

Supporting the solutions salespeople sell



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In the normal scheme of things, salespeople for most IT product and service organisations are rewarded for new licence sales. More often than not, their sales quota is tied with making the licence number. This drives behaviour. Licence fees will not be discounted, everything else is negotiable. This is your charismatic "hunter" whose role in the vendor organisation is to make the sale and move on.

Some vendors have installed base account managers. These are the people who are rewarded for generating additional revenues from existing accounts. This could be a combination of additional licence fees, consulting work and/or support and maintenance renewal. Many vendor organisations do not like the last part of the compensation model. If the installed base is reasonably secure, or the support and maintenance contract is perpetual unless cancelled, it is money for jam to the account manager since there is really no renewal required as such. This is your classic relationship building "farmer" model.

Then you have the consulting or services organisation. This is where things start to get serious. The services team is rewarded for making the services number, typically individual consultants being measured by their utilisation and realisation. You also have project managers, who by definition are very pragmatic and mostly grumpy. They would be – they have to deliver what the sales organisation promised in the solution document!

Finally you have the support organisation. Even in a relatively small multinational vendor, this

will be a global organisation. At a minimum there will be a global service desk tool and as a result of this one single system, the underpinning systems and procedures will also be relatively well defined and globally consistent. The support organisation not only provides technical product support to its customers, it is the conduit from the customer to development and the other way around.

Generally speaking, customer satisfaction is the number one driver for this organisation. Following on from that are retention and renewals for the more evolved organisation. If you want to talk the Customer Insight Programme – this is the team you want to talk to.

This team has to support the solution promised by the sales team, and somehow delivered by the services organisation; in the Sunit Prakash BS Portfolio Matrix, this is called the 'Lie, I Cry, I Die' model.

Value proposition to the vendor

If the vendor is smart, the support and maintenance contract will be self-renewing or perpetual unless cancelled. Support and maintenance is typically 15 to 20 percent of the licence fees. This means the support and maintenance fees are the same as the initial licence sale over a five to seven year period.

Once the vendor has a decent installed base, the ongoing annuity from this revenue stream and the certainty associated with it, drives a large part of its market valuation. In most cases, this is the engine that funds the rest of the organisation including sales, but more importantly, new product development. The moment customers stop seeing value and the support revenues start dropping, the vendor organisation is dead in the water.

Value proposition to the customer

It is interesting to map the value proposition of

the service desk to the customer over the system life cycle. In the initial phase, when the solution has just been implemented, the conversation between the customer and the support manager will be all about the number of open calls, response times and resolution times. In many instances customers will complain that rightfully, the product or solution should have behaved in a certain manner and as such they should not be paying for support and maintenance.

As the solution stabilises and matures, the argument is that the system is stable. Not many calls are being placed, and that really, the customer is not getting a lot of value for their support and maintenance dollar.

At a tactical level, the service desk function in support and maintenance is exactly about resolving issues. At a strategic level however, this is all about risk management. When was the last time a business decided not to renew its insurance cover because it had not made a single insurance claim in the previous year? A customer may not like paying for the service desk function and support and maintenance, but even if it saves their bacon once, it is worth the investment.

The average licence-driven sales person often misses the point.

In most cases vendors tie in service desk support to get access to new versions and releases and charge accordingly. End-users need to see what their business requires and select the most appropriate level of support.

With an understanding of individual, department and corporate drivers – they are then well positioned to get the best deal for their support dollar. No lying, no crying, no dying!

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