GROWTH ACHIEVEMENT PARTNERS

GAP

TOGETHER TO REACH NEW HEIGHTS

Managed Services for the Small to Medium Sized Dealership

Chris Ryne - Growth Achievement Partners

Today's Topics

- Core Competencies and market alignment
- Entry into the market and a migration path
  - Build, Buy, Partner
  - Staffing Needs
  - Generating Activity
- Actions to take

Core Competencies for our Industry

1. Business Model and Metrics

2. Selling a monthly payment

3. Recurring Revenue

4. Customer Relationships

"Deep skills that cut across business units... they can become repeatable formulas for successful adjacencies."
Chris Zook
Beyond The Core

Market Alignment

- Natural next step for a "Technology Oriented Service Provider"

- Growth Market – now is the time!

- Drives "Revenue Per Customer", a key business metric moving forward
  - Average MNS deal is $1,200 per month

- Further differentiates from the manufacturer and traditional competitors

- "Relevance"

Technology in the SMB

- Business Owners and SMB executives are more "technology aware" than they have ever been:
  - Spending 6% - 8% of revenue on technology which is likely a top 5 expense category
  - They likely use cloud and mobile technologies as consumers
  - They are seeking to understand how this new paradigm fits for their company today...and into 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

Why are customers buying?

- Improvement in support

- Improvement in performance / capabilities

- Access to vCIO & Technology Planning

- Fixed monthly payment (and sometimes lower cost)
  - OpEx vs. CapEx

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 <u>and</u> prepare for the future of Information Technology…the Cloud!

How do you get into (or expand) the business?

- **Build**
    - Acquire technology, develop resources, create processes, establish partnerships
    - Slowest to market, but you maintain all control
- **Buy**
    - Acquire an existing IT VAR with some customers, but primarily people and knowledge
    - Medium speed to market, must fit culturally
- **Partner**
    - Establish relationship with MSP, you do sales, expansion, and on-site support, they do all monitoring and help desk
    - Fastest speed to market, you are in the market "Day 1"
- **Combination**
    - Combo of any of the above, depending on existing capabilities, market opportunity, and desired speed to market

IT Services Continuum
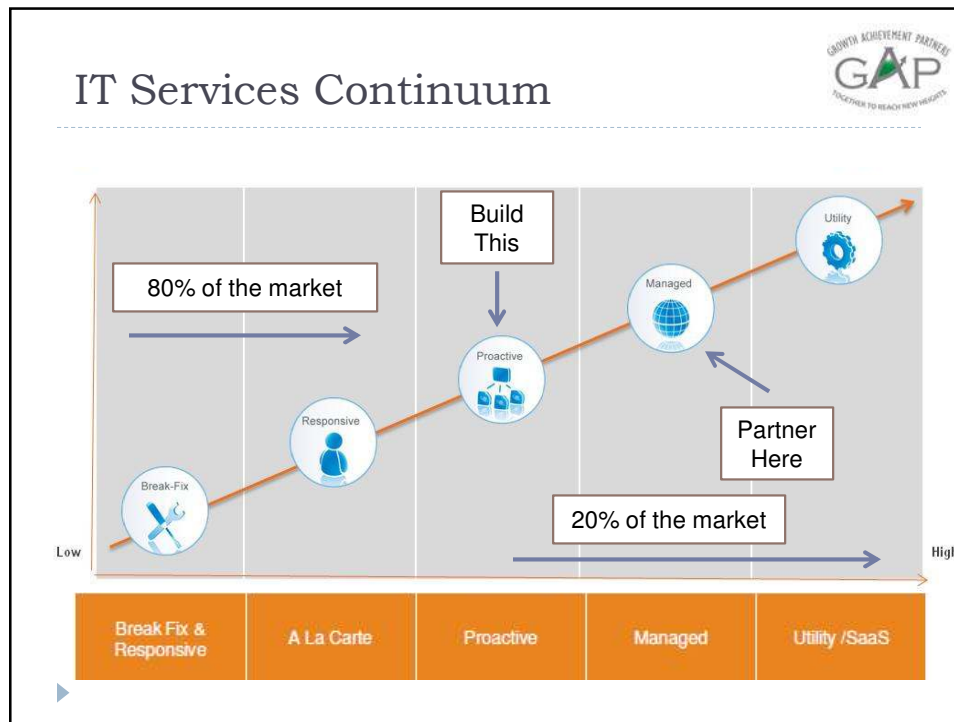
Becoming a "Technology Oriented Service Provider"

▸ Developing a Centralized Delivery Model (Customer-facing Help Desk), with <u>technology specialists, real-time information, and automation</u>, 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 60 month lease term)
- Begin setting expectation of "chargeability"
- Develop Remote Services relationship with customer
- Drive costs out of traditional service operation
- Platform to offer basic monitoring and AV service

Connectivity Help Desk Metrics

	HD Practice Area Average
Total Dispatch calls	2032
Total referred to Help Desk	319
Referred to Help Desk (%)	16%
Number resolved remotely	265
Number resolved remotely (%)	83%
Number resolved on-site	54
Number resolved on-site (%)	17%
Call Avoidance Savings	$15,900.00
Type of call	
Print	158
Scan	98
LAN Fax	4
Move/add	0
Application Support	32
Other	27
Employee Utilization	
Help Desk Staff (FTE's)	1
Help Desk (hrs)	35
Internal Network/Support (hrs)	5
Other (hrs)	0

The Benefits of Basic Monitoring

▸ "Systems don't break at once. It happens over time, then an outage occurs. Through monitoring we are able to see issues before they impact performance, and remotely resolve the issues before they cause a problem. Many companies like yours have found that systems run better, downtime goes away, and the cost of supporting the system is reduced . It is simply a better way to support your systems."

   ▸ Think "Fire Prevention vs. Firefighting"

▸ Basic Monitored items include:
   ▸ Literally 100's, but approximately 20+/- standards within "basic system monitoring"
      ▸ "Up/Down" status of servers and workstations
      ▸ Hard Drive capacity levels
      ▸ Memory Usage
   ▸ Stability & Performance Reporting
      ▸ Antivirus & Backup

▸

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

▸

IT Services Continuum
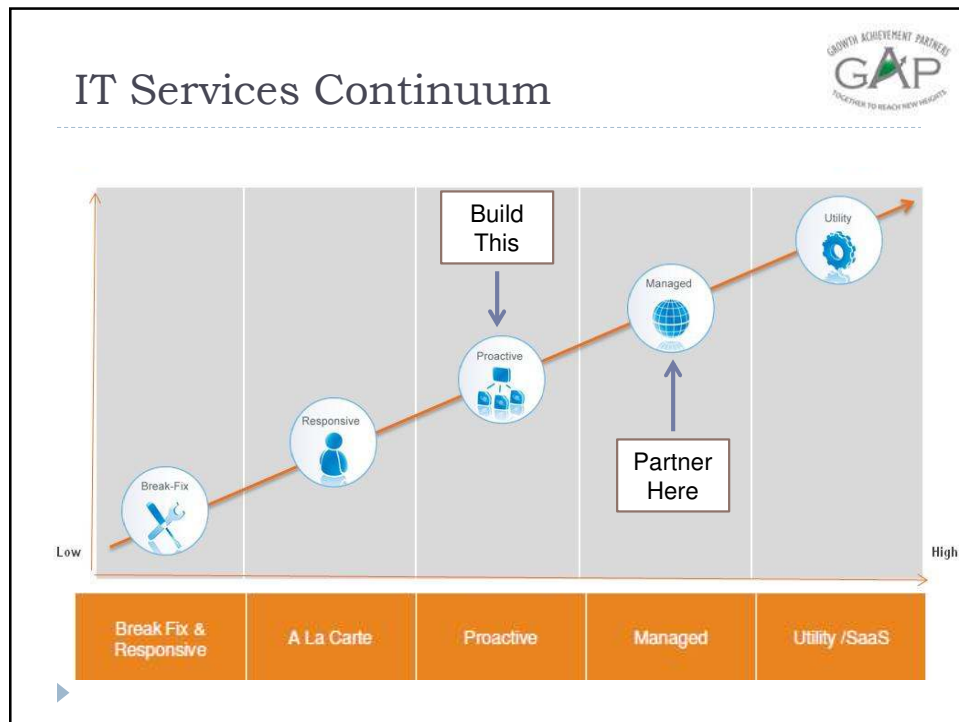
Managed Service Provider Partnership

- This is not a partnership with a local IT VAR
- You do sales, account expansion, on-site support when needed, and maintain account control
- Partner provides people, processes, and technology
- Look for a national provider (MSP) with:
  - Full NOC (Remote Monitoring & Remediation) capabilities
  - User Help Desk (with stand-alone capabilities, if needed)
  - Offer specialized IT services through you for projects
  - Have achieved "scale" for pricing & operational expertise
    - "Tens of thousands" of end-points under management
    - Can handle a high percentage (90%+) of issues remotely
    - 40%-60% margin opportunity to you
    - Low to no one-time on-boarding fee to you

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
  ▸ Provides significant differentiation
  ▸ Becomes the CIO SMB's want...and need
  ▸ "Don't cheap out here!"

▸ 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)

Generating Activity

▸ Reps "bird-dog" to establish appointments for the vCIO
  ▸ Train reps for knowledge and skills around:
    ▸ What to look for
    ▸ Who to talk to
    ▸ What to say...and what not say
    ▸ Proper positioning of the vCIO

▸ Establish "Role Clarity" in the sales process, for you and the customer
  ▸ Reps do basic program introduction, lead generation, and positioning the vCIO
  ▸ vCIO does scoping, needs analysis, solution development, configuration, pricing
  ▸ Rep handles objections, negotiates, and closes
  ▸ vCIO does on-boarding and post-sales support

Investment Overview

- **Build Components:**
  - Staff - most dealerships repurpose someone they have today
  - Technology – Remote access license, phone line, etc.
  - Monitoring & AV software - Approx $4 per node per month
- **Partnership Components:**
  - Typically no to low one-time on-boarding fee
- **Marketing Components:**
  - Create a CHD services contract, leverage your partners collateral for fully managed, some updates to your website, typically <$3,000
- **Staffing Components:**
  - vCIO, approx $50k-$80k base + commission, $80k - $100k total
  - Bonus toward client acquisition year 1, more toward expansion and retention into year 2 and beyond
- **Traditional Rep Compensation:**
  - 4% of first-years monthly contracted total (ex $1,200 per month = $14,400 per year = $576 commission)
  - Typical GP payout on hardware/services deals

Review

- Build your Connectivity Help Desk to ultimately include basic monitoring capabilities
- Establish a partnership for full NOC and Help Desk capabilities
- Identify your vCIO
- Integrate a sales process into the bullpen for rep-led activity generation

Contact Information

- Chris Ryne
  - Phone – 913-522-5454
  - Email – Chris@GrowthAchievementPartners.com

- Mitch Morgan
  - Phone – 913-269-7255
  - Email – Mitch@GrowthAchievementPartners.com

  www.GrowthAchievementPartners.com

Thank you!