

Shared & Core Facilities

Alternatives to Service Contracts

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What is a “service contract”?

- ✓ Applies to most electronic devices and instruments
- ✓ Not same as an *extended* warranty which is...
 - ✓ Provided by manufacturer
 - ✓ Negotiated at time of purchase
 - ✓ Typically one year, but may cover multiple years
 - ✓ Recommend negotiating during purchase process (when there is leverage)
- ✓ Differs from extended warranty in that it is....
 - ✓ Obtained after purchase and renewed annually
 - ✓ Usually labor only (parts are separate, may include travel costs)
 - ✓ Some include phone services (TeleServe); will step you through troubleshooting and repair process
 - ✓ Good ones include regular on-site maintenance
 - ✓ Terms are negotiable – e.g., service-based, customer-based, corporate-based, discounts for multi-year coverage, etc.
 - ✓ Some duplicate the extended warranty



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What's the problem?

- ✓ Expensive!
 - ✓ Typically 5-10% of the purchase price per year

What to do? Ask yourself.....

- ✓ Is the product likely to need repairs? What's the service record of the model you purchased? What is the likely cost of out-of-pocket repairs? **Know your product's Achilles heel.**
- ✓ Does the service contract really provide the coverage you need? **Read the fine print in Terms & Conditions.**
- ✓ How are claims handled? What's the process on both ends? Is it difficult to get the turn-around you need? **Ask around to see what others have found.**
- ✓ Do you have the in-house expertise to fix minor repairs? Would a training course expand your in-house expertise? **Explore training options; they can be cost effective.**



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Are there other alternatives? **YES!!**

- ✓ Management providers – e.g., SU Group
- ✓ 3rd party providers – alternatives to vendors
- ✓ Self-repair (in-house) program
- ✓ Combination of the above – e.g., SU Group
- ✓ Self-insurance program (doing it all in-house)
- ✓ All of these can be built into recharge rates and grants (direct costs)

