

A Business Leader's Perspective: Achieving a Sustainable Competitive Edge While Building an Annuity-Based Stream of Revenue

For the past several years, companies have been feverishly reducing headcount, heavily controlling unnecessary costs and delaying important investment decisions. Unfortunately, the aforementioned hits home for many of us. As the global economy shows glimpses of emerging from recession, the focus in the executive suite is already shifting from cost cutting to recovering top-line growth. This transformation in focus is becoming essential for many companies to establish a distinct competitive advantage and clearly show their customers and prospects that they are positioned to help deliver the solutions needed for the years to come.

The saying goes, "You can't save your way to prosperity" and business leaders are quickly realizing they must take the roll of growth champions for their corporations, paving the way to develop ideas that differentiate themselves from competitive noise and quickly yield profits. For example, many of us are evaluating to what level we want to commit to cloud computing or which geographical markets are ripe to enter into. Be prepared though, many of these new endeavors will often take an enormous amount of time and energy to fully roll out and difficult to realize an immediate return on investment.

As a technology solution provider you do have options available to champion growth without having to make a huge investment or experience a lengthy delay in ROI. One such option allows you to increase your top-line revenues and profits, quickly gain a competitive edge and provide your customer a service that can help them reduce costs as well as limit detrimental exposures in their business. All of these benefits can be gained by committing to a better service contract management strategy and leveraging the information you already have in house...making it more actionable and intelligent.

Industry reports tell us that there are tens of billions of revenue dollars that are being left on the table each and every year in the technology provider space. The surprising reality is that this lost opportunity is not in hardware sales or application integration but rather the neglect to properly track and effectively renew maintenance contracts. In fact, the current renewal average for technology solution providers hovers around 55%. That leaves 45% going unattended which of course detracts from real revenue opportunities, and also creates critical coverage lapses for your client , leaving the door open for the competition to sweep in and take control of the account.

For those technology solution providers that have and/or are planning to build a better service contract management strategy, there are 3 steps that you can take to help you achieve optimal performance and provide value back to your clients for years to come. They are 1) Commit to a strategy, 2) Integrate a portal and process to serve as the success pillars and 3) Extend the practice to your client. Let's take a closer look at each of these in order:

1) Commit to building a strategy and having a company champion

Service contract management cannot be a secondary effort. It is imperative that you have an executive sponsor that leads a team that is focused on your service contract management practice. Your strategy should include rolling out quick revenue generators first such as upcoming renewals, warranty conversions and contract consolidations. Next move into enterprise sweeps, multi-vendor solutions and the introduction of new value-add service offerings to differentiate yourself from the competition.

2) Integration of a portal and process to create a single source for the management of information

Investing in a portal that will act as your singular point for managing assets and contracts will help you ensure that your data transforms into actionable information which in turn provides you additional intelligence about your client's business and your selling trends. Automation allows for minimizing errors and increased functionality provides benefits such as tracking asset/contract lifecycles, customized reporting and proactive marketing notifications.

3) Extend your services and portal to your clients to help them manage their assets and develop on-going IT lifecycle plans

When you provide access to your portal, your customers will now have a tool that helps them simplify the process of tracking their capital investments and associated support. This will give you a competitive advantage when your clients need assistance with planning future investment decisions. It is also a great way to shield out competition from gaining access to your client and taking away selling opportunities from you.

Whether you elect to build a strategy on your own or leverage an experienced advisor to implement a proven solution with you, an intelligent contract management tool, coupled with a time-tested methodology will dramatically increase your business potential. Benefits include increased efficiency, improved customer relationships and establishment of a recurring revenue stream.

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