

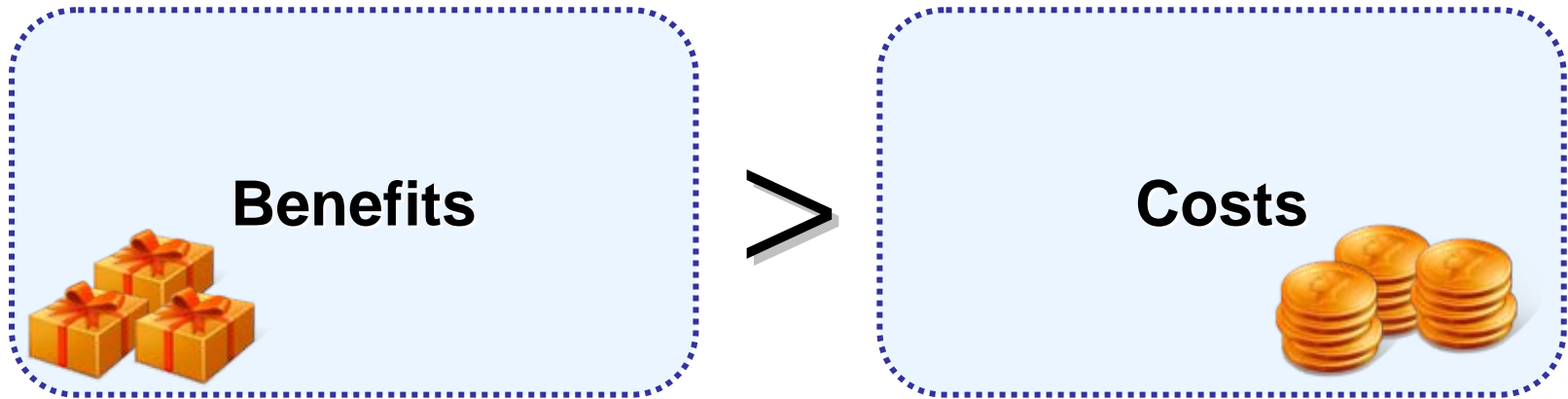


Selling the Value of Support and Maintenance

About ServiceXRG

- Market research and business consulting firm dedicated *exclusively* to service industry issues
- A balanced perspective with views from users, vendors and partners
- Hundreds of surveys and interviews conducted annually
- Performance benchmarking, competitive analysis, trend analysis and demand drivers
- Coverage in North America, Europe and China

Value



Value is...

A Perception Influenced by Intellectual & Emotional Factors

Intellectual

Fulfils a Need
Delivers Tangible Benefits

Evidence that the
benefits of Support are
equal to or greater than
the cost

Emotional

Security, Piece of Mind
Confidence
Trust

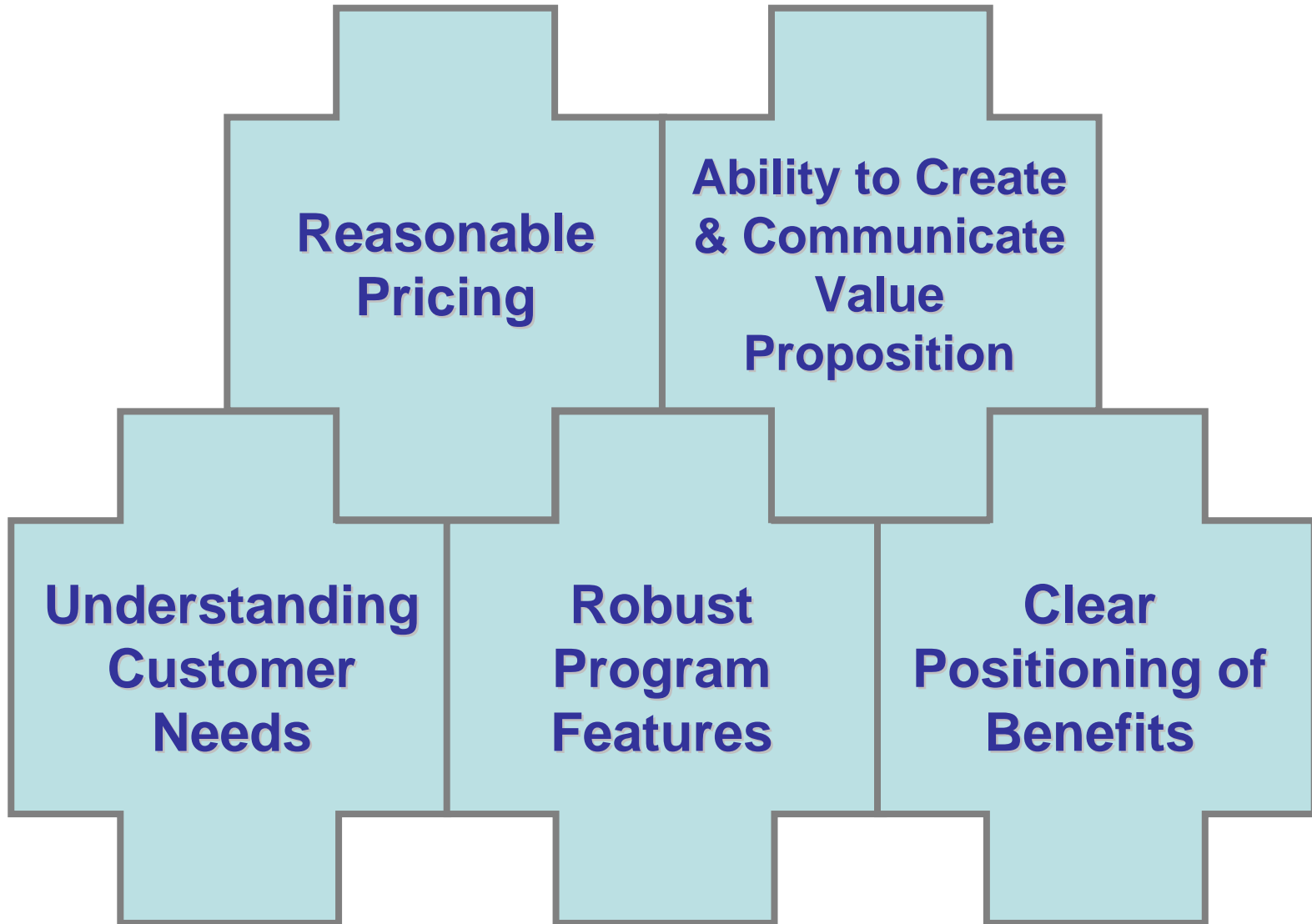
The feeling that Support
provides piece of mind and
security

Selling the Value of Support

Selling the value of support is the process by which we make the case for why the customer is better off with it than without.

Five Fundamental Ingredients

Selling the Value of Support

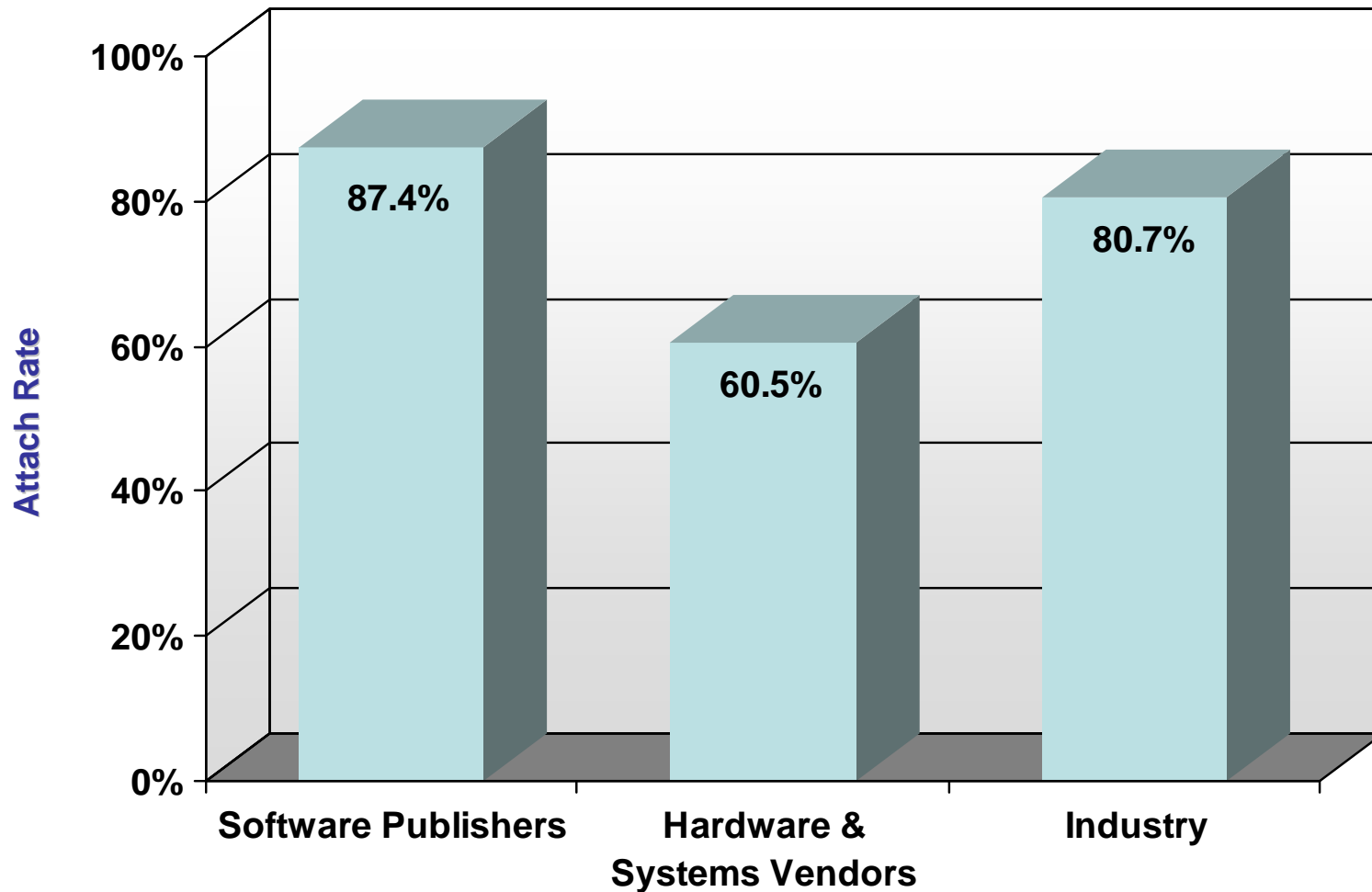


Indicators of Success

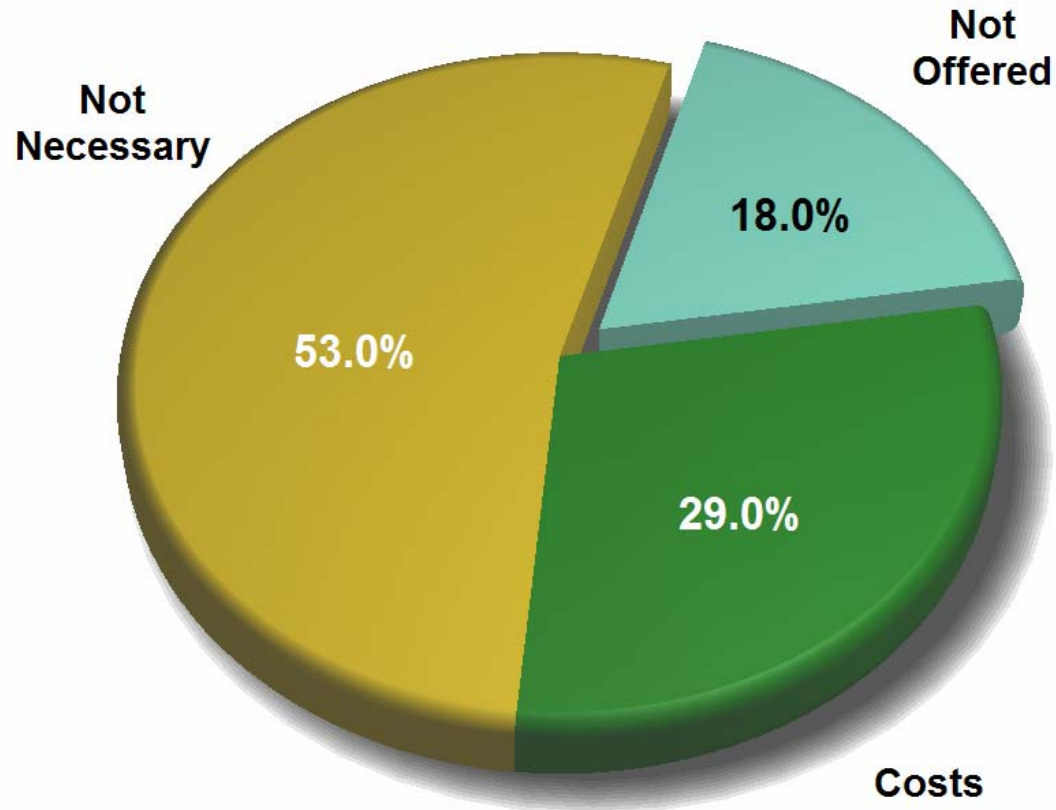
Baseline Metrics

- **Attach Rate** – The rate that customers buy Support and Maintenance
- **Renewal Rate** – The rate that existing customers renew contracts

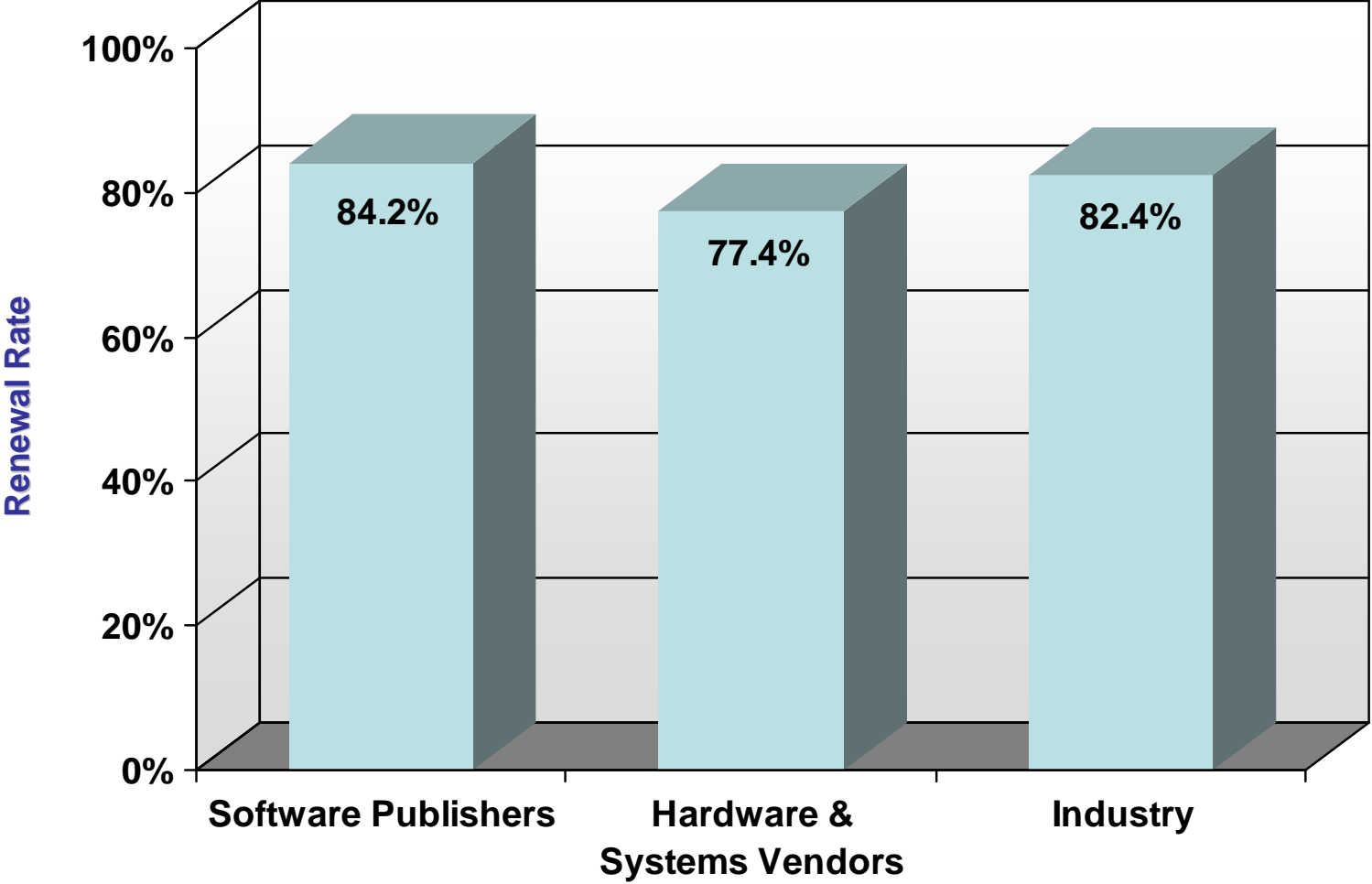
Attach Rates



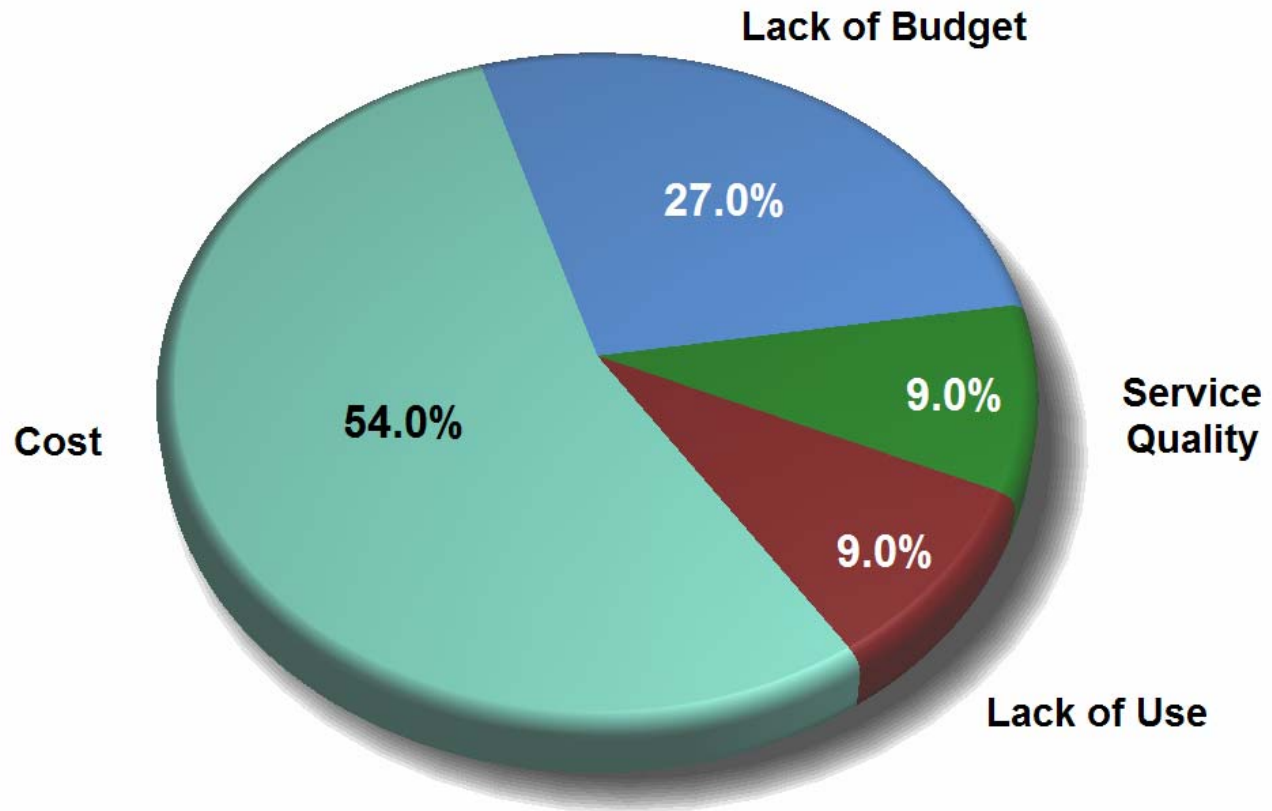
Reasons Customers Do Not Buy



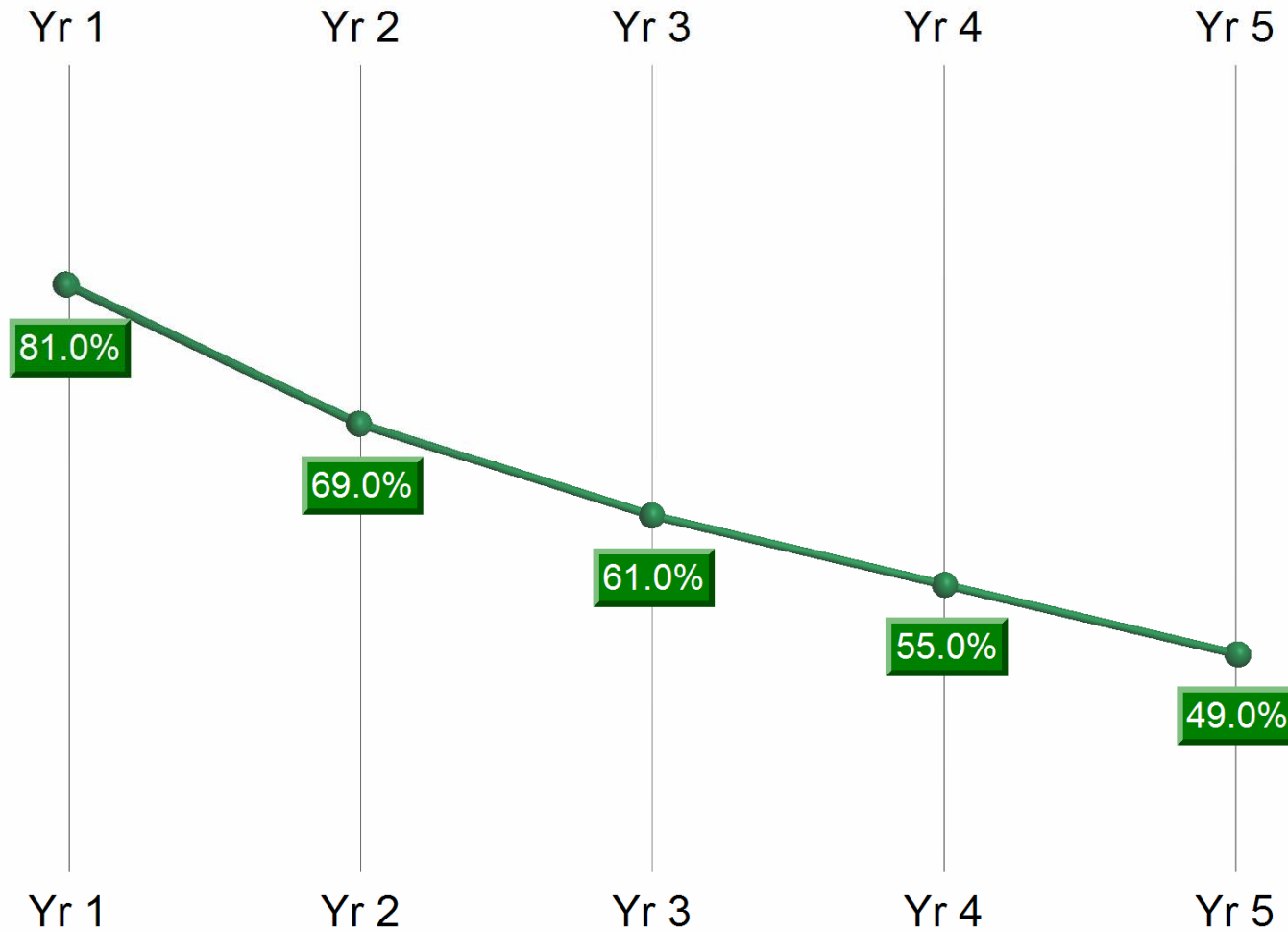
Renewal Rates



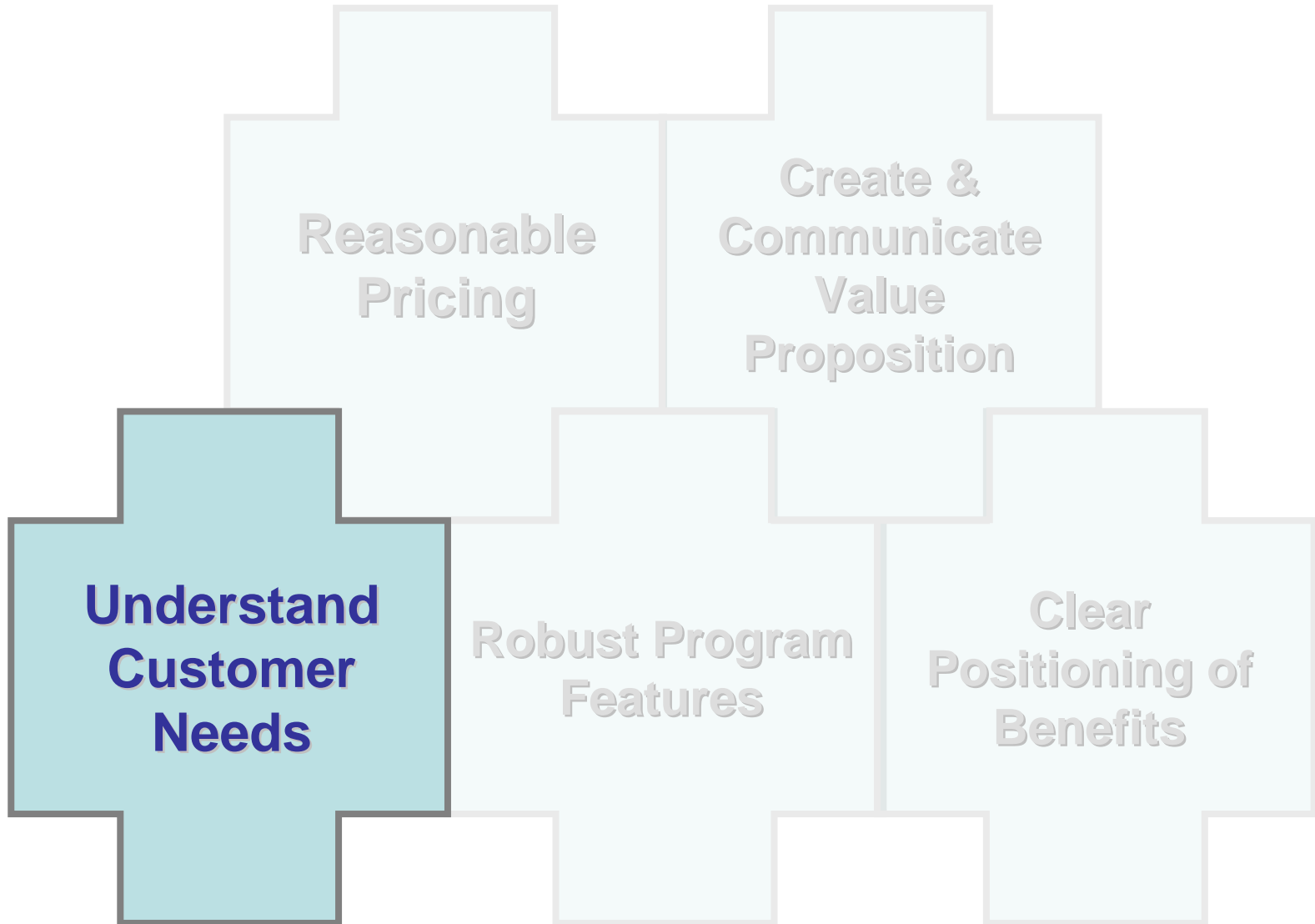
Reasons Customers Do Not Renew



The Implications of “Average”

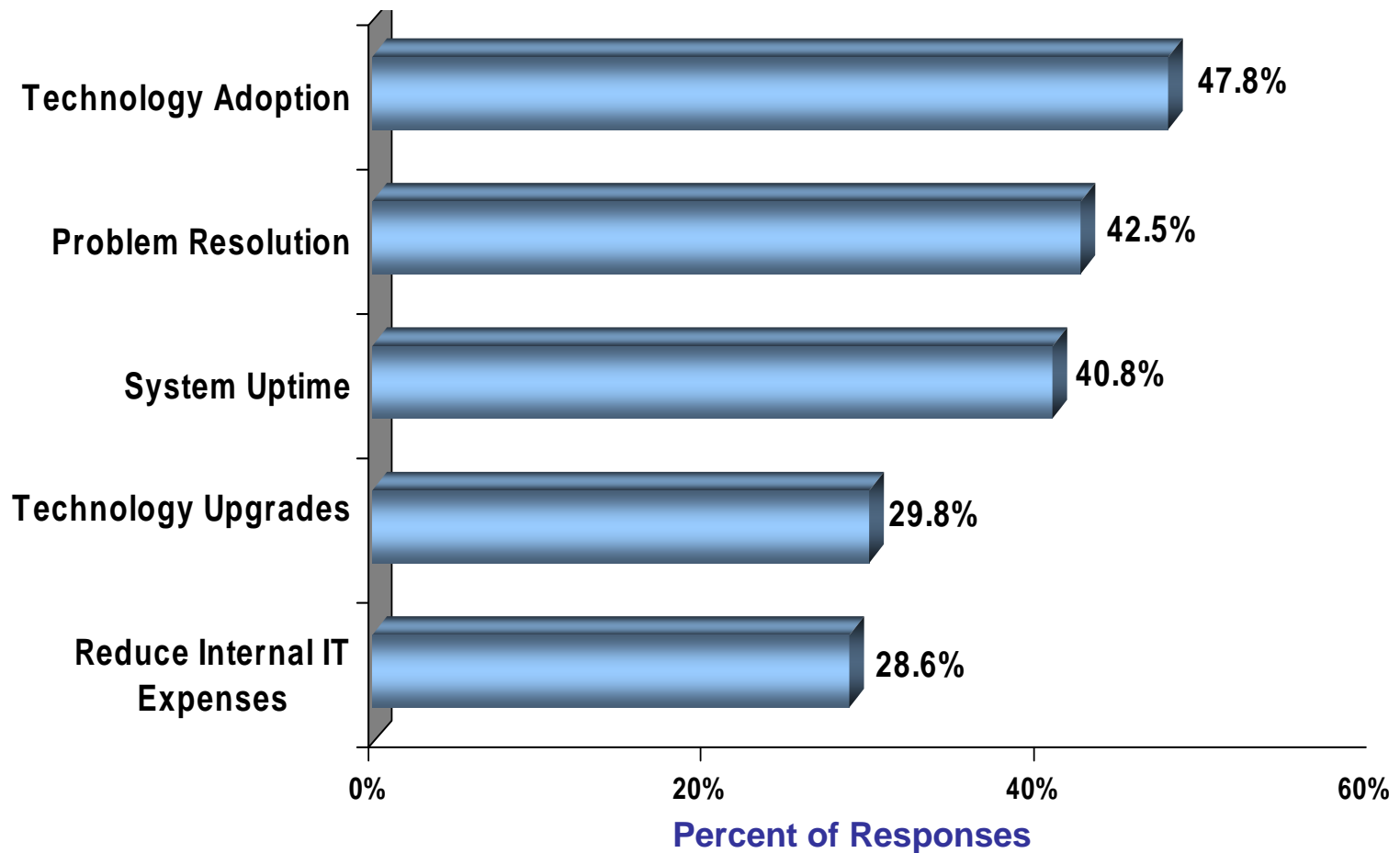


Percent of Customers Under Contract

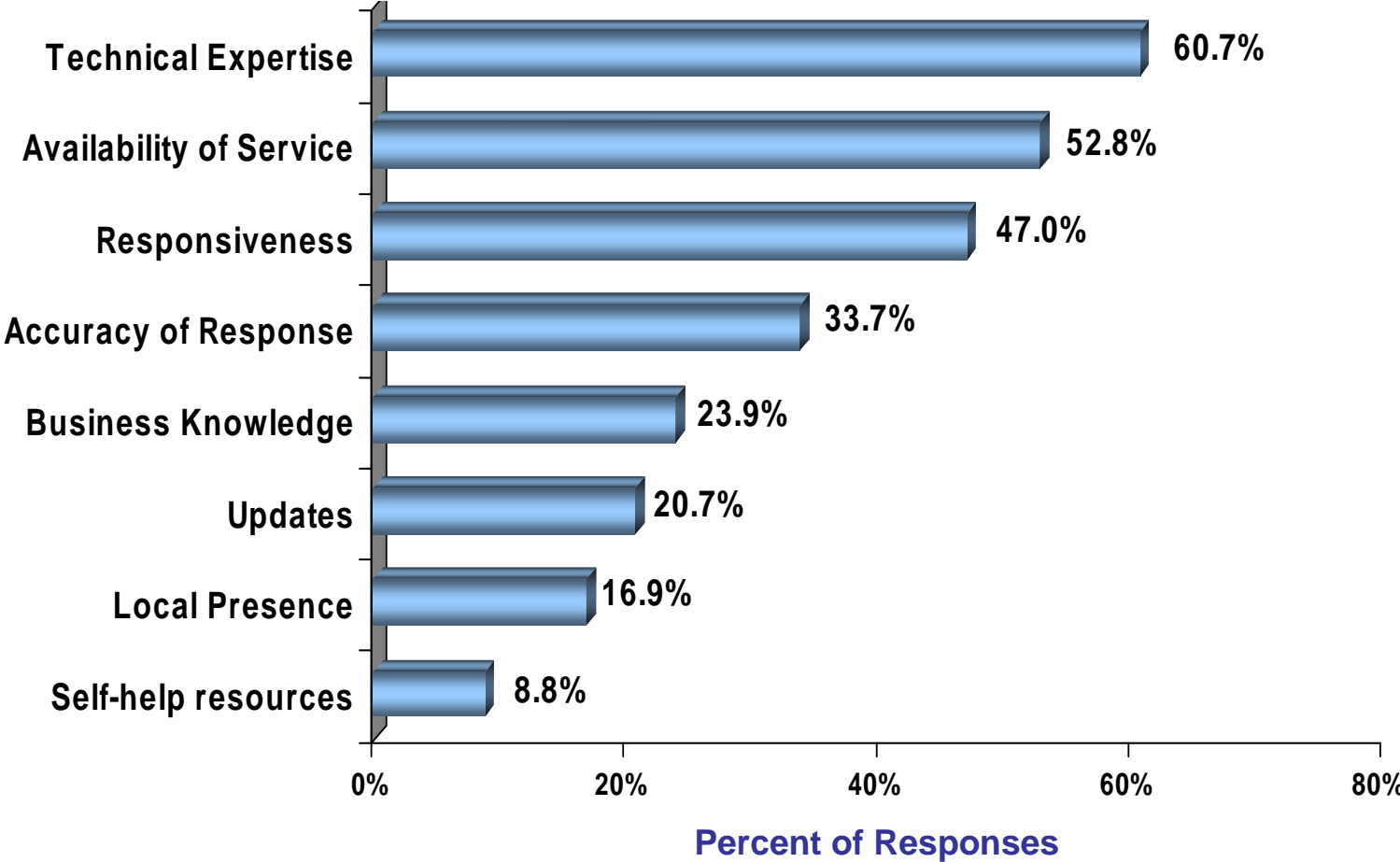


***Rule #1 – Know what your
customers need***

Top 5 Reasons Customers Buy Support



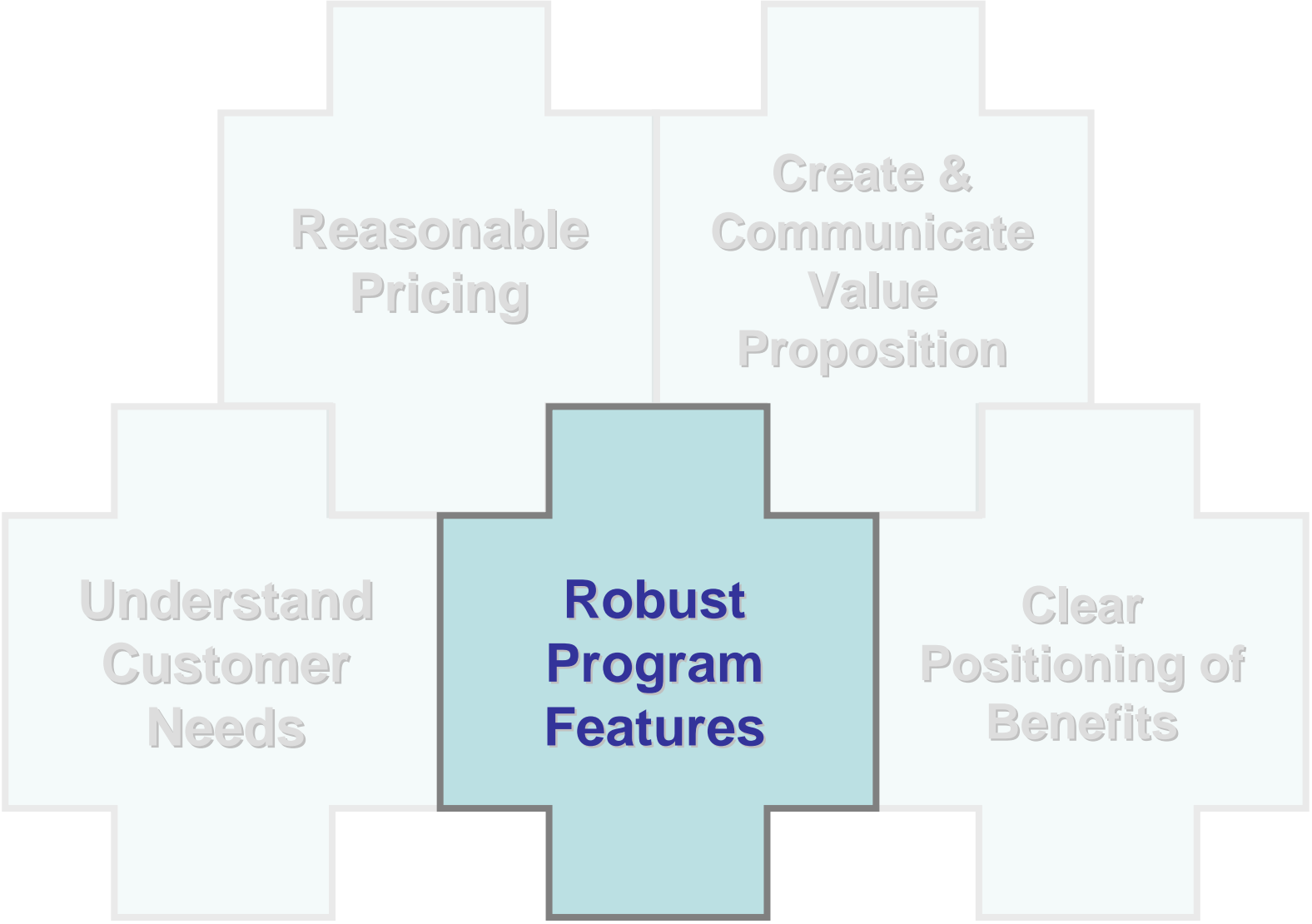
Most Important Attributes of Support



What Customers Need

- Help getting systems up and running
- Availability of expertise when needed to resolve problems
- Tools and resources to keep systems running
- Ability to manage the costs and maximize the return from investments

***Use your products to drive their
business forward***



**Reasonable
Pricing**

**Create &
Communicate
Value
Proposition**

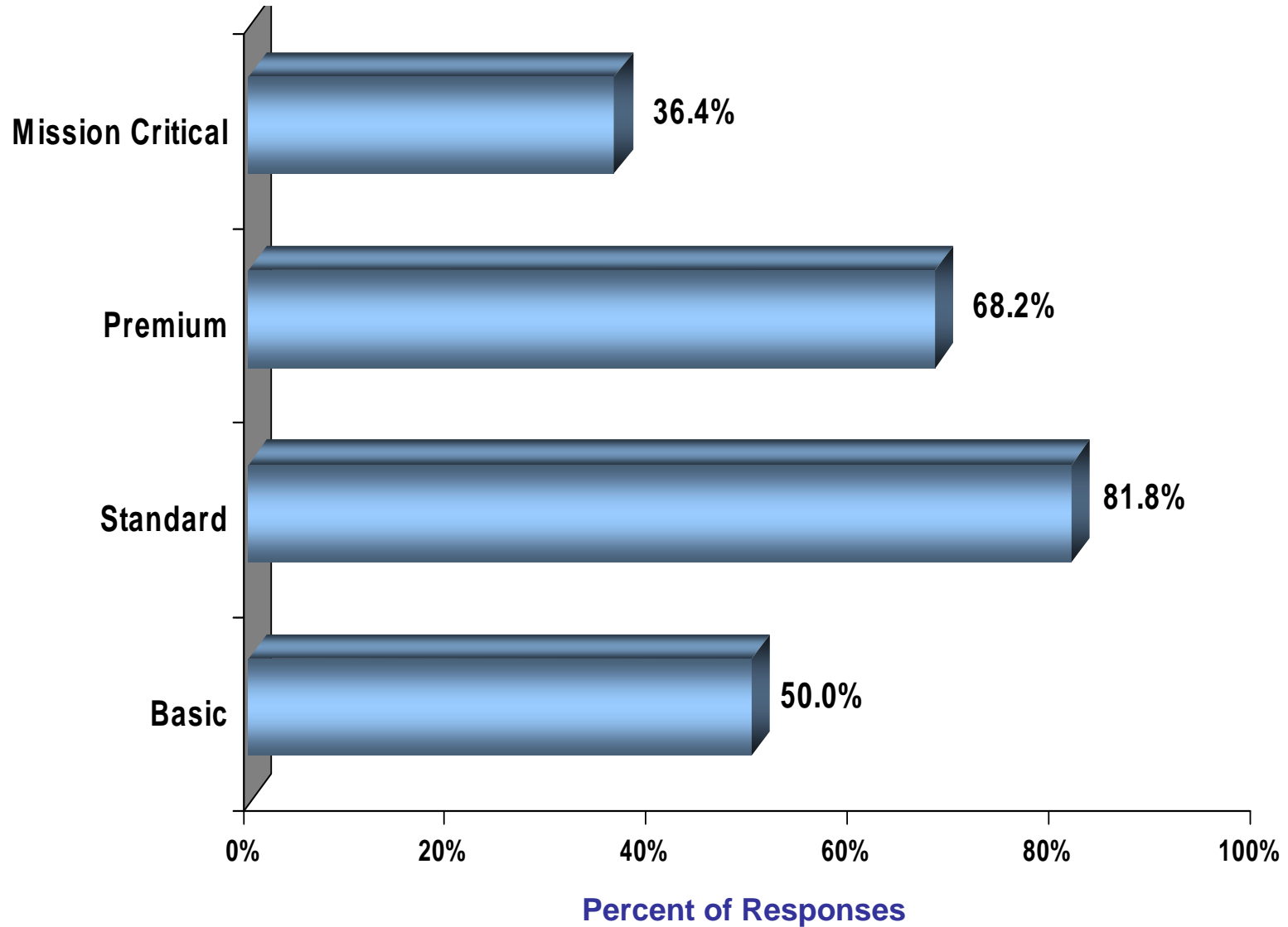
**Understand
Customer
Needs**

**Robust
Program
Features**

**Clear
Positioning of
Benefits**

Rule #2 – Offer a set of program features to address customers need

Portfolio of Offerings



Program Features

A Palette of Options

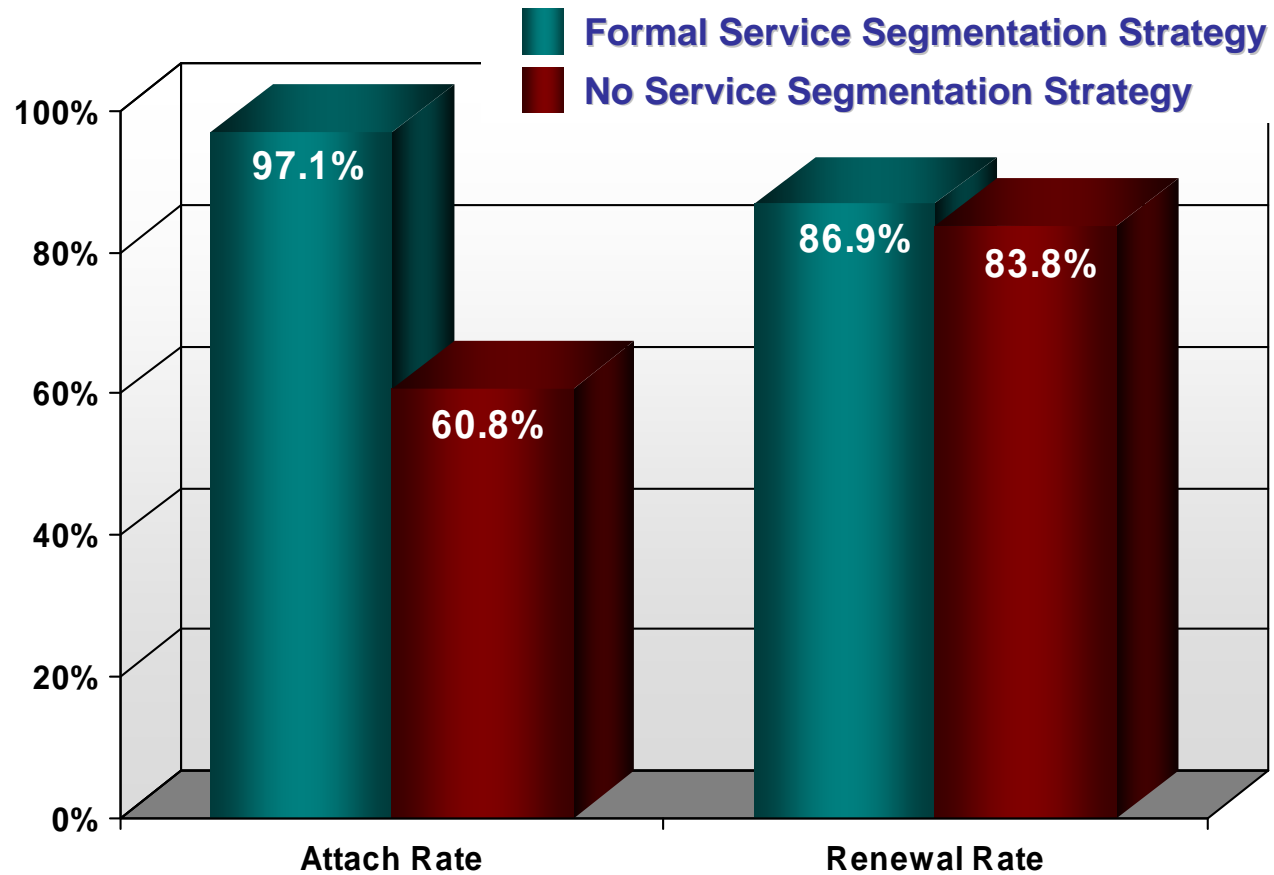
	Basic	Standard	Premium	Mission Critical
Availability				
Local Hours	✓	✓		
Extended		✓	✓	
7 x 24 x 365			✓	✓
Delivery				
Electronic	✓			
Phone	✓	✓	✓	✓
Remote Control	✓	✓	✓	✓
On-Site				✓
Service Levels				
Targets		✓	✓	
Guarantees				✓
Penalties				✓
Account Management				
Technical			✓	✓
Non-technical		✓	✓	✓
Dedicated			✓	✓
Team			✓	✓
Updates				
Patches	✓	✓	✓	✓
Updates	✓	✓	✓	✓
Upgrades		✓	✓	✓

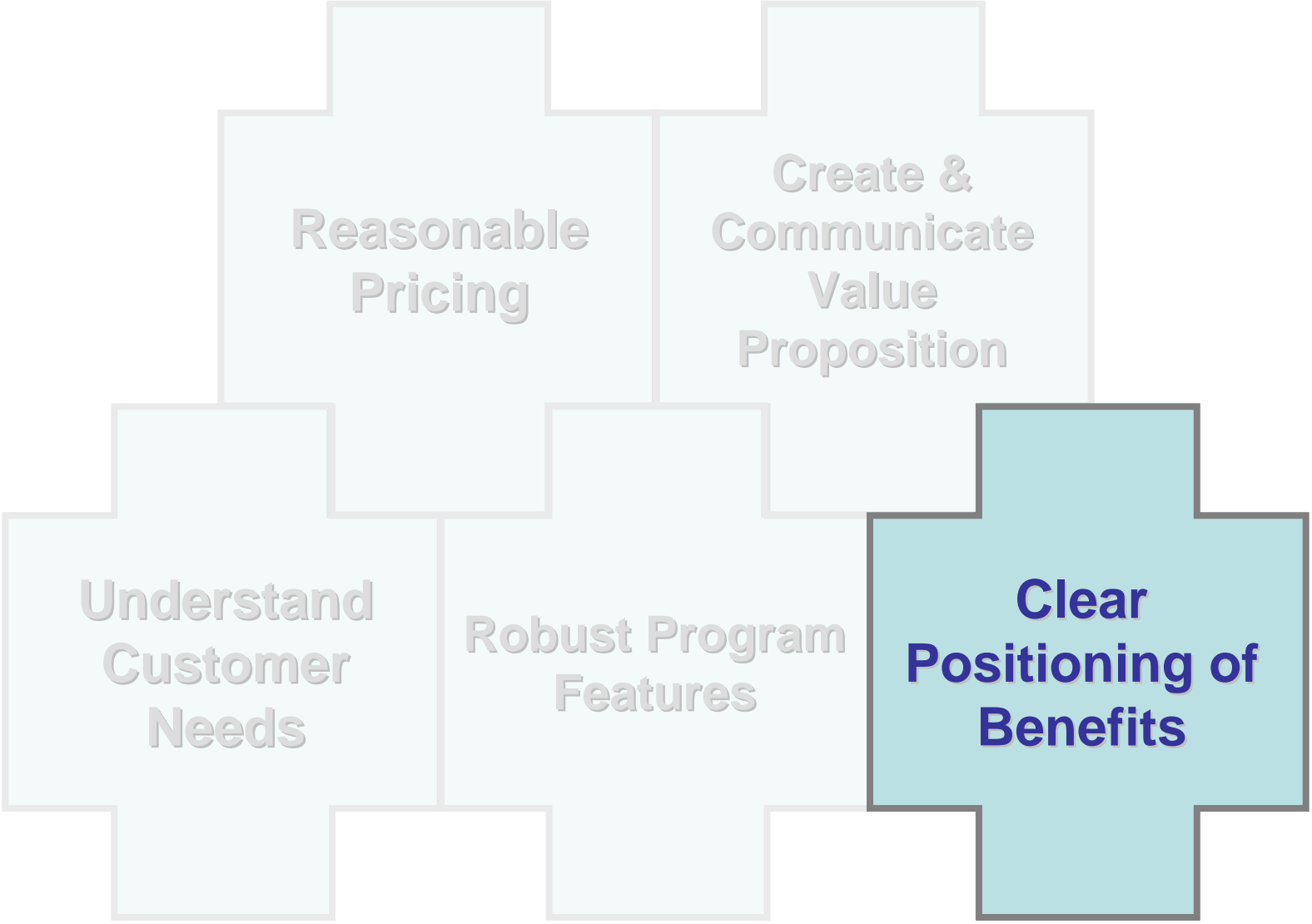
Portfolio Alignment with Customer Needs

- Offerings should be driven by reasonable customer needs and not overly constrained by delivery capabilities
- Recognized needs within key customer segments
- Customer needs for program features may transcend traditional sale-centric segments

Impact of Service Segmentation

Attach & Renewal Rates





Reasonable Pricing

Create & Communicate Value Proposition

Understand Customer Needs

Robust Program Features

Clear Positioning of Benefits

***Rule #3 – Make the connection
between the program features and
how they will benefit the customer***

Needs > Features > Benefits

Customer Needs

Program Features

Benefits

Get systems up and running

- Remote installation assistance
- Upgrade planning
- Leverage tools and best practices
- On-site

- Faster time to benefit
- Ability to absorb innovation

Availability of expertise

- Hours of coverage
- Account management
- Priority routing
- SLAs
- Knowledge transfer

- Minimize lost productivity
- Enhance user efficiency

Keep systems running

- Product updates / fixes
- Monitoring
- Tuning

- System performance and reliability (up-time)

**Reasonable
Pricing**

**Create &
Communicate
Value
Proposition**

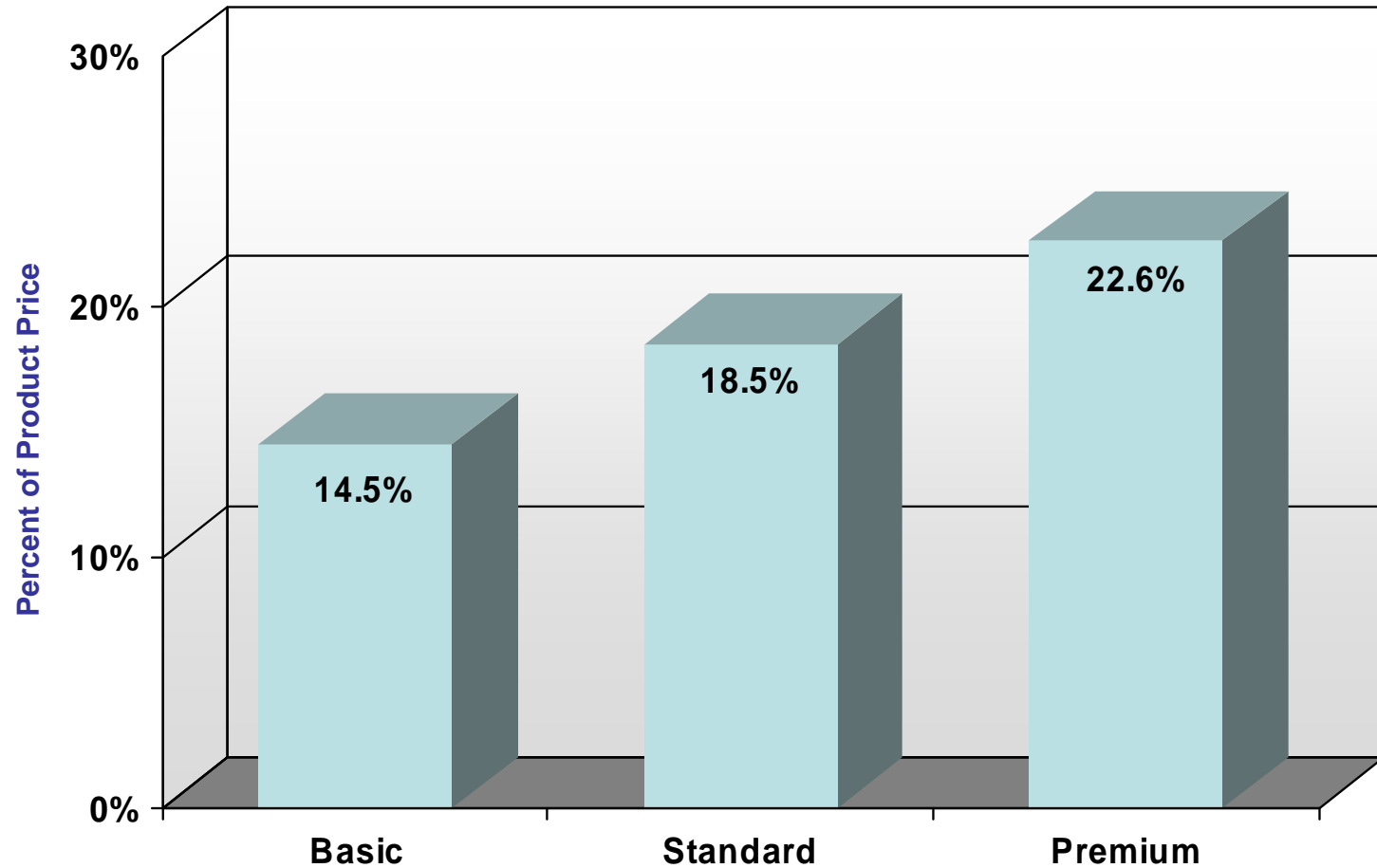
**Understand
Customer
Needs**

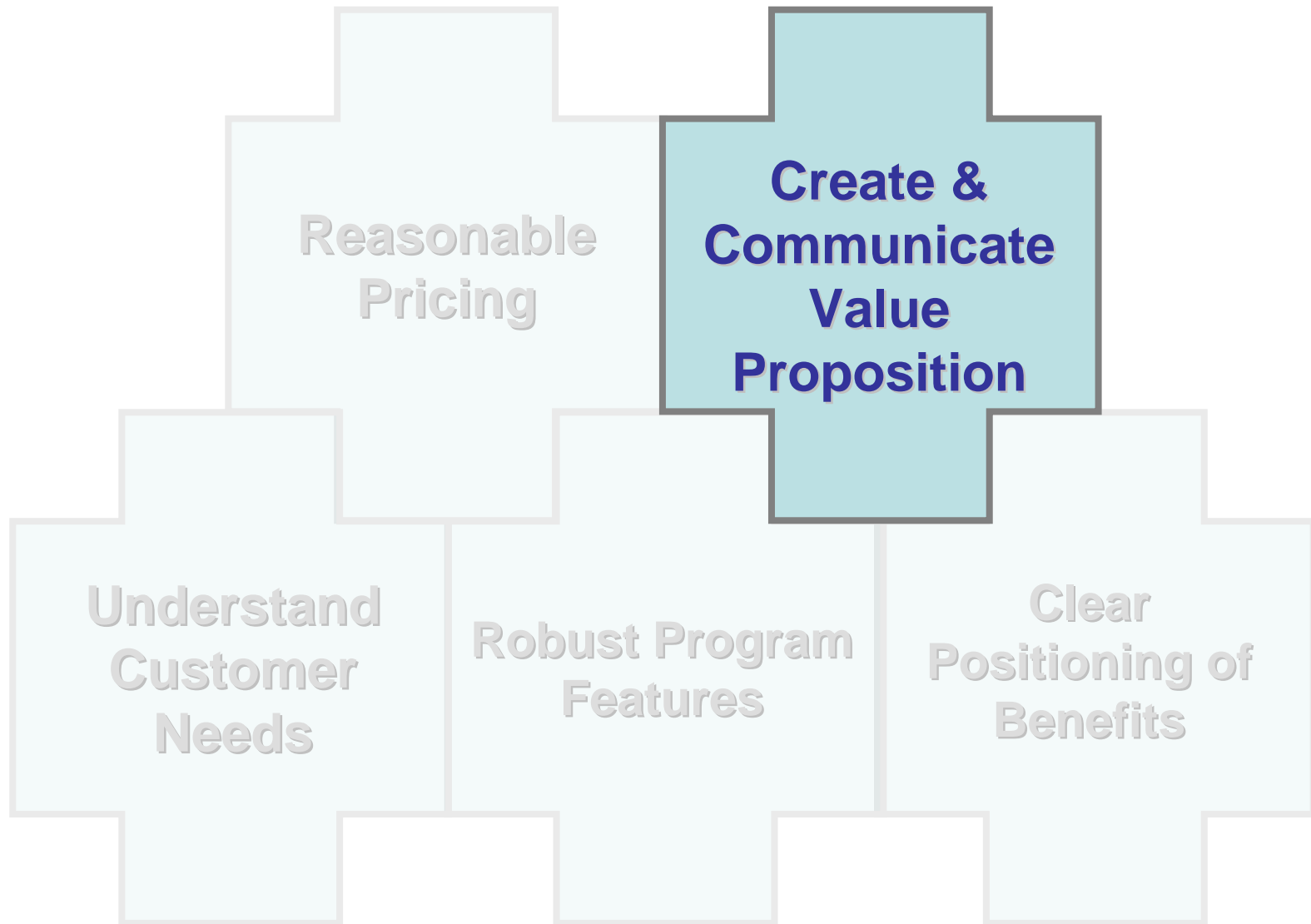
**Robust Program
Features**

**Clear
Positioning of
Benefits**

***Rule #4 – Program price must be
within the “ball park”***

Average Program Price



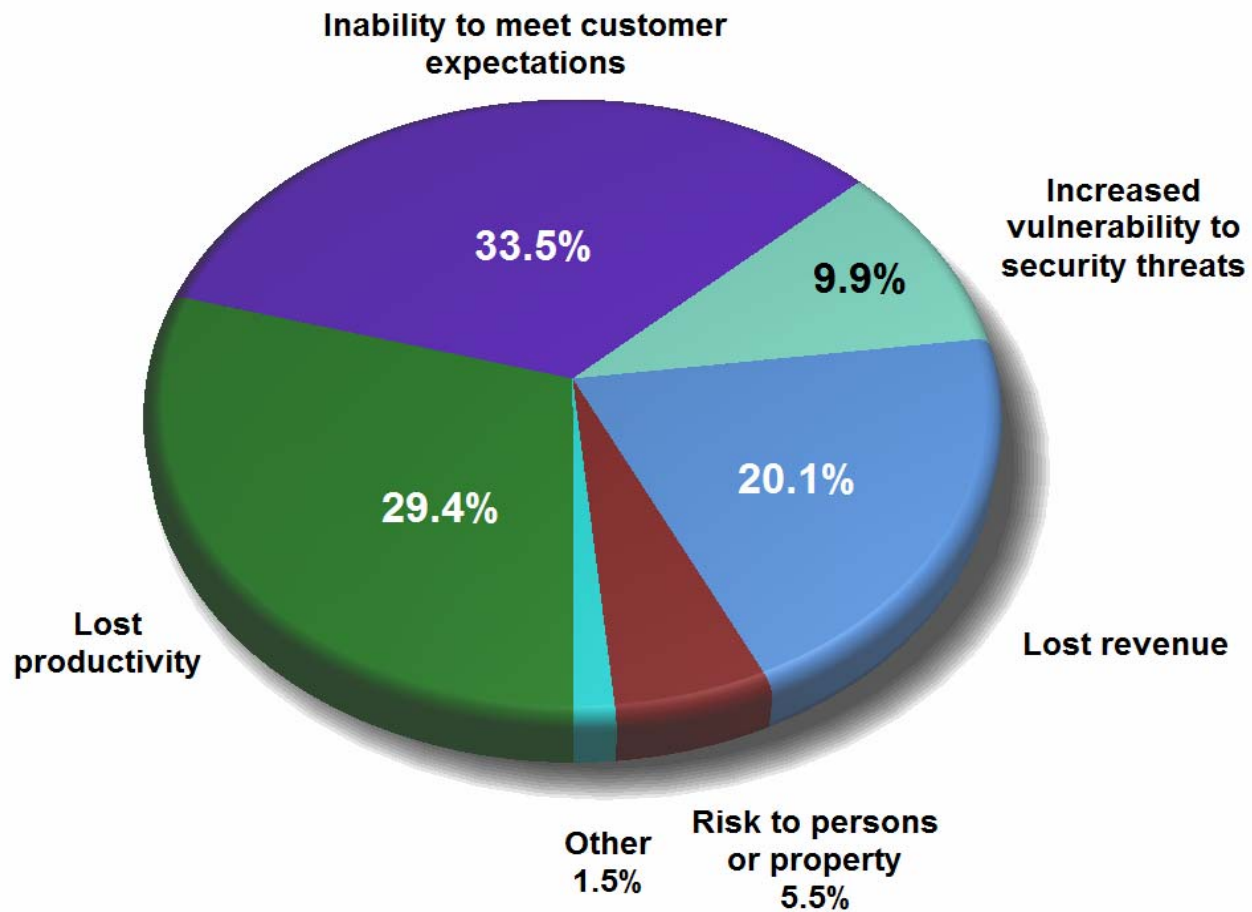


***Rule #5 – Create a credible and
quantifiable value proposition***

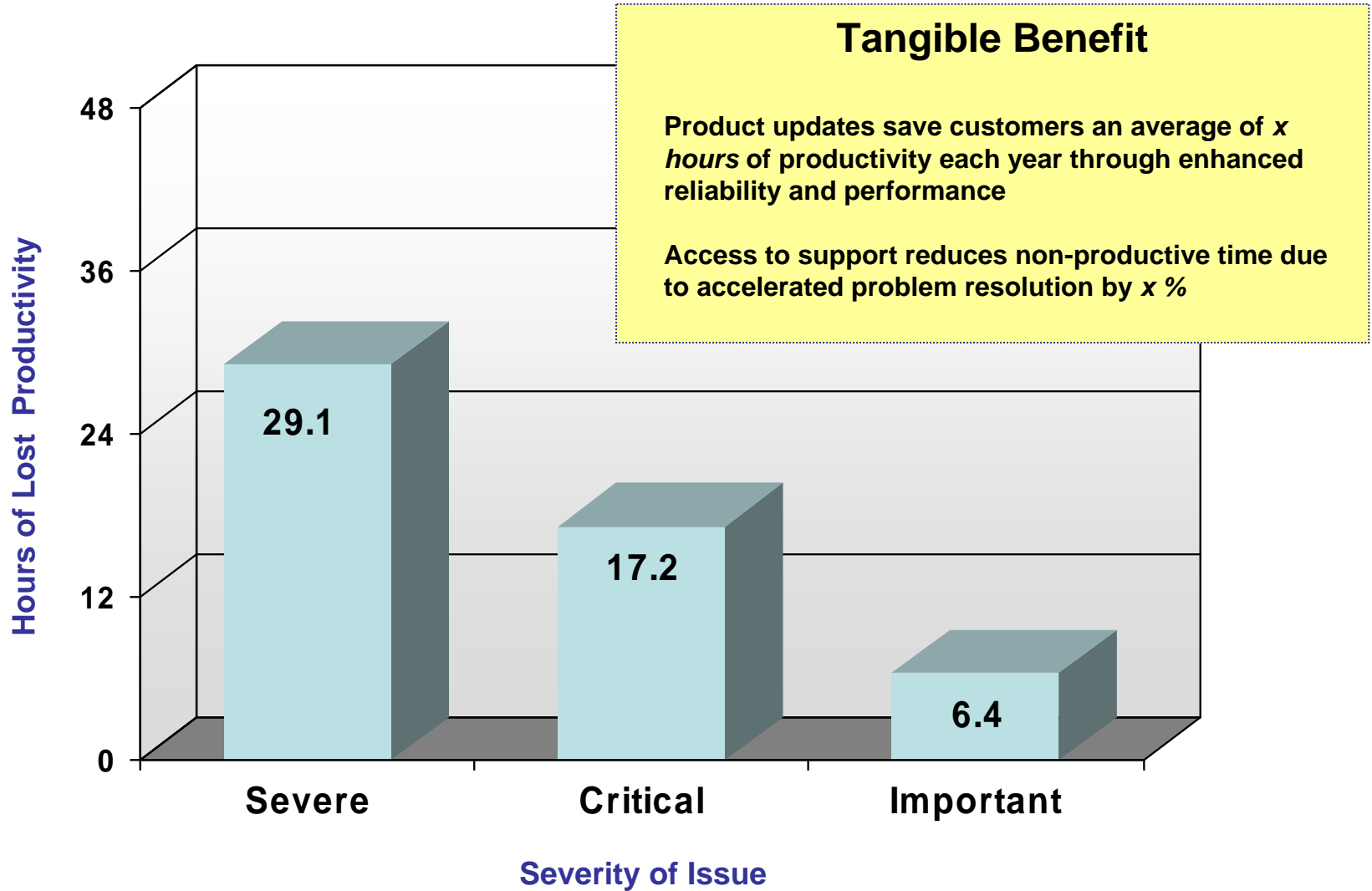
Examples of Quantified Business Benefit

- Minimize lost productivity (downtime)
- Increase user productivity / Accelerate time to benefit
- Hedge against lost product value

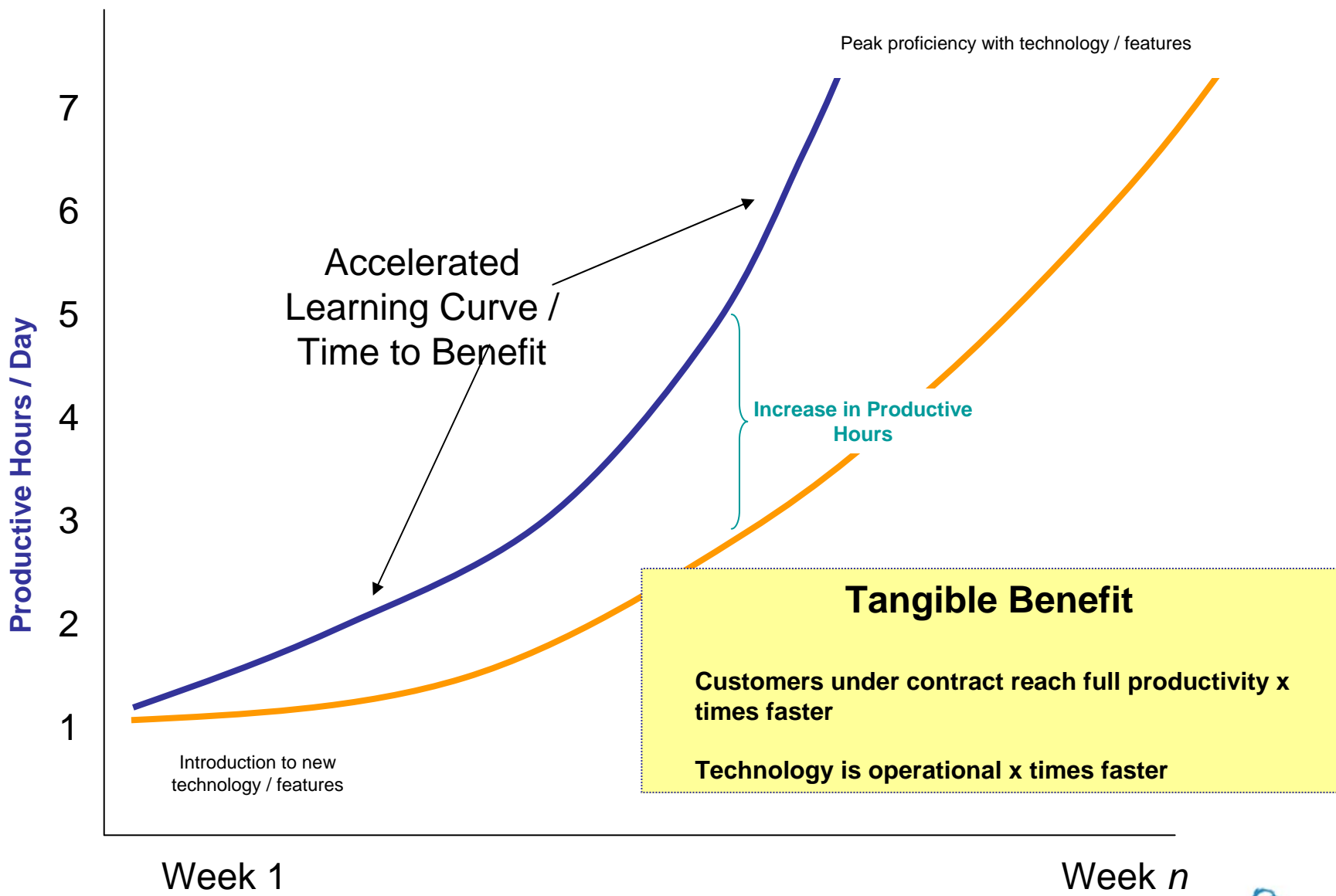
Impact of Downtime



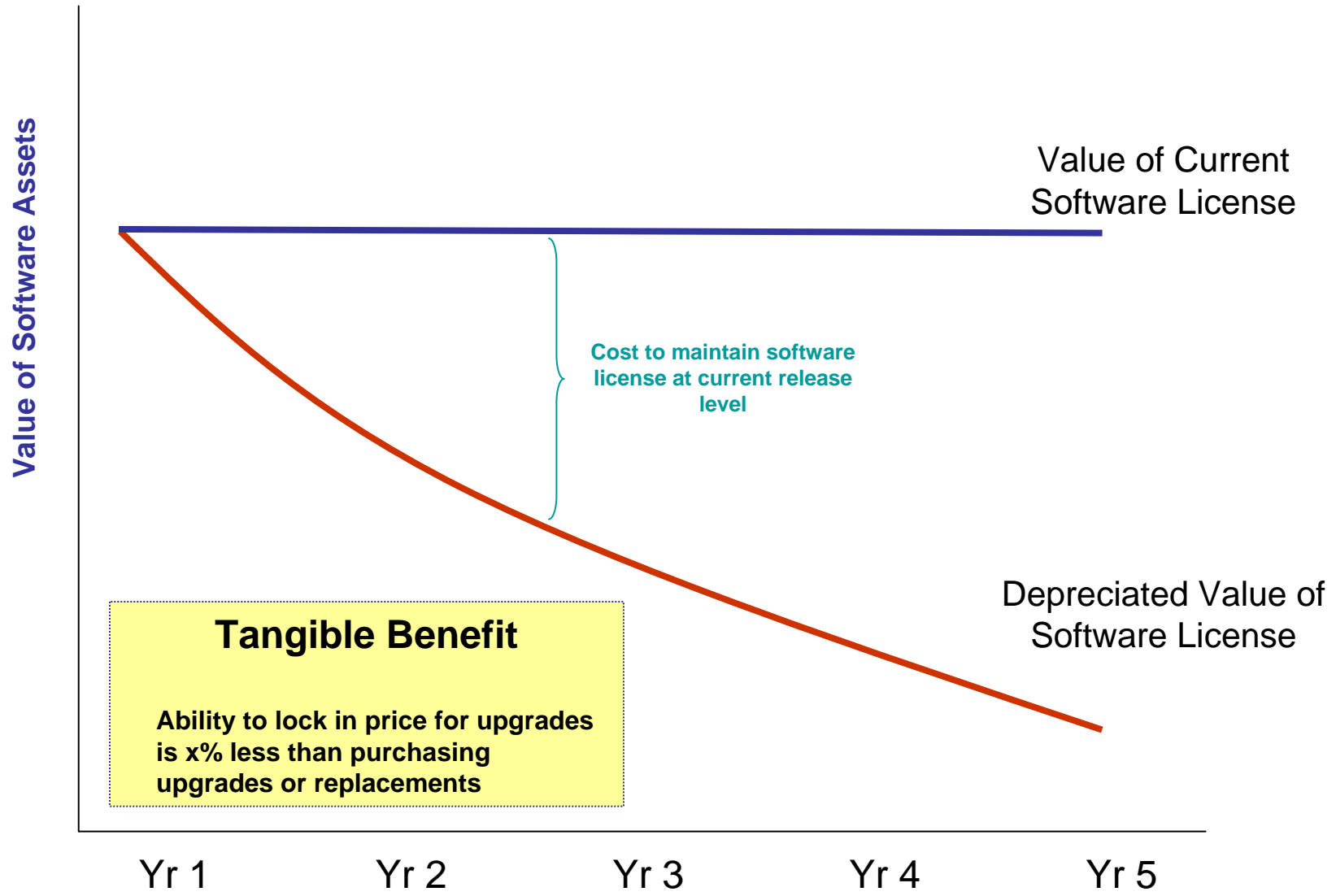
Cost of Lost Productivity

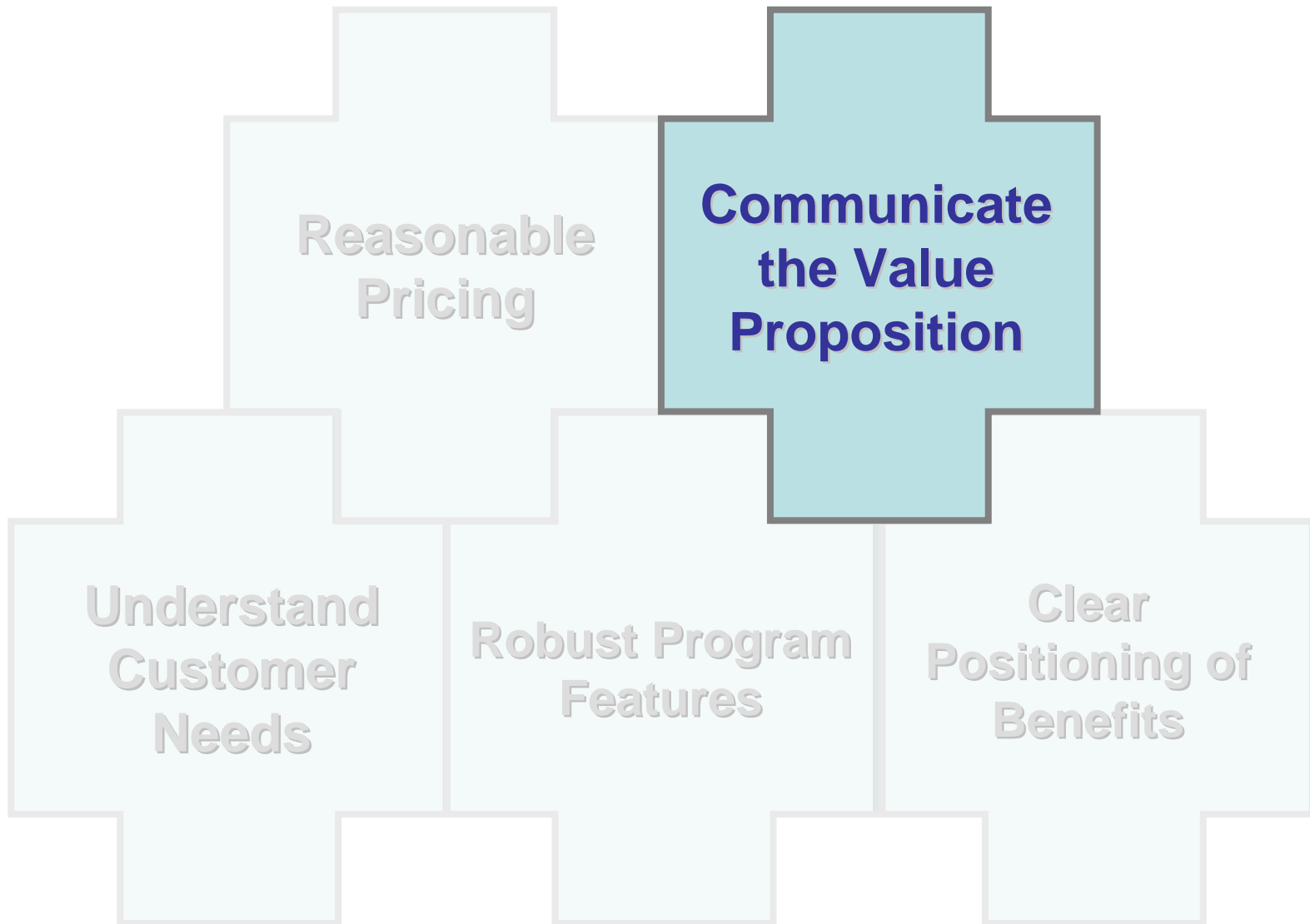


Increased User Productivity / Time to Benefit



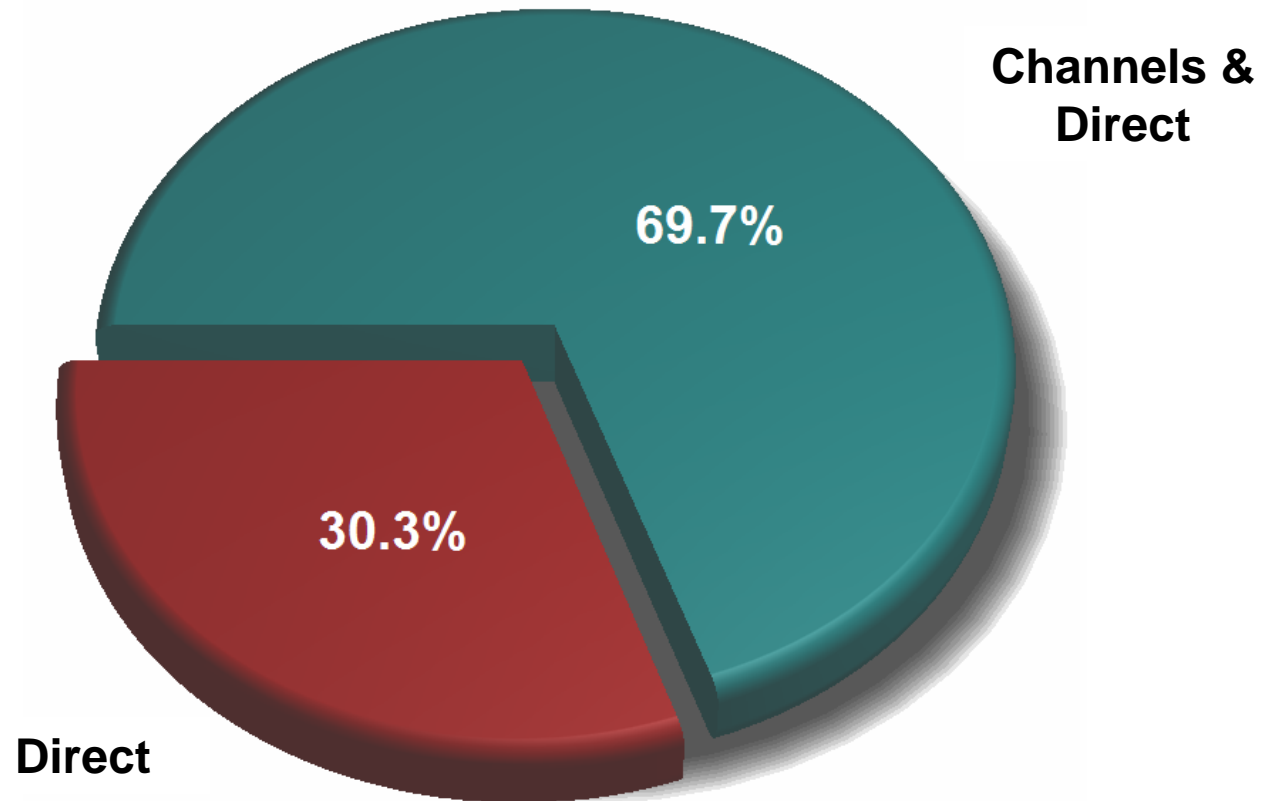
Minimize Software Depreciation





Rule #5a – Communicate the value proposition

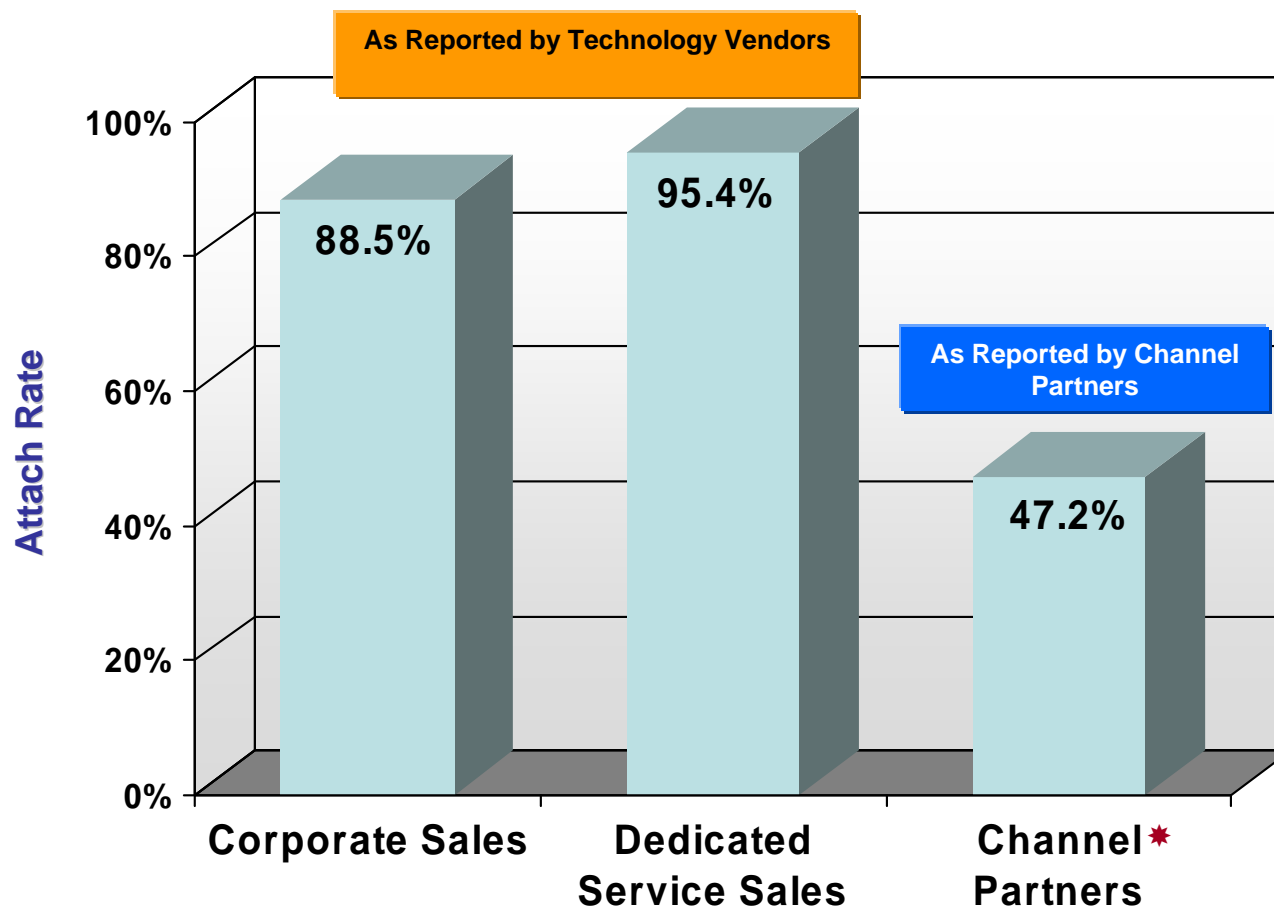
How do you sell support?



Enable Your Channels to Sell the Value

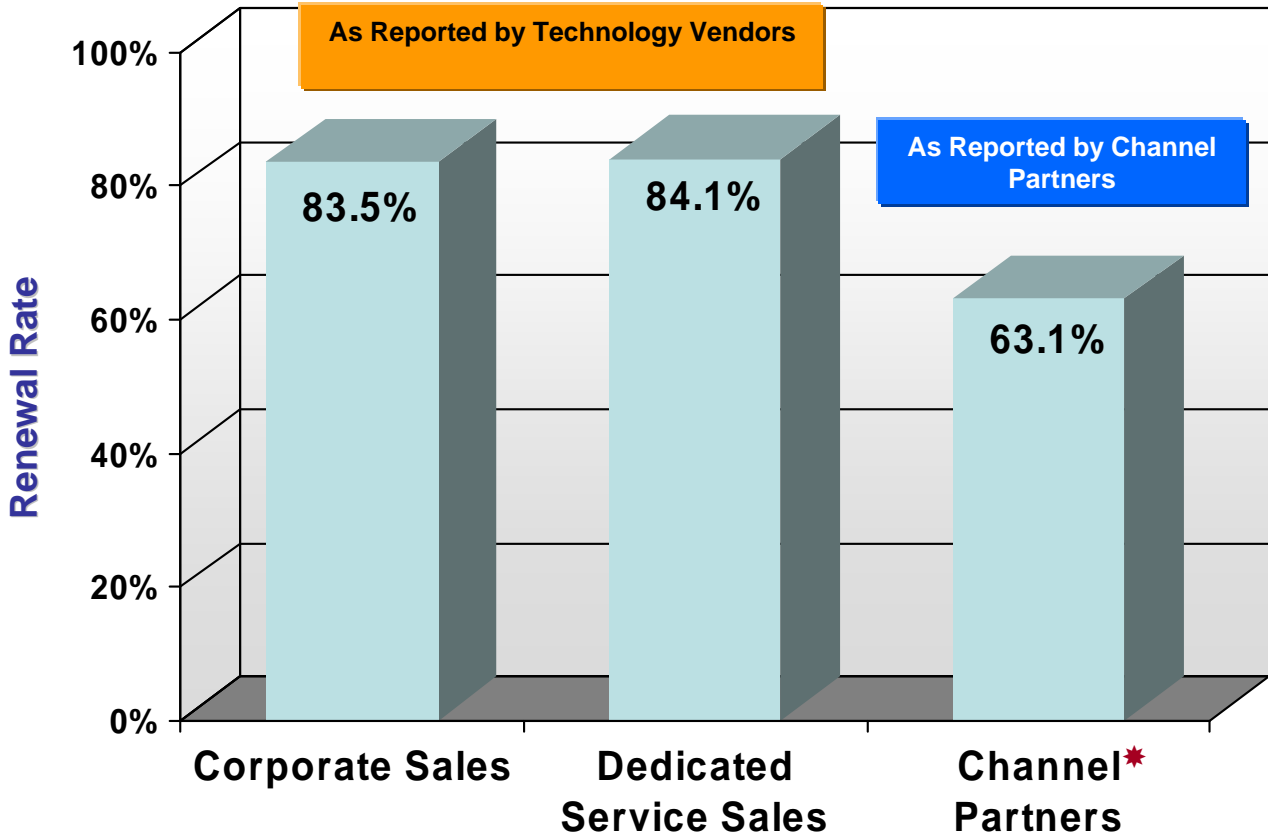
- Train, train, train your channels
- Provide tools and resources to
 - Describe features
 - Position benefits
 - Quantify value
- Reward good performance

Attach Rates By Sales Channel



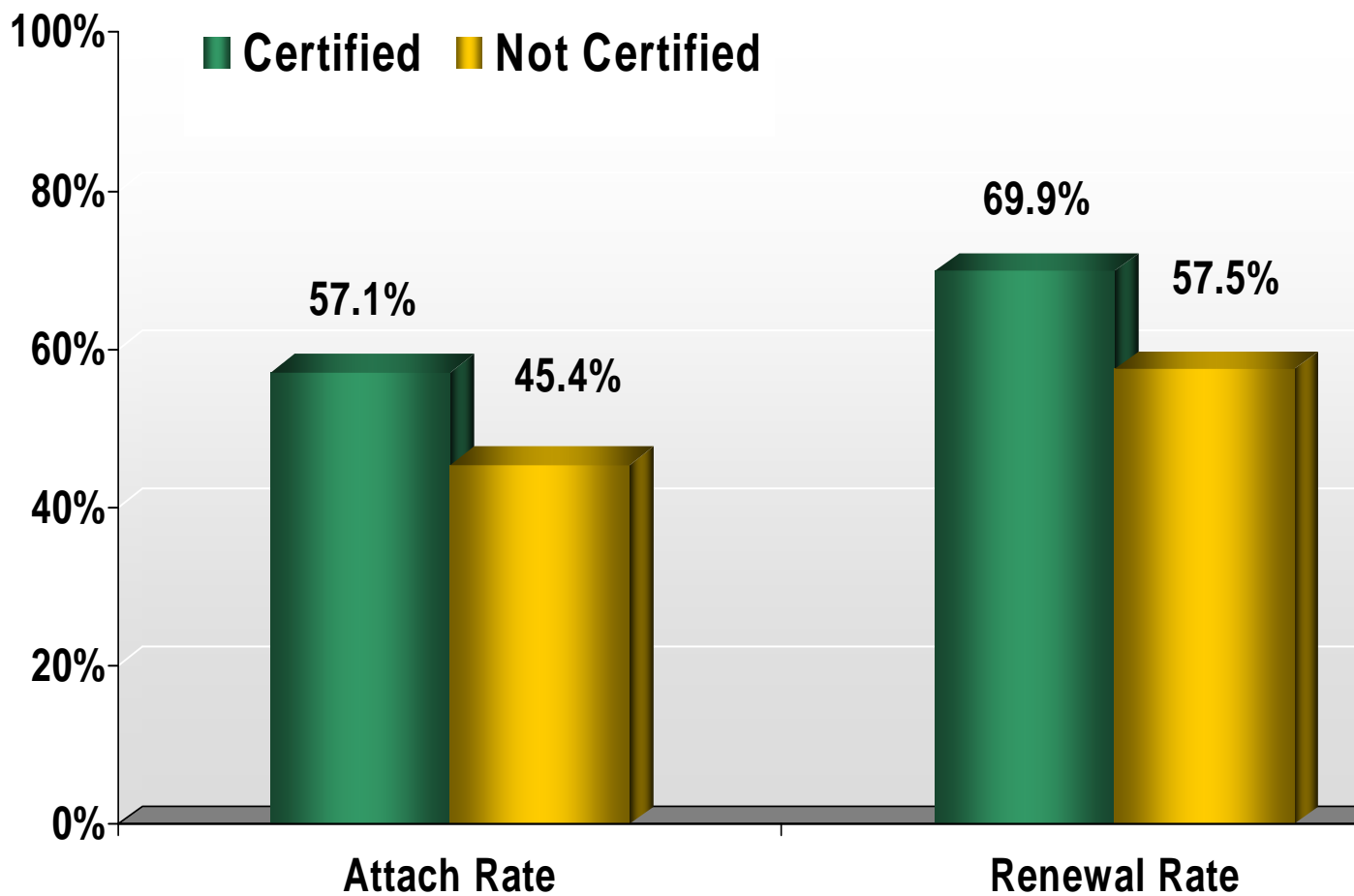
* **Note:** Channel Partner attach rate relates only to the sale of vendor branded service contracts.

Renewal Rate By Sales Channel



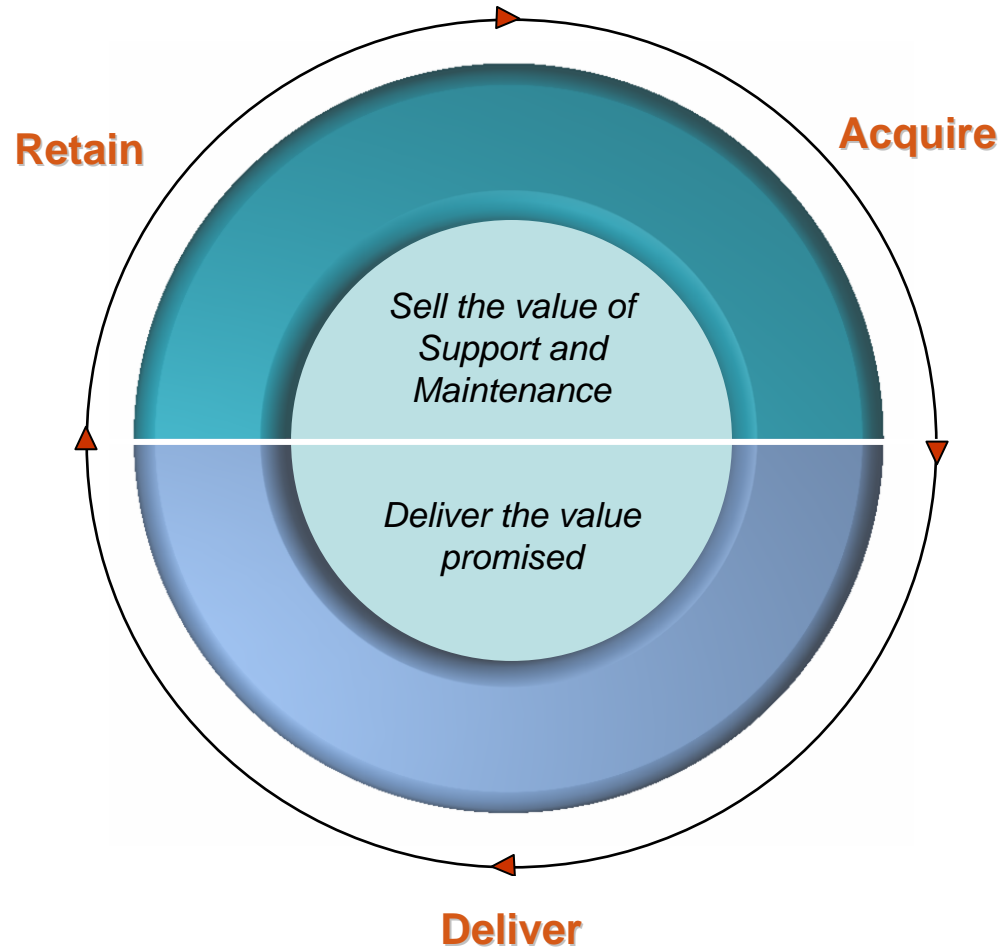
* Note: Channel Partner renewal rate relates only to the renewal of vendor branded service contracts.

Impact of Certification



***Rule #6 – Deliver the benefits
promised to win the renewal***

The Support Relationship Lifecycle



Selling the Value of Support

- Know what your customers need
- Offer a set of program features to address customers need
- Make the connection between the program features and how they benefit the customer
- Shift the discussion from price to benefit
- Create a credible and quantifiable value proposition
- Enable channels to communicate the value proposition
- Deliver the benefits promised to win the renewal

Thank you

Questions?

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