



Is 52% Service Profitability Realistic For Your Organization?



Agenda



- Reflect on your current situation
- Provide insight into the biggest contributors
- Foundations to have in place



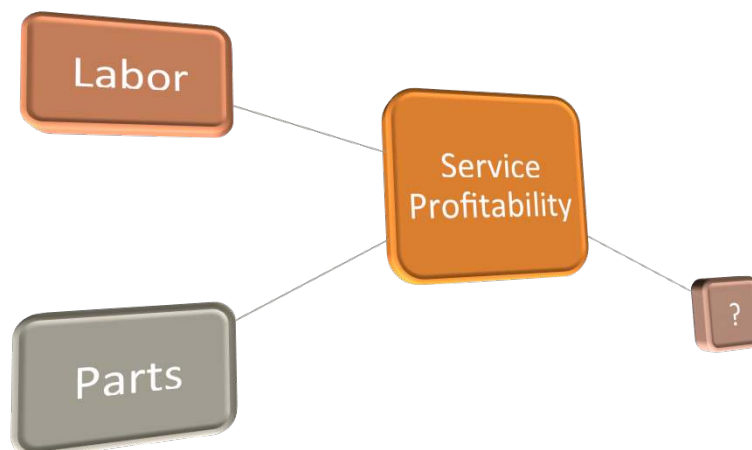


Financial Benchmarks



*BTA Department Financial Benchmarks (MFD)					
Category	Hardware	Supplies	Service	Rental	Total
Sales	100.0%	100.0%	100.0%	100.0%	100.0%
COGS					
Equipment	-65.0%				
Supplies		-55.0%			
Service - Salaries			-25.5%		
Service - Parts			-17.0%		
Service - Auto			-3.5%		
Service - Training, etc.			-2.0%		
Rental				-50.0%	
Total COGS	-65.0%	-55.0%	-48.0%	-50.0%	-57.50%
Gross Profit	35.0%	45.0%	52.0%	50.0%	42.50%
Contribution	10.0%	45.0%	52.0%	50.0%	30.5
Operating Profit	-6.50%	28.50%	35.50%	33.50%	14%
Weighted Profit	-3.10%	5.10%	11.40%	0.70%	14%

TOTAL GREEN DOCUMENT SOLUTIONS go green.



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Controlling Expenses



Managing Labor expense

- Productive time
- Ensuring efficiency and effectiveness – FCE%
- Desired response time
- Training and territory management
- And the list goes:
 - on
 - on
 - on



Controlling Expenses



Managing Parts Expense

- Hold for part rate (HP%) is a guide
- Ensuring the *right* parts are used
- Manage “heavy users”
- Identify excessive costing units
- And the list goes:
 - on
 - on
 - on





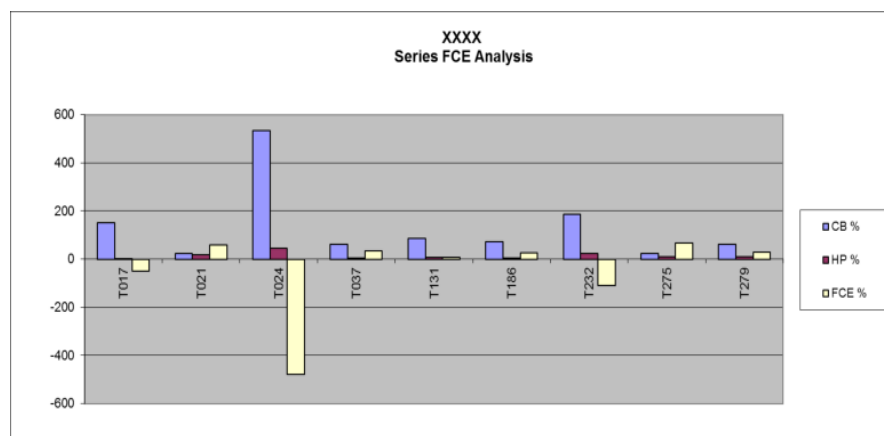
Keep It Simple!

Pick a couple models and get really good at servicing them.

TOTAL GREEN DOCUMENT SOLUTIONS go green.



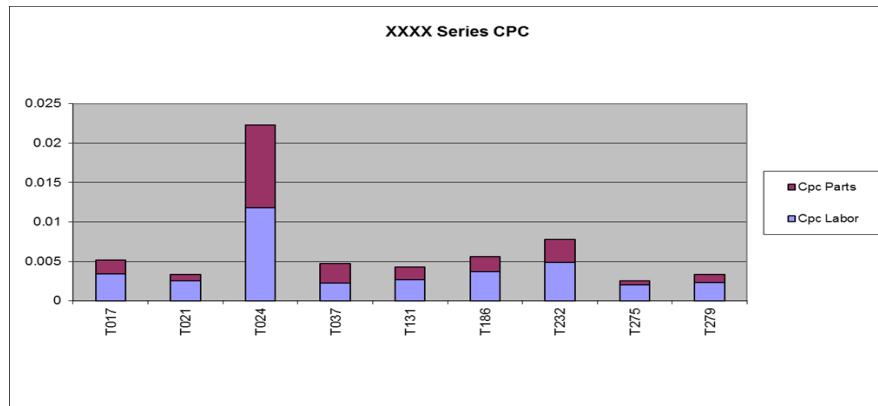
Controlling Expenses



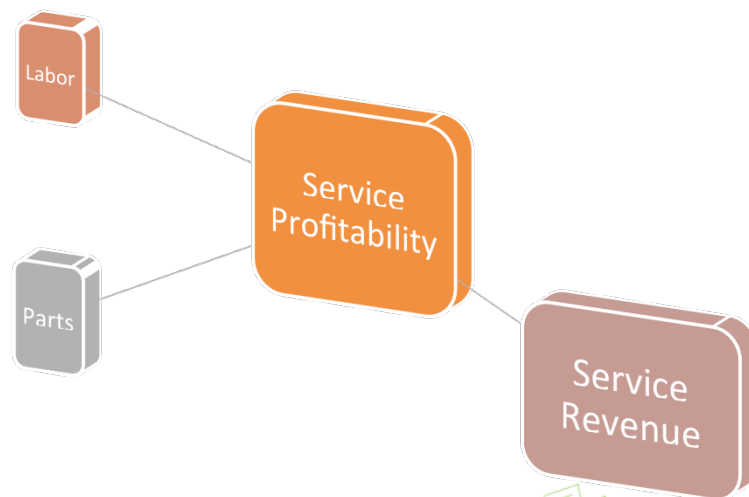
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Controlling Expenses



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Managing Service Revenue



Revenue	Service	Supply
Copier/MFD includes Business Color	65%	35%
Printer (supply inclusive contract)	35%	65%
FM (not including equipment)	10%	90%



Other financial barometers...



- Service revenue per Service Employee = \$175K
- Service revenue per Field Tech = \$190K



*So what if you aren't protecting your
aftermarket revenue stream?*



TOTAL GREEN DOCUMENT SOLUTIONS  go green.



Aftermarket Strategy Profile



Impact Revenue

- Production Print
- MPS
- Government, other low margin business
- Base churn
- Percentage of inter-territorial, or out of area business

Impact Expense

- Inter-territorials
- Dedicated on-site technicians
- Territory "breakage"
- Guaranteed response time
- Succession planning
- Call avoidance

TOTAL GREEN DOCUMENT SOLUTIONS  go green.



Best Practices



- Formalized Processes for:

- Determining service pricing (built in GP)
- Addressing service discounting
- Allocating vendor rebates
- Allocating warranty dollars
- Addressing upgrades when service is wrapped into the lease



If you aren't at 52% do you know why?





Thank you!

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