

TURNING THE CORNER FROM SOFTWARE DRIVEN TO SERVICES LED



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The challenge

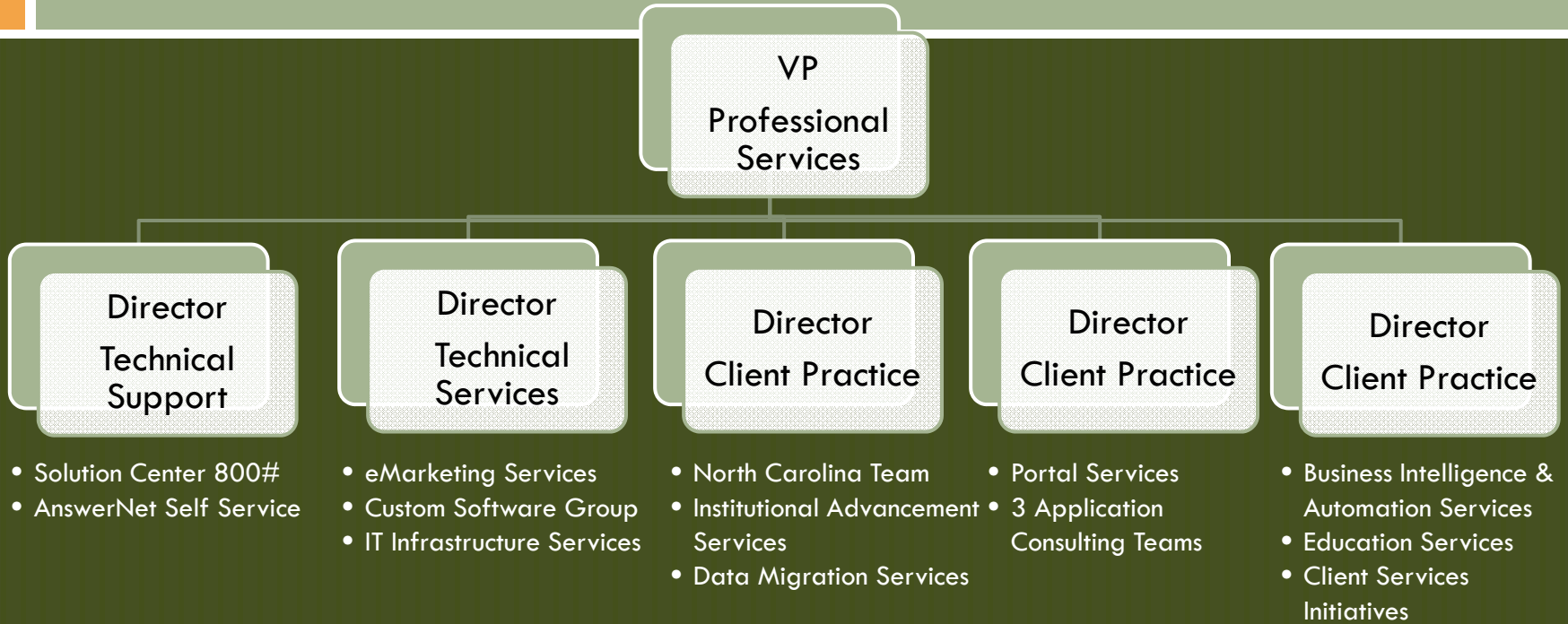


- Transition the services organization from a reactive revenue source to a revenue generator

Current operating methodology

	Support Services	Education Services	Professional Services	Technical Services
Revenue				
Purpose	Client retention	Product adoption	Product adoption	Product Adoption
Business Model	Annual contract Leverageable cost structure	Per seat/ connection fees Mass marketing; self sale	T&M or fixed priced New & Existing customers	Fixed priced or T&M New & Existing customers
Percent of Total Services Revenue	3%	13%	54%	30%
Services				
Target Markets	Existing Technical CIO = buyer SA = consumer	Existing Technical & Business Management = buyers Staff & End users = consumers	New & Existing Technical & Business Sr. management = buyers Mgmt/end users = consumers	New & Existing Technical & Business CIO/Sr management = buyers IT/Management = consumers

Professional Services Team



209 service professionals
127 billable professionals
47 technical support analysts
35 non-billable staff

Early discoveries

- ❑ Services revenue targets were set independent of sales revenue quotas
- ❑ Complimentary and highly discounted services were bargaining chips distributed without discipline
- ❑ Service professionals had limited understanding of the PS business and overly empathized with clients' resource constraints

Beginning the journey

Get the facts

- Mine existing data sources
 - ▣ Most sources unusable for operational purposes
- Identify data essential to answering key business questions
 - ▣ Time tracking is essential

Expose PS as a business

- Alexander Consulting
- Suggestive Selling
 - ▣ Roy Rogers
- Reinforce the message at every turn

We weren't selling services

- Incubated sales in PS
- Action Planning
- Service pros incented to enter leads
- Billable incentive program for road warriors



Align sales plan & service targets

Professional Services Bookings and Forecast						
Rollup Summary View: ALL SERVICES						
		<i>Actuals Applied</i>	<i>Actuals Applied</i>	<i>Actuals Applied</i>	<i>Actuals Applied</i>	<i>Actuals Applied</i>
		Jan-08	Feb-08	Mar-08	Apr-08	May-08
Opening Backlog		\$ 16,388,097	\$ 15,705,771	\$ 14,982,224	\$ 15,170,201	\$ 15,716,753
Sales Bookings	Unit Forecast	2	0	4	3	3
	\$ Forecast	\$ 2,073,333	\$ 1,433,333	\$ 2,303,333	\$ 2,918,442	\$ 2,604,656
	Aggregated Probability	100%	100%	100%	100%	100%
	Adjusted Forecast	\$2,073,333	\$1,433,333	\$2,303,333	\$2,918,442	\$2,604,656
	<i>plus budgeted T&E Gross-Up</i>	\$158,895	\$159,272	\$151,501	\$173,018	\$168,399
	Total Incoming \$	\$2,232,228	\$1,592,605	\$2,454,834	\$3,091,460	\$2,773,055
	Actual Units	2	0	4	4	
	Actual \$ Sold	\$ 1,887,913	\$ 2,101,690	\$ 2,718,495	\$ 3,276,454	\$ 3,336,080
PST Deliveries (incl T&E Gross-Up)	Original Projected Deliveries	\$ 2,086,354	\$ 2,256,323	\$ 2,385,471	\$ 2,573,974	\$ 2,724,526
	Current Avail. To Deliver	\$ 2,570,240	\$ 2,825,237	\$ 2,530,519	\$ 2,729,903	\$ 2,505,413
	New Client	\$ 1,236,816	\$ 1,249,273	\$ 1,075,994	\$ 1,228,654	\$ 1,021,840
	Client Base	\$ 895,216	\$ 1,174,092	\$ 1,061,824	\$ 1,037,822	\$ 1,042,173
	ActiveCampus	\$ 279,312	\$ 242,599	\$ 241,199	\$ 290,408	\$ 273,000
	Actual T&E Gross-Up	\$ 158,895	\$ 159,272	\$ 151,501	\$ 173,018	\$ 168,399
	Actual PST Deliveries	\$ 2,570,239	\$ 2,825,236	\$ 2,530,518	\$ 2,729,902	\$ 2,505,412
Closing Backlog		\$ 15,705,771	\$ 14,982,224	\$ 15,170,201	\$ 15,716,753	\$ 16,547,422
Backlog Months		6.1	5.3	6.0	5.8	6.6

Professional Services Bookings and Forecast						
Rollup Summary View: ALL SERVICES						
		<i>Actuals Applied</i>	<i>Actuals Applied</i>	<i>Actuals Applied</i>	<i>Actuals Applied</i>	<i>Actuals Applied</i>
		Jan-08	Feb-08	Mar-08	Apr-08	May-08
AGED BACKLOG VIEW						
Opening Backlog		\$ 23,572,591	\$ 22,867,912	\$ 22,283,198	\$ 22,101,295	\$ 22,311,511
Bookings						
	Unit Forecast	2	0	4	3	3
	\$ Forecast	\$ 2,073,333	\$ 1,433,333	\$ 2,303,333	\$ 2,918,442	\$ 2,604,656
	Aggregated Probability	100%	100%	100%	100%	100%
	Adjusted Forecast	\$ 2,073,333	\$ 1,433,333	\$ 2,303,333	\$ 2,918,442	\$ 2,604,656
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	Total Incoming \$	\$2,232,228	\$1,592,605	\$2,454,834	\$3,091,460	\$2,773,055
Deliveries (Aged Backlog)						
	Actual Units	2	0	4	4	0
	Actual \$ Sold	\$ 1,887,913	\$ 2,101,690	\$ 2,718,495	\$ 3,276,454	\$ 3,336,080
Closing Backlog		\$ 22,867,912	\$ 22,283,198	\$ 22,101,295	\$ 22,311,511	\$ 22,494,583
Backlog Months		8.8	8.3	7.6	7.3	7.1

Leading indicator of PS health

Professional Services Bookings and Forecast

Rollup Summary View: **ALL SERVICES**

2008 All Services

	Sep-08	Oct-08	Nov-08	Dec-08	2008 Total
Opening Backlog	\$ 17,979,451	\$ 18,513,351	\$ 19,122,900	\$ 19,442,228	
Sales Bookings					
Unit Forecast	1	5	1	5	36
\$ Forecast	\$ 2,984,893	\$ 3,431,673	\$ 3,132,333	\$ 4,702,249	\$ 35,528,163
Aggregated Probability	107%	100%	100%	102%	102%
Adjusted Forecast	\$3,183,003	\$3,431,673	\$3,132,333	\$4,802,249	\$36,120,953
<i>plus budgeted T&E Gross-Up</i>	\$155,160	\$195,268	\$169,717	\$151,526	\$2,129,566
Total Incoming \$	\$3,338,163	\$3,626,941	\$3,302,050	\$4,953,775	\$38,250,519
Actual Units					10
Actual \$ Sold	\$ -	\$ -	\$ -	\$ -	\$ 16,959,102
PST Deliveries (incl T&E Gross-Up)					
Original Projected Deliveries	\$ 3,102,186	\$ 3,267,159	\$ 3,346,010	\$ 3,415,049	\$ 34,165,987
Current Avail. To Deliver	\$ 2,804,264	\$ 3,017,392	\$ 2,982,722	\$ 3,228,374	\$ 34,046,749
New Client	\$ -	\$ -	\$ -	\$ -	
Client Base	\$ -	\$ -	\$ -	\$ -	
ActiveCampus	\$ -	\$ -	\$ -	\$ -	
Actual T&E Gross-Up	\$ -	\$ -	\$ -	\$ -	\$ 1,096,468
Actual PST Deliveries	\$ -	\$ -	\$ -	\$ -	\$ 16,277,955
Closing Backlog	\$ 18,513,351	\$ 19,122,900	\$ 19,442,228	\$ 21,167,629	
Backlog Months	6.6	6.3	6.5	6.6	

Transform managers

- ▣ Scheduled backlog
- ▣ Utilization
- ▣ Resource sharing and optimization
- ▣ Client satisfaction
- ▣ Employee retention and development

Positioning PST for Success

Measure	Results as of Jun 2008		
	Result	Target	
Sales Bookings: NAS (vs. Budget)	\$3,675,900	\$6,300,000	RED
Sales Bookings: CBR (vs. Budget)	\$10,643,454	\$10,577,195	BLUE
Sales Bookings: eMarketing (vs. Budget)	\$1,543,280	\$1,110,000	BLUE
Scheduled Backlog	\$27,879,443	\$32,000,000	GREEN
Hourly Rate: Consulting T&M	\$225	\$213	BLUE
Hourly Rate: eMarketing T&M	\$201	\$200	BLUE
Hourly Rate: Tech Services T&M	\$239	\$213	BLUE
Hourly Rate: Tech Services Fixed Price	\$176	\$200	YELLOW
		<i>Weighted Result</i>	GREEN

PST Financials

Measure	Results as of Jun 2008		
	Result	Target	
PST Revenue Actuals (vs. Budget)	\$15,257,768	\$15,413,843	GREEN
PST Actual Expenses (vs. Budget)	\$12,527,966	\$12,870,188	BLUE
PST Contribution \$ (vs. Budget)	\$2,729,802	\$2,543,655	BLUE
Divisional Margin %	17.9%	16.5%	BLUE
Utilization (days/mo)	12.0	12.0	GREEN
		<i>Weighted Result</i>	BLUE

Clients

Measure	Results as of Jun 2008		
	Result as of	Target	
Client SAT - Division	92.2%	90.0%	BLUE
Total Open Tech Support Calls at ME	734	784	BLUE
		<i>Weighted Result</i>	BLUE

Employees

Measure	Results as of Jun 2008		
	Result as of	Target	
Retention	92.2%	85.0%	BLUE

Weekly scheduled backlog

Actuals Through August 2008		Services Division - Projected								
Data as of: 9/9/2008 3:50:51 PM		Jan 08	Feb 08	Mar 08	Q1 08	Apr 08	May 08	Jun 08	Q2 08	Q1 - Q2 08
Client Practice A	Data Migration	\$135,487	\$91,107	\$113,737	\$340,332	\$79,485	\$88,235	\$169,176	\$336,897	\$677,229
	Institutional Advancement	\$44,331	\$55,419	\$56,697	\$156,447	\$99,215	\$69,629	\$73,633	\$242,477	\$398,924
	North Carolina Project	\$111,884	\$113,185	\$110,175	\$335,244	\$110,863	\$107,026	\$213,641	\$431,531	\$766,776
	Sub Total (Client Practice A)	\$291,703	\$259,711	\$280,610	\$832,023	\$289,564	\$264,891	\$456,451	\$1,010,905	\$1,842,929
Client Practice B	Client Practice B-1	\$284,279	\$272,250	\$283,855	\$840,385	\$324,687	\$254,434	\$248,930	\$828,052	\$1,668,436
	Client Practice B-2	\$301,885	\$342,667	\$260,541	\$905,092	\$313,676	\$258,285	\$322,210	\$894,170	\$1,799,263
	Client Practice B-3	\$236,648	\$312,477	\$203,771	\$752,896	\$256,066	\$254,729	\$238,991	\$749,787	\$1,502,682
	Client Practice Portal	\$110,403	\$233,457	\$145,265	\$489,125	\$168,257	\$148,483	\$166,441	\$483,181	\$972,306
	Sub Total (Client Practice B)	\$933,216	\$1,160,850	\$893,432	\$2,987,498	\$1,062,686	\$915,931	\$976,573	\$2,955,189	\$5,942,687
Client Practice A+B+CSI+Other	Sub Total (Client Practice A+B)	\$1,224,918	\$1,420,561	\$1,174,042	\$3,819,521	\$1,352,250	\$1,180,822	\$1,433,023	\$3,966,094	\$7,785,616
	Client Services Initiatives	\$17,523	\$53,108	\$61,821	\$132,451	\$50,301	\$33,955	\$32,090	\$116,347	\$248,798
	Other A + B									
	Sub Total (Client Practice A+B+CSI+Other)	\$1,242,441	\$1,473,669	\$1,235,862	\$3,951,972	\$1,402,551	\$1,214,777	\$1,465,113	\$4,082,441	\$8,034,413
Client Practice C	Reporting & Bus Automation	\$264,995	\$230,318	\$228,750	\$724,064	\$190,906	\$171,493	\$218,537	\$580,936	\$1,304,999
	Client Training	\$187,925	\$329,460	\$240,425	\$757,810	\$278,373	\$319,326	\$458,592	\$1,056,291	\$1,814,101
	Sub Total (Client Practice C)	\$452,920	\$559,778	\$469,175	\$1,481,874	\$469,279	\$490,819	\$677,129	\$1,637,227	\$3,119,101
Technical Services	ITIS	\$130,984	\$71,521	\$98,968	\$301,472	\$127,918	\$82,730	\$101,214	\$311,862	\$613,334
	Custom Software	\$208,620	\$251,924	\$291,703	\$752,247	\$276,160	\$262,777	\$333,056	\$871,993	\$1,624,240
	Sub Total (Technical Services)	\$339,603	\$323,445	\$390,671	\$1,053,719	\$404,078	\$345,507	\$434,270	\$1,183,855	\$2,237,574

Lessons learned

- Build your own operational support team
 - ▣ Business Intelligence
 - ▣ Revenue Planning
 - ▣ Business Analysis
- Keep the PS team optimized to improve margins
- Drive service development until there is corporate adoption
- Incent managers for the overall revenue goal

Keys to success



- Know the *your* PS business
- Drive sales and marketing
- Transform service managers into business owners



For more information

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