

## Getting the Most Out of Your Maintenance Business in 2006

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As we bring another year to an end, it's time to look at what maintenance market trends have unfolded over the last year. That will help us—and you—determine where to focus maintenance-related efforts during the upcoming year.

### Key trends in the high technology industry include:

#### For Customers:

- Continue to push back on buying maintenance
- Are becoming more adept at negotiating maintenance—price and services—with their vendors
- Are looking for ways to gain more leverage when it comes to paying maintenance and are getting creative with what they bring to the table
- Are many times willing to pay more for premium services if they see clear value in the relationship with their vendor

#### For Vendors:

Many vendors have begun to make serious progress towards improving their overall maintenance strategies, but they still need to focus on the gaps, especially on those that will improve revenue and retention in the short term. Here are the top five gaps to focus on in 2006:

#### 1. Treating maintenance like a product

Maintenance drives a significant amount of revenue and most of it is profit. Interestingly enough at most software companies, while software products normally have a dedicated product manager, maintenance—often the single largest revenue-generating product line—has no one focused solely on driving its ongoing value and contribution. While many software companies are realizing that they *should* treat maintenance as a product, they are not sure how to get started. Putting an experienced product manager in charge of it is a great start.

#### 2. Building or fine tuning your value for maintenance story AND making sure that everyone can tell it

This is the cornerstone of your maintenance strategy. With it, you can disarm even the most skilled negotiator. Without it, your sales and renewal teams are reduced to a feature and price discussion comparing how fast you respond to problems with your competition or, worse, giving concessions on price.

#### 3. Minimizing Maintenance Negotiations

Customers will continue to negotiate maintenance because they can—because technology companies are still struggling with how to sell the value of maintenance. Once you arm your sales and renewal teams with the right value story and tools, your best negotiators will stand out from the crowd. Anyone can cave on price to get the deal, but well-equipped sales people are able to not only negotiate on maintenance, but may in fact be able to up sell to a higher maintenance plan.

#### 4. Improving the customer renewal process

One of the biggest revenue leaks some of our customers have discovered is in their maintenance renewal process. Making sure that your account management policies are working properly and that the renewal process begins far enough out and comprises all the

necessary steps can really reduce the need for collection efforts and decrease your maintenance DSO.

#### **5. Improving tracking maintenance performance metrics**

Do you know which customers are leaving? Or which products are causing a problem? If you don't know, you're not alone. Knowing *where* your leaks are, is the first step to determining if something *can* be done about it. A trained eye can spot trends that will allow you to create strategies to plug leaks or at least maximize whatever amount of time is left in your customer's lifecycle with you.

The bottom line is that now is a good time to take a look at your maintenance business and determine which areas you might want to focus on that will net you the biggest bang for your 2006 buck.