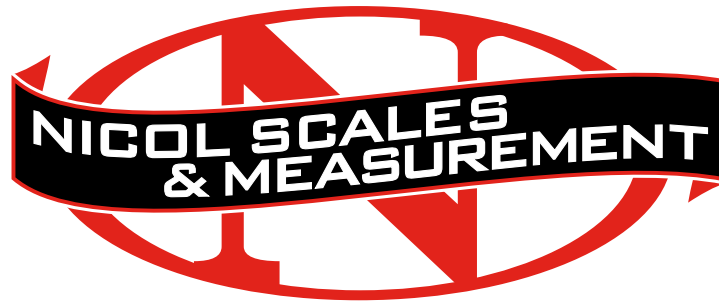


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The Difference Between Open-end Service and Closed-end Service

What is “open-end” service?

Open-end service is the most typical type of service that is provided in the industrial weighing service industry. It is service that is paid for as the service is required, also known as “pay as you go.” The service may consist of periodic inspections that are pre-scheduled to your specific needs and requirements. It is “open-end” because there is no limit to the total cost of repairs.



When service is required, the customer contacts the service provider, the service provider requests a purchase order (as promise for payment for services) and, when satisfied with financial arrangements, the service provider sends a technician to make the repairs. Once the damage or failure is determined, the service company may repair the scale with the final cost of repairs unknown, or the provider may give the customer an estimate for the total cost of the complete repair. Procedures and processes often delay the final repair, therefore increasing downtime.

Advantages of “open-end” service

One advantage of open-end service is that actual service costs may not exceed the amount budgeted. Some scales have a history of near perfect performance and the need to cover any risks that may occur can outweigh the concern about unscheduled costs.

Disadvantages of “open-end” service

One disadvantage of open-end service is that it is impossible to know what your costs will be. Although you may know what your scheduled calibration costs are, it is impossible to predict failure of a component. It is also impossible to prevent failure unless the cause is apparent at the time of an inspection.

When there is a failure, policies and processes (work order requisitions, approvals, purchase orders, etc.) may delay getting the equipment serviced. Open-end service can increase downtime, as service providers may have to check credit history for past due service payments or other problems. Another disadvantage is that parts and service repairs are typically warranted for a period of 90 days, so repeat failures could be financially catastrophic.

Customers often postpone service for known problems with their scale because they do not want to spend the money during a financially “slow” period. When this happens, the failure can cause additional failures, making the repair even more expensive. These decisions are often made without the knowledge of those who depend on scale accuracy. Often a scale is purchased with a complete understanding of the financial impact an inaccurate scale can have. However, decisions on scale service are made without considering the financial impact of inaccurate weights. The losses due to a failure can exceed the cost of maintenance, but because you cannot see the loss on an invoice, actual costs are ignored.



The Difference Between Open-end Service and Closed-end Service

What is “closed-end” service?

Closed-end service is the most uncommon type of service provided in the scale service industry. With a closed-end service plan, the extra costs are the responsibility of the service provider. With open-end service, the customer assumes the risk but with closed-end service, the scale service provider takes all the risk. This is the reason closed-end service is less common.

With a closed-end service plan, when service is required, it can be ordered without purchase order, requisition, or approvals, so a technician can be on site quickly. This is the fastest, simplest way to initiate service. Large service providers are better able to take this risk so this type of service plan is less often an option with smaller scale companies.

In the IT world, the closed-end service model is most prevalent. Many companies do not even offer open-end service because it can create poor customer service relations.

Advantages of “closed-end” service

The greatest benefit of a closed-end service agreement is reduced risk for the customer. Much like insurance, closed-end service agreements cover the cost of most failures. This allows the customer to spend less time making arrangements between purchasing and management when service is needed. It also builds a better relationship between the service provider and the end user of the scale because the service process is less cumbersome.

In addition, closed-end service can be tailored to provide various levels of service so that your service coverage is customized to the risk level that is comfortable for the customer.

Technology has also made closed-end service more attractive than ever before. Some companies provide wireless monitoring of the accuracy of the weighing system electronics, giving your service provider the “heads up” needed to provide proactive service repairs. Imagine your scale company arriving to fix a problem you were not yet aware of, and then telling you “Thanks for your business—there is no charge.” Imagine receiving notification on your smartphone that there is a scale error, but you won’t have to call anyone because the service company has already dispatched someone.

Besides all the positives about closed-end service, there is the budgeting aspect of having this type of agreement. You may choose to have a monthly, quarterly, or annual charge for the service so you can budget your maintenance costs accurately.

Disadvantages of “closed-end” service

The disadvantages of closed-end service are hard to find. One instance would be the financial situation of your service provider. It would not work well for a service provider with limited resources, because the risk can be extreme and requires the company to have many closed-end service accounts in order to survive the bad scale scenario.

The best plan in the market is the **Fairbanks Scales Guardian Service Plan** which offers three levels of service from the very affordable to the most comprehensive plan on the planet.

To learn more, contact Fairbanks Scales at 816-451-4107 or visit us on the Web at www.Fairbanks.com.