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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
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)