



## Critical Success Factors for Managed Services in Your Dealership

BTA Mid-America, May 4, 2012

# Managed Network Services

---

- ▶ Operational support of network systems and technologies using remote capabilities...delivered in the *appropriate* way via:
  - ▶ *Remote Monitoring*
  - ▶ *System Management*
  - ▶ *Remote Remediation*
  - ▶ *End User Help Desk*
  - ▶ *On-site Service (as required)*
  
- ▶ A better way to manage your current IT environment and prepare for the future of Information Technology...the Cloud!



# Technology Trends

---

- ▶ The 80's was the decade of the PC...
- ▶ ... the 90's was all about the internet...
- ▶ The 00's were dominated by eCommerce & Social Media...
- ▶ ...and the 10's and beyond...will be all about the Cloud!



# Technology Planning For Your Customer

---



- ▶ Business Owners and SMB executives have heard about the cloud market:
  - ▶ Likely use these technologies as consumers
  - ▶ Seeking to understand how this new paradigm fits for their businesses today...and in the future
  - ▶ Most businesses do not have a plan for this technology direction, they just know that they should be doing something
  - ▶ For most executives, the execution steps (and options) are not clear



# Technology Planning = Enhancing Value

---



- ▶ Moving from Customer Service to Program Management
  - ▶ Increasingly we are selling “Programs”
  - ▶ Based on managing data and Key Performance Indicators (KPI's) over time
  - ▶ Generate off-cycle opportunities based on changes within the environment ...and/or in what we offer
  - ▶ Provides clarity to a picture that is, well, cloudy today



## 4 Areas to discuss today...

---

- ▶ Technology Oriented Service Provider
- ▶ Providing Technology-as-a-Service
- ▶ A Repeatable Sales Process
- ▶ Deal Examples



# Becoming a Technology Oriented Service Provider

---



- ▶ Developing a Centralized Delivery Model (Customer-facing Help Desk), with technology specialists, real-time information, and automation, the cost of maintenance goes down and the system performance improves.
  
  - ▶ Today's technology allows us to:
    - ▶ Connect into customers systems
    - ▶ Diagnose and repair software, connectivity, and communications issues as if we were there
    - ▶ Resolve issues in minutes, not hours (or days)
    - ▶ Gather multiple points of key data about the office environment
- 



# Connectivity Help Desk

---

Convert one time install fee to renewable service and support offering. Benefits include:

- ▶ 4x revenue (assuming 48 month lease term)
- ▶ Begin setting expectation of “chargeability”
- ▶ Develop Remote Services relationship with customer
- ▶ Drive costs out of traditional service operation





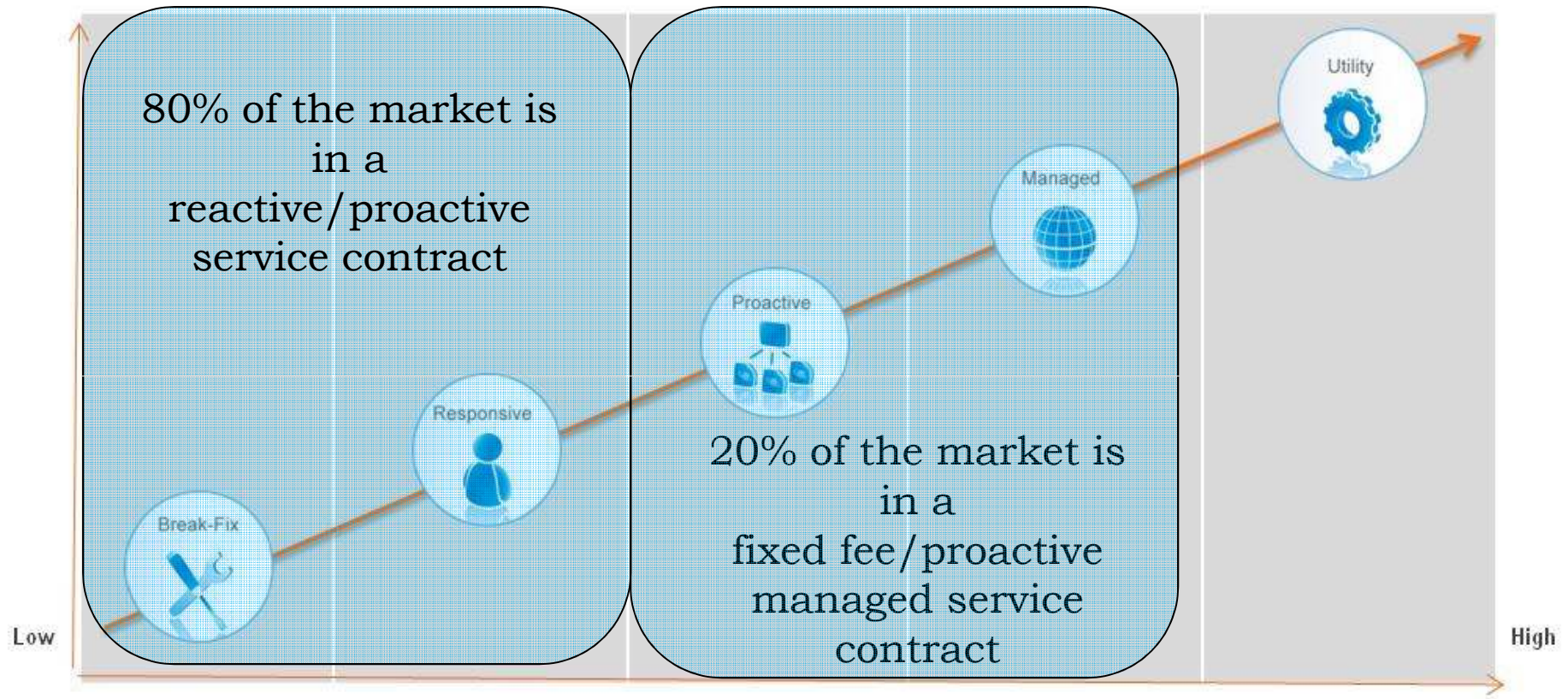
# Why is this important?

---

- ▶ As our product and service mix continues to evolve from MFP, to MPS, to additional Managed Services:
  - ▶ The solutions we provide are taking on a more “mission critical” nature
  - ▶ As MPS programs bring more print only devices and we see more remote/“Cloud” products and services, the increasing percentage of service incidents will be connectivity and software and related
  - ▶ Call avoidance saves money . The cost to “roll a truck” is computed in the industry to be around \$60/incident.
  - ▶ The Help Desk becomes a knowledge hub via data collection that can be leveraged to grow accounts
  - ▶ Customers are looking for partners that can do more



# Market Evolution



# IT Services Market

---

## ▶ **Vintage Solution Providers**

- ▶ This segment of today's solution provider channel, (**18% of resellers**) is based on the traditional solution provider model in which the company makes money by integrating in selling hardware software and services. These companies also **generate little to no recurring revenue.**

## ▶ **Progressive Solution Providers**

- ▶ This segment of the IT channel, at **62% of resellers**, is making the business transformation to recurring revenue. Progressive solution providers are selling on premise solutions and off premise solutions across the IT delivery continuum. These companies may have added a managed services practice in prior years. They are now responding to growing preferences from customers and **are making the transition (sometimes slowly and sometimes more rapidly) to add a cloud delivery model to their business.**

## ▶ **Transformative Solution Providers**

- ▶ This model of solution provider business, at **20% of resellers**, is based largely on **recurring revenue generated from off premise services.** These companies have either made the business transformation already or are "born on the web". They have a history so far being nimble and evolving business to meet customer needs.
- 



# Technology-as-a-Service

---

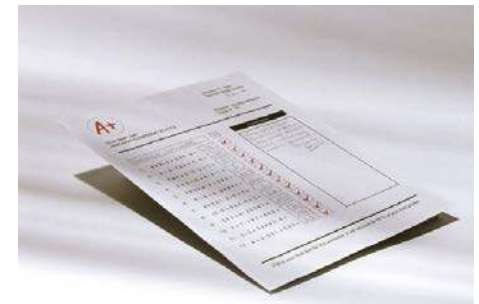
- ▶ For our channel it means providing *more things technology* to include equipment (managed) and services (delivered by the dealer and/or partnered providers) and is characterized by:
  - ▶ Expansion of the relationship beyond traditional products and services
  - ▶ Utilization of a monthly payment as the selling point
  - ▶ Locking out competitors through a broader range of offerings



# Technology Roadmap

---

- ▶ Primary sections should include the following items:
  - ▶ Current industry trends and business goals of the client
  - ▶ Operational Review over the current period
  - ▶ Current state of the environment relative to the Roadmap
  - ▶ Upcoming client goals/initiatives
  - ▶ Mutual Action Plan for the upcoming period(s)
- ▶ Leveraged to administer the program and position the ongoing maintenance and expansion of the account



# The vCIO

---

- ▶ The vCIO role is the key role to the success of the program
  - ▶ Pre-Sales Support
  - ▶ Post-Sales Administration and On-going Account Development
  - ▶ Becomes the CIO SMB's want...and need!
  
- ▶ Characteristics:
  - ▶ A – Energized by technology
  - ▶ S – Able to describe technical subject matter to a business level audience (verbal and writing skills)
  - ▶ K – Demonstrated knowledge of networking (hands on and planning level)



# Sales Process Best Practices

---

- ▶ **This is a business decision, not an IT sale**

Head to the conference room, not the server closet

- ▶ **Dedicated Roles for Sales and vCIO**

Entry costs can be low, make investments here

- ▶ **The Target market is 10-100 users, 20-50 being the “sweet spot”**

Don't waste time in >10 user environments

- ▶ **Integrate this into the core business ASAP**

Compensation, Account Reviews, and TaaS programs

- ▶ **Technology Planning is a key Program differentiator**

---





# Sales Process Phases & Steps

Inform & Educate	Discover & Validate	Plan & Implement
<ul style="list-style-type: none"> <li>▶ <u>Actions:</u> <ul style="list-style-type: none"> <li>▶ Determine Business Goals, Company Direction, and whether Active or Latent Buyers</li> <li>▶ Provide General Awareness of Program / Cloud</li> <li>▶ Determine how decision will be made</li> </ul> </li> <li>▶ <u>Goals:</u> <ul style="list-style-type: none"> <li>▶ Mutually determine the opportunity and lead the next steps</li> <li>▶ Don't go into "solve mode"</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>▶ <u>Actions:</u> <ul style="list-style-type: none"> <li>▶ Gain understanding of key Interest &amp; Pain Points</li> <li>▶ Position and introduce the vCIO and role</li> <li>▶ Obtain necessary information to create proposal – not before!</li> </ul> </li> <li>▶ <u>Goals:</u> <ul style="list-style-type: none"> <li>▶ Establish an Interactive Cycle</li> <li>▶ Agree to Pain Points</li> <li>▶ Mutually commit to next steps</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>▶ <u>Actions:</u> <ul style="list-style-type: none"> <li>▶ Proposal creation &amp; delivery</li> <li>▶ Identify &amp; overcome objections &amp; stalls</li> <li>▶ Close deal and begin on-boarding</li> </ul> </li> <li>▶ <u>Goals:</u> <ul style="list-style-type: none"> <li>▶ Proposal that can be tied to Interest &amp; Pain Points</li> <li>▶ Ability to counter Objections &amp; Stalls by aligning to Business Goals</li> <li>▶ Close the deal!</li> </ul> </li> </ul>





# Common Pain Points

---

- **Frustration**
  - System Performance & Downtime
  - Existing 3<sup>rd</sup> party performance
  - Being “held hostage” by IT
- **Fear & Uncertainty**
  - Is my network really safe and secure?
  - Reliable Backup / Disaster Recovery
  - Keeping up with Technology / Technology Planning
- **Financial Concerns**
  - How can I be more cost efficient in managing IT?
  - Tendency towards planned, fixed costs.
  - How can I get what I need, when I need it?



# Why are customers buying?

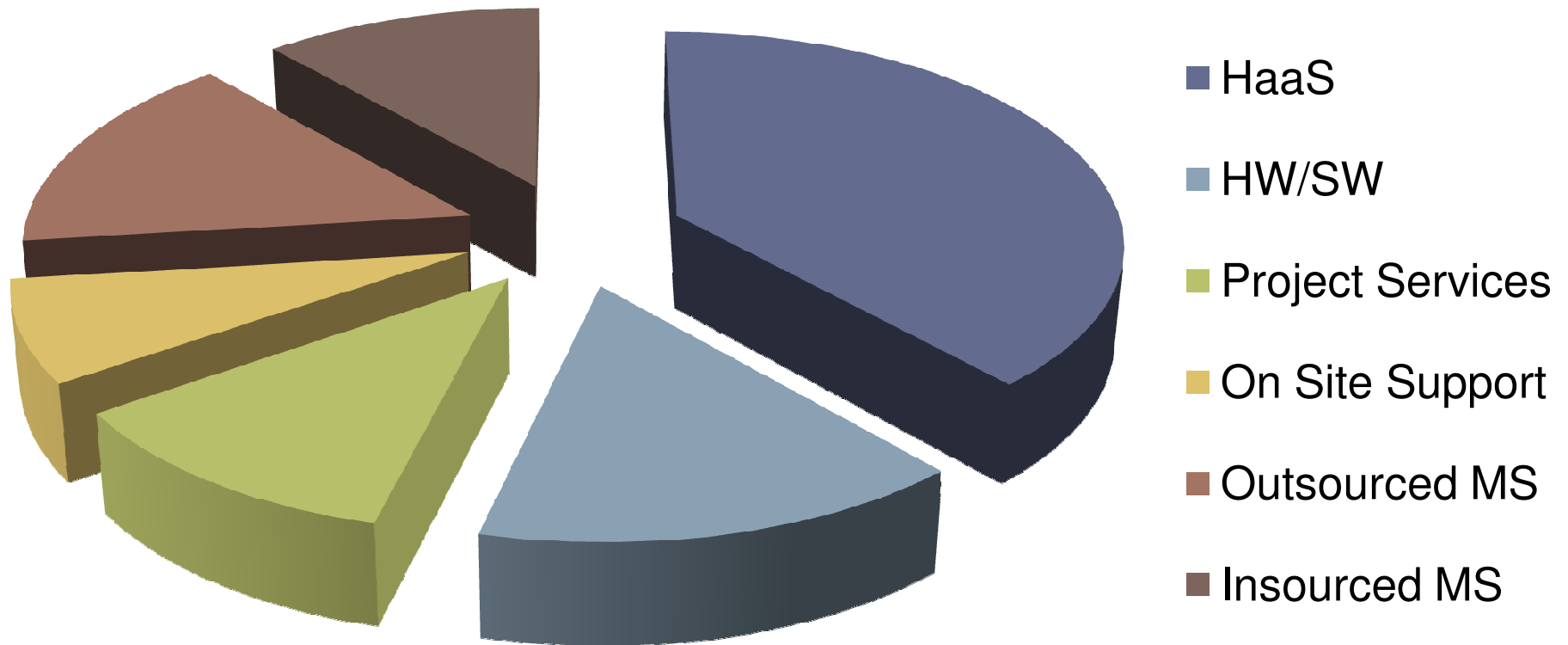
---

- ▶ Improvement in support
- ▶ Improvement in performance / capabilities
- ▶ Access to vCIO & Technology Planning
- ▶ Lower price

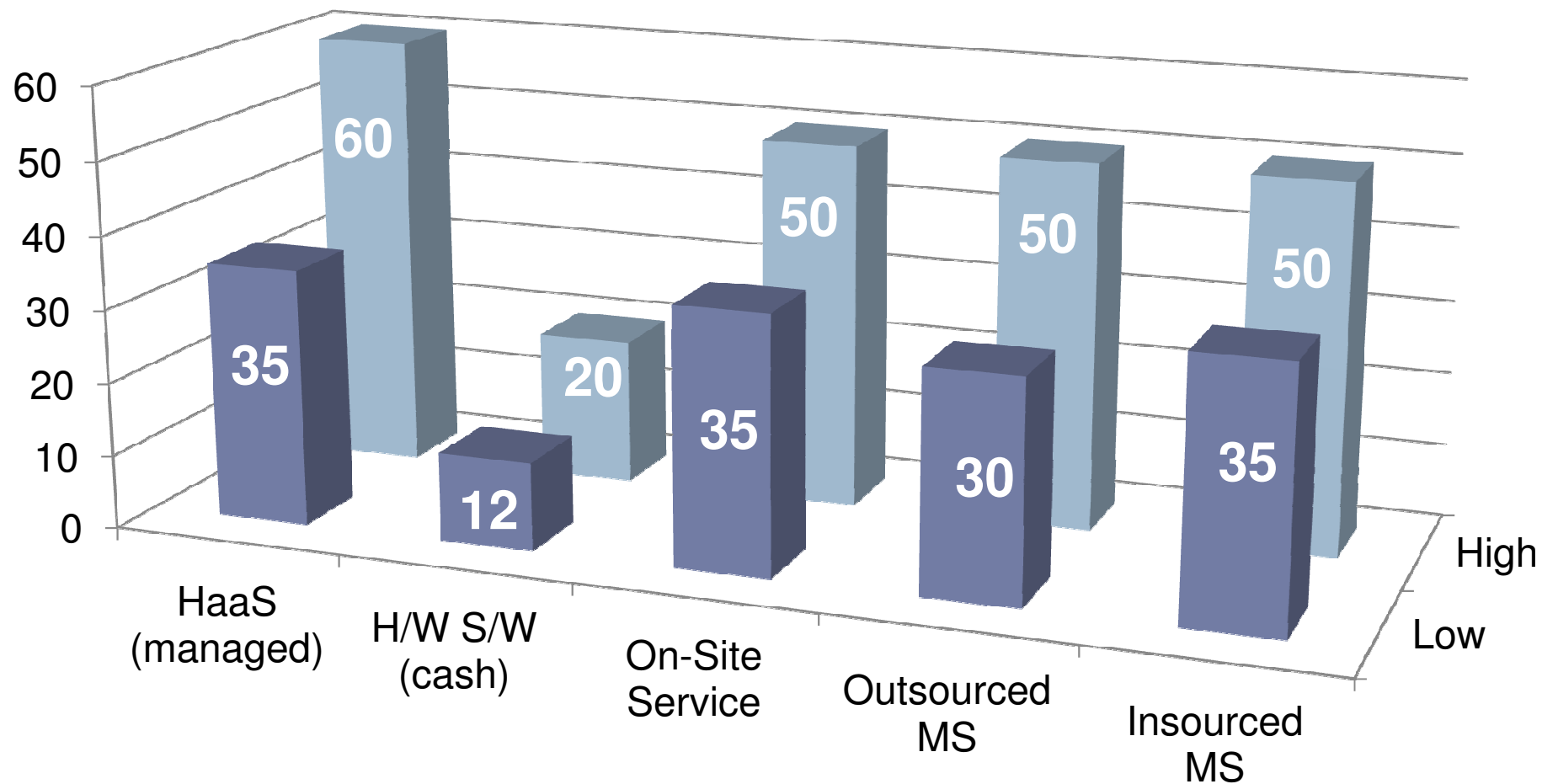


# Target Revenue Mix ?

---



# Target Margin %



# Deal Overview...Dental Lab

---

- The lab had 20 employees, 7 workstations, a peer-to-peer network, and a remote lab with 2 additional employees
- The lab had business goals of increasing efficiency and had purchased an ERP upgrade to make their manual paperwork processes faster and easier...
- ...but could not implement due to the poor state of their network and technology.



# The Result

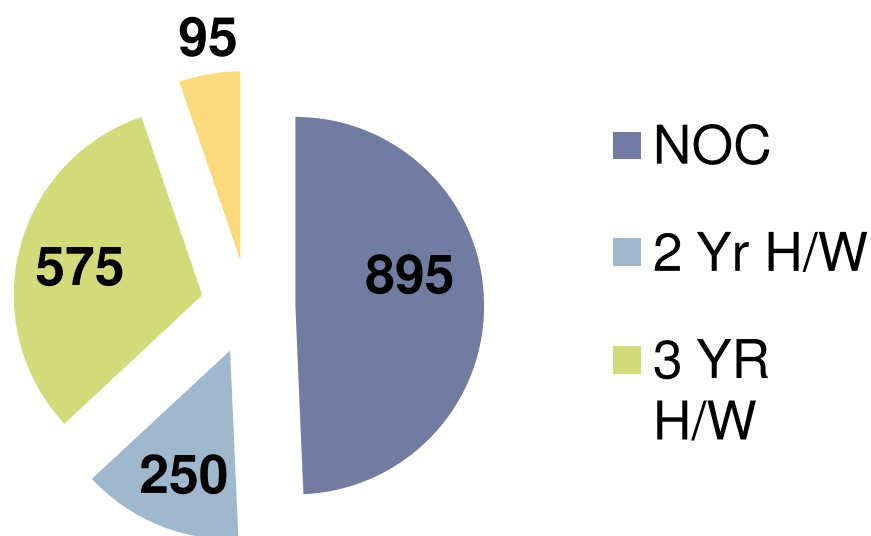
---

- Dealer established the network and a remote VPN as an initial project...
- ...they then provided a server with two gateway/firewall boxes, remote backup, and 9 touch-screen all-in-ones...
- ...and included the existing remaining workstations, all under a 60-month managed program.



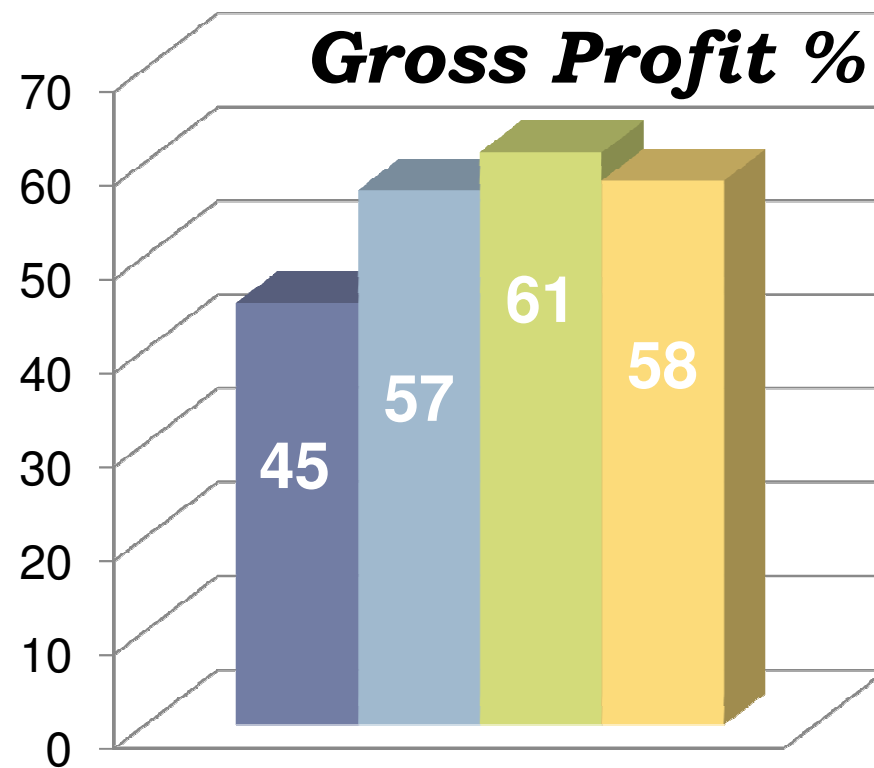
# Monthly Revenue and GP

## Revenue



Monthly Revenue:  
\$1,815.00

## Gross Profit %



**Gross Profit : \$980/Mo. (54% blended GP%)**

## ...but wait, there's more!

---

- The existing workstations will be replaced in a staggered implementation over time.
- The dealer will also be picking up a competitive copier lease.
- The lab is moving and the dealer will be charging for the move to a new building.
- And when they get there, they have the potential to pick up Carrier Services and the phone system!





# Another one...Engineering Firm

*(It doesn't always happen at once)*

---



## Overview

- The firm had workers at the headquarters location, and 5 remote jobsites
- They had older technology, that included 21 workstations, 3 servers, and a firewall.



## The Result ...so far

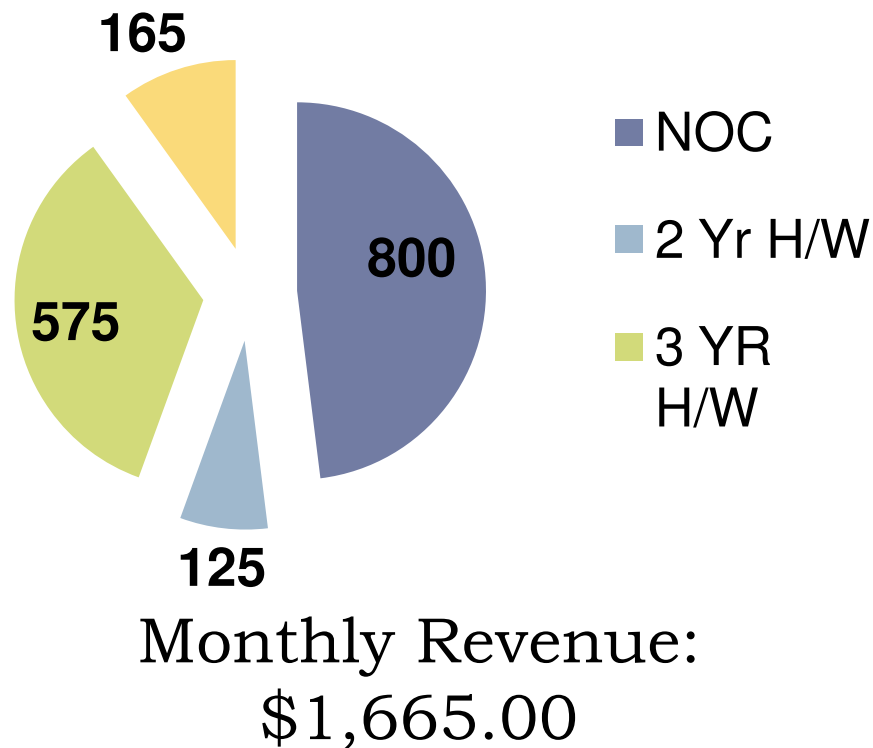
---

- April, 2011: Dealer established a service agreement for N/W monitoring
  - \$800/month
- June, 2011: A new server and firewall provided under a monthly agreement, managed
  - \$165/month for 60 months
- August, 2011: Remote laptops and A4 MFP's for remote jobsites
  - \$355/month for 36 months
- September, 2011: CAD workstation
  - \$125/month for 24 months
- November, 2011: 3 laptops, A4 MFP, Used MFP
  - \$220/month for 36 months
- January, 2011: 2 laptops
  - \$120/month for 36 months

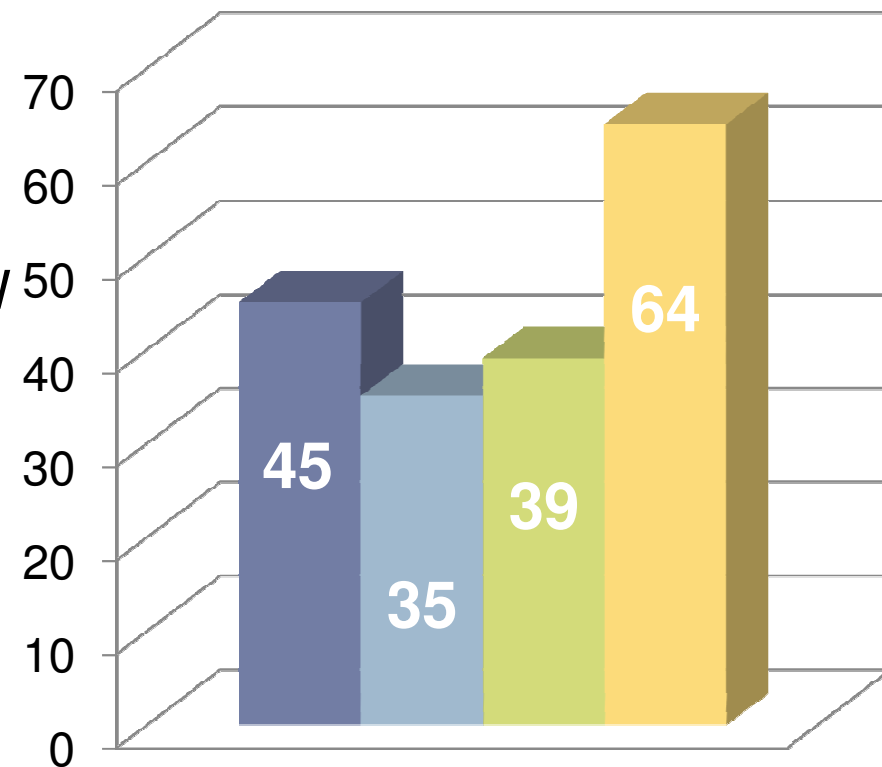


# Monthly Revenue and GP

## Revenue



## Gross Profit %



**Gross Profit : \$733/Mo. (44% blended GP%)**

This business is different (*and better*)  
than what you thought it might be

---



## ▶ Next Steps

- ▶ Educate yourself (and your team) on strategies and tactics around:
  - ▶ Build, Buy, or Partner for N/W services delivery
    - Local monitoring to extend your Help Desk?
  - ▶ Cloud Brokerage
  - ▶ Hardware-as-a-Service
  - ▶ Technology Road Map Services
- ▶ Build a business plan to include a financial model



The logo features the text "BTA Managed Services Workshop" in a bold, sans-serif font. "BTA" is in black, while "Managed Services Workshop" is in green. The text is set against a light green, rounded rectangular background that has a slight 3D effect with a darker green shadow on the right side. A small green swirl graphic is positioned to the left of the word "Managed".

# **BTA Managed Services Workshop**

**Managed Services Workshop**

**June 20-21, 2012**

**Baltimore, MD**

---

▶ [www.bta.org/?page=MS](http://www.bta.org/?page=MS)

## For more information:

---

▶ Mitch Morgan

913-269-7255

Mitch@growthachievementpartners.com



▶ Chris Ryne

913-522-5454

Chris@growthachievementpartners.com



Visit us at:

[www.GROWTHACHIEVEMENTPARTNERS.com](http://www.GROWTHACHIEVEMENTPARTNERS.com)

---

