programs*	*Plant maintenance crews*	*Planners & schedulers*	*In-house reliability team*

Core: Established or primary provider in the relevant service scope

Active: Demonstrated participation, but not necessarily the primary provider

Selective participation or a relatively less developed market position

Sources: Aranca Research and Analysis

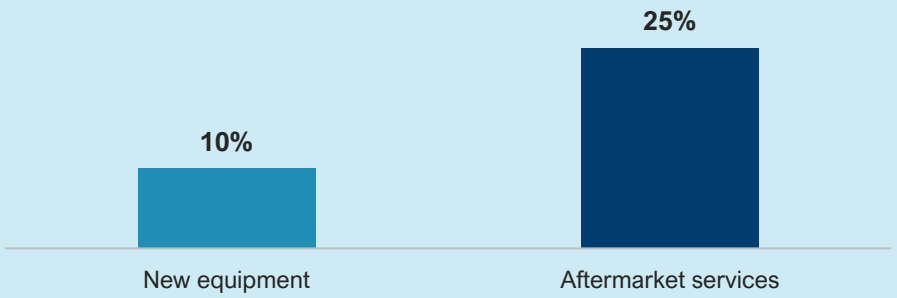
Note: Illustrative market positioning based on publicly available offerings and Aranca assessment. Examples are indicative and not exhaustive

Aftermarket services offer higher margins, more resilient revenue and stronger customer relationships, while creating adjacent growth opportunities

Higher margins than new-equipment sales

Services earn about 2.5x the operating margin of new equipment

EBIT margin, 30-industry average



~2.5x

aftermarket operating margin vs new equipment

40-50%

of profits some manufacturers already generate from services

- **Less competition:** On its own installed base, the OEM often faces fewer suppliers than in new-equipment bids
- **Lower selling cost:** The OEM sells to customers it already knows, so each order takes less effort to win
- **Value of speed:** When a machine stops, customers pay for fast, certain repair, not the cheapest part

More resilient revenue through equipment cycles

Revenue falls less than equipment revenue when demand weakens

- **Running machines still need care:** customers keep servicing equipment they own, even when they stop buying new equipment
- **Recurring fees:** a contract service agreement sets a regular fee, so much of next year's revenue is known in advance

Long-term relationships that keep customers

Long-term relationships increases customer stickiness

- **Longer commitments:** multi-year agreements tie the customer to the OEM for the life of the machine, not one purchase
- **Machine history as an edge:** each visit and repair adds records on the customer's machines, which makes the OEM harder to replace

A way into other product lines and categories

Expand beyond own products into other product lines and categories

- **Entry in new categories through support:** servicing a product line builds trust before the OEM sells the equipment itself in new categories
- **Shared resources:** potential to leverage existing service infrastructure and network to cover more product lines at little extra cost

Sources: McKinsey (Industrial aftermarket services: Growing the core); Deloitte (Aftermarket Services, 2020; Smart operations, 2024); Aranca Analysis

OEM's reach can grow along three key dimensions: what work is performed, which assets are serviced and whose make is covered

Service Dimensions	Levels of Service Expansion				
A **Scope of Services** *What work is performed?*	**Product & field services** Installation, repair, spares and technical support for equipment	**Reliability & predictive** Condition monitoring, vibration analysis, diagnostics and reliability engineering	**Maintenance execution** Hands-on preventive and corrective maintenance work on equipment	**Maintenance management** Planning, scheduling, spares and work-order coordination across vendors	**Asset performance & lifecycle** Reliability strategy and whole-life optimization of critical assets
B **Equipment Scope** *Which assets are serviced as one unit?*	**Components & parts** Parts and consumables such as bearings, seals, wear parts, lubricants and drive components used inside customer machines	**Single machine** One machine serviced as a complete unit, such as a pump, motor, drive, crane or excavator	**Fleet or line** Several machines serviced together, such as a production line, a crane fleet, a truck fleet or a motor fleet	**Whole-site system** Mechanical, electrical, control and utility assets of a plant, mine or terminal serviced together	
C **Brand Coverage** *Whose make is serviced?*	**Own brand only** Service limited to products sold under the OEM's own brand	**Equipment using own products** Machines and assemblies that embed the OEM's products	**Selected third-party brands** Chosen partner or adjacent makes beyond the group's own	**Any brand / OEM-agnostic** All manufacturers' equipment, irrespective of who made it	

Note: Dimensions and levels are an Aranca taxonomy
Sources: Aranca Analysis

Leading OEMs have already moved along these dimensions to capture value, and the cases show that each move delivers measurable results

Dimensions of Service Expansion

Brand Coverage

From own-brand assets to all-makes service

Service Depth

From reactive repairs to predictive reliability



Equipment Scope

From one machine to a complete operating system

Key Examples

ABB — Service Depth

Extended support into AI-led asset performance management

Expanded digital service capabilities through asset performance platforms, predictive analytics and remote monitoring. Its 2025 strategic investment in UptimeAI added AI/ML capabilities covering over 1,000 equipment failure modes

+9.9% SERVICES & OTHER SALES
5.5 Bn USD in 2025, compared with 5.0 Bn USD in 2024[1)]

KONECRANES — Service Depth

Scaled routine maintenance into lifecycle service management

Expanded its global service footprint through acquisitions, including Whiting's crane service business and MHE-Demag. Integrated maintenance agreements support a broader installed base

+31% SERVICE REVENUE
1.7 Bn USD in 2025 versus 1.13 Bn USD in 2020

Atlas Copco — Equipment Scope

Strengthened aftermarket coverage through system-level optimization

Broadened its service proposition from equipment maintenance to compressed-air audits, leakage management, energy optimization and centralized system controls, supported by digital connectivity and an expanding service network

2.2× SERVICE REVENUE
Compressor service revenue increased from ~1.5 Bn USD (2015) to 3.3 Bn USD (2025)

Metso — Equipment Scope

Expanded equipment support into integrated lifecycle services

Strengthened its Life Cycle Services (LCS) portfolio through Crushing as a Service, Pumps Availability agreements, rebuilds and full-site operational support

600+ ACTIVE LCS CONTRACTS
Secured 100+ new agreements in 2025; aftermarket orders increased 3%

FLOWSERVE — Brand Coverage

Broadened aftermarket capabilities through acquisitions

Strengthened its OEM-independent repair proposition through a global Quick Response Centre network. The 2026 Trillium Valves acquisition further broadened its flow-control portfolio and installed-base aftermarket potential.

+9.2% AFTERMARKET BOOKINGS
2.6 Bn USD in 2025, vs 2.4 Bn USD in 2024; supported by ~ 157 QRCs

SULZER — Brand Coverage

Scaled OEM-independent services through acquisitions

Expanded multi-OEM pump and turbomachinery services through its OEM-X offering, regional service-center investments and acquisitions. Recent expansion includes Davies & Mills in Bahrain and a new service center in Argentina

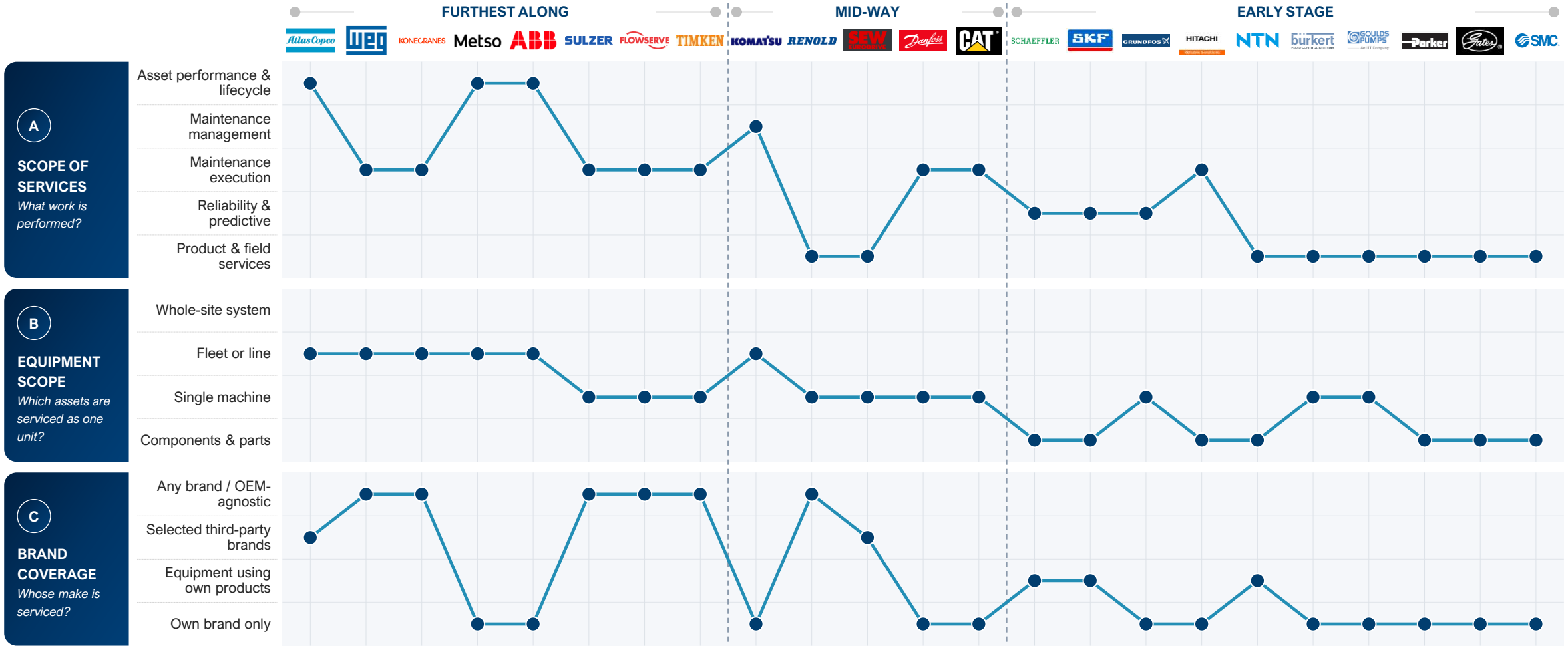
+10.7% SERVICES REVENUE GROWTH
1.6 Bn USD Services revenue, 2025 vs 1.4 Bn USD, 2024

Sources: Company websites and annual reports, Aranca Analysis

1) ABB group-wide; category includes other revenues

Not Exhaustive

While a few leading players have gone further to capture greater value, most OEMs are still at the early levels of each dimension

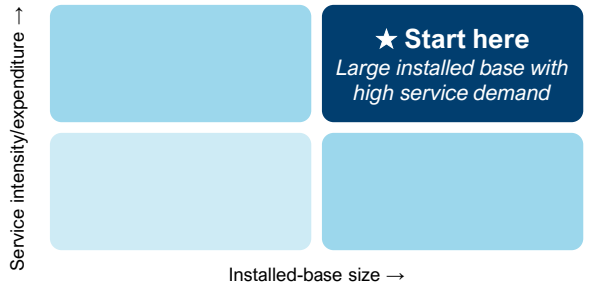


Note: Each player is placed once per dimension, at the furthest level observed. Placement at a level assumes the player also covers the earlier levels in that dimension.
Players ranked by total levels reached across the three dimensions.
Sources: Company websites and annual reports; Aranca Analysis

Capturing aftermarket growth requires three strategic choices: where to compete, how much responsibility to assume and how to build the capabilities to win

1. How far to go

Which equipment, customers and regions first?



Paths to consider

- Equipment families with the largest installed base
- Customers whose spend leaks to independent contractors
- Regions with an existing service footprint

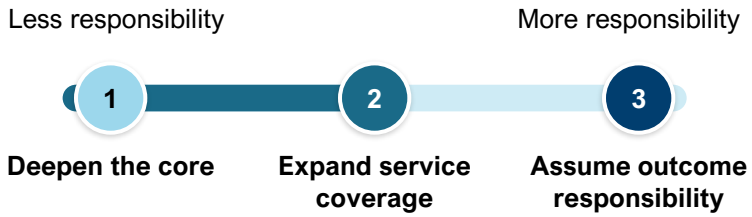
Questions to answer

- How big is our installed base here?
- How often and how critically is it serviced?
- How much spend goes to independent contractors?
- Can we win it, given our access and skills?

Also needed: Installed-base and service-history data

2. How to build it

Which service responsibilities should we own?



Paths to consider

- Grow the core only
- Widen to other equipment
- Take on maintenance management and outcomes

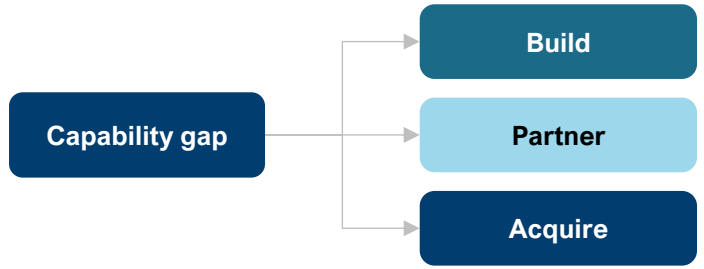
Questions to answer

- Is the result, such as uptime, mostly in our hands?
- Can we baseline and track it with the customer?
- Will customers hand over this responsibility?
- How much risk can we carry?

Also needed: Leadership commitment, service P&L, risk controls

3. How to build it

Build, partner or acquire the missing capability?



Paths to consider

- Build in-house
- Partner with specialists, distributors or other OEMs
- Acquire a provider

Questions to answer

- How soon do we need the capability?
- How core is the skill to our business?
- How much control over delivery do we need?
- Are suitable partners or targets available?

Also needed: Organization, incentives and delivery standards

Example: Acquire: FLOWSERVE KONECRANES Build: SULZER

Sources: Aranca Analysis

Unlocking aftermarket growth requires a clear view of the opportunity, a differentiated right to win and a practical roadmap for execution

Business leader perspective

1. **Where in our installed base is the service opportunity, and which parts are worth going after?**
2. **How far can we go, and where will our customers let us take on more responsibility?**
3. **What do we need to build, partner for or buy, and in what order?**

How Aranca can help

Assess

- **Installed-base opportunity sizing**: service demand by scope and equipment tier
- **Competitive landscape and value-chain mapping**: who serves which scopes today
- **Market attractiveness assessment**: size, growth and margin by segment

Prioritize

- **Customer needs assessment**: needs, spend and willingness to outsource
- **Right-to-win assessment**: installed-base access, skills, influence on results
- **Opportunity prioritization matrix**: attractiveness against right to win

Plan

- **Capability gap analysis**: strengths against what each service requires
- **Competitive benchmarking**: peer offerings, contract models, pricing
- **Build–partner–buy options**: incl. partner and M&A target screening
- **Business case and strategic roadmap**: sequencing, investment, KPIs

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Offices in the US, UK , Japan and India

inquiry@aranca.com

www.aranca.com

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