



Selling Managed Services in 3 Appointments or Less

Blueprint For Success

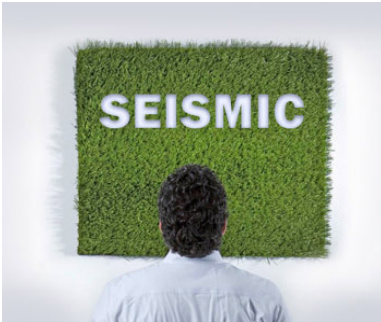
Introduction

In this document, you will find information to help you understand the dynamics of the Managed Services sales process, the goal of each of 3 client appointments and how to sell Managed Services on value instead of price.

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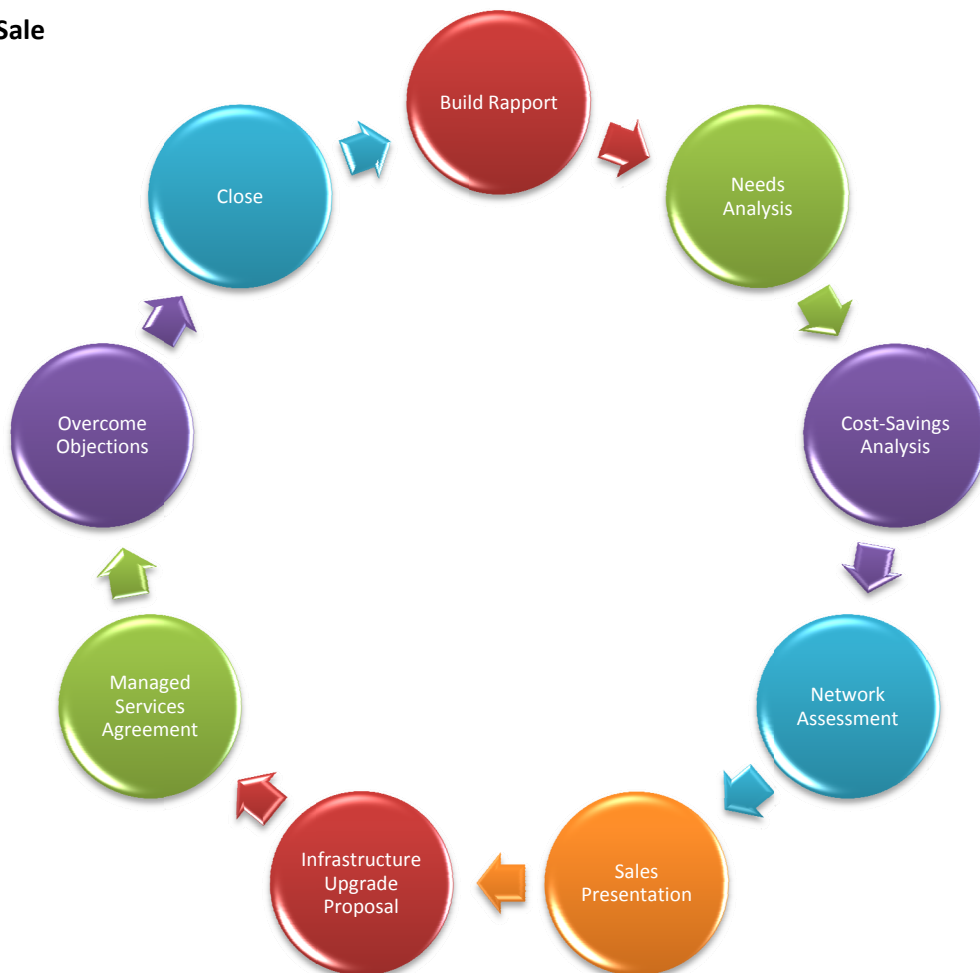
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What are the dynamics of a Managed Services sale?

The dynamics of a Managed Services sale include:

- Building rapport with your prospect
- Conducting a needs analysis
- Gathering data for a cost-savings analysis
- Performing a network assessment
- Delivering a PowerPoint sales presentation to your prospect
- Presenting an infrastructure upgrade proposal when necessary
- Presenting a Managed Services Agreement
- Overcoming objections
- Closing the opportunity

Dynamics of the Sale



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The Managed Services sales process

A sales process for selling Managed Services can be built around 3 appointments, with the goal being to illustrate to the prospect how the provider can help them use technology to increase profits, decrease costs and mitigate their business pain and risk in a compelling manner so as to close the opportunity.

Although it is possible to sell Managed Services in 2 appointments, the following scenario is built around 3 appointments, with a visit to the prospect's location between the first and second appointment required in order to conduct a network assessment and gather the information needed to deliver a cost-savings analysis.

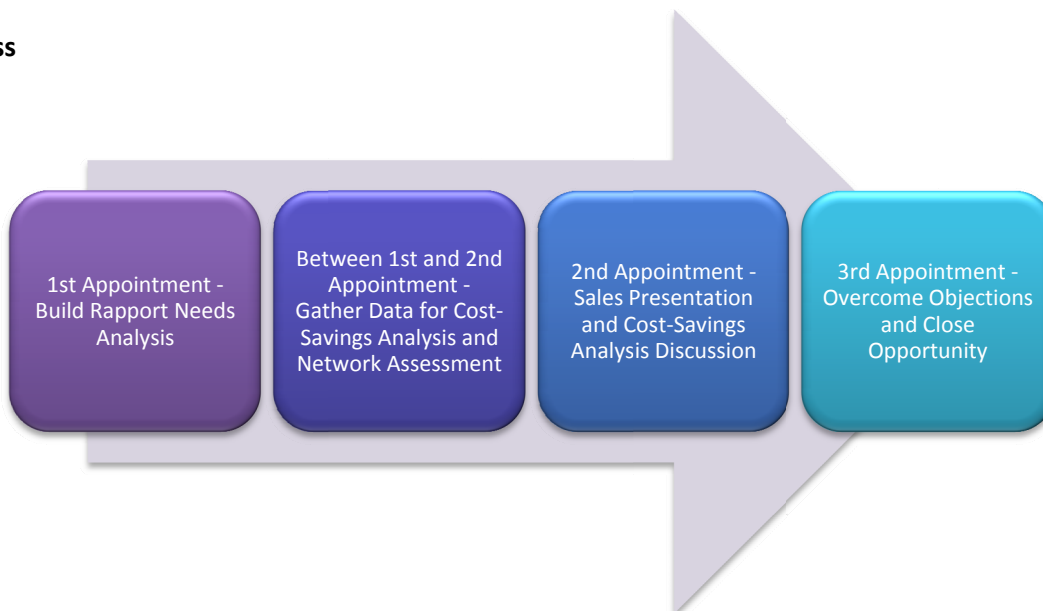
The cost-savings analysis is an ROI calculation used to determine what savings the provider can deliver to the prospect by performing vendor management and reducing downtime through proactive remote monitoring and maintenance services.

During the first appointment with a prospect, the provider conducts a needs analysis to gain an understanding of the prospect's business, their goals and to determine the prospect's business pains.

The second appointment is used by the provider to deliver a short PowerPoint sales presentation to the prospect and share the findings of the network assessment and cost-savings analysis.

Once an understanding is reached between the prospect and the provider in terms of the value of the provider's services, the third appointment is used by the provider to overcome any objections and close the prospect on their Managed Services Agreement and Infrastructure Upgrade Proposal, if needed.

The Sales Process



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First Appointment goal

The provider's goal during the first appointment is to build rapport with the prospect, conduct a needs analysis and determine if there is an opportunity to build a business relationship with the prospect. If the first appointment goes well, the provider will move forward to the next step – gathering data for the cost-savings analysis and performing a network assessment before the second appointment.

The Goal of the First Appointment

Build rapport

Conduct Needs Analysis

Determine feasibility of business relationship

Before the Second Appointment

In order to properly quote the prospect, the provider needs to interview key staff in the organization to collect data for the cost-savings analysis and perform a thorough network assessment in order to determine what remediation must occur to the network in order to prepare it for Managed Services delivery.

The Network Assessment

The provider will schedule a technical resource to thoroughly document the prospect's network and identify the state of the equipment, its operating systems and installed applications and services. This is critical in order to accurately quote the prospect what it will cost to bring the environment up to a minimum baseline standard for service.

The Cost-Savings Analysis

The provider will schedule time to interview 3 of the prospect's staff – the person that deals with all issues involving vendors who service their network, the person that performs "lightweight" I.T. work and "keeps things running" until they run into a problem that requires them to call in their existing reactive, break-fix I.T. service provider, and the person that handles payroll.

These staff members can tell the provider how much time they spend dealing with vendor issues, performing internal maintenance to devices on the network, and provide staff salary information – critical data points required to develop the Cost-Savings Analysis, which is the ROI tool the provider will use to illustrate the value and cost savings their services can deliver to the prospect.



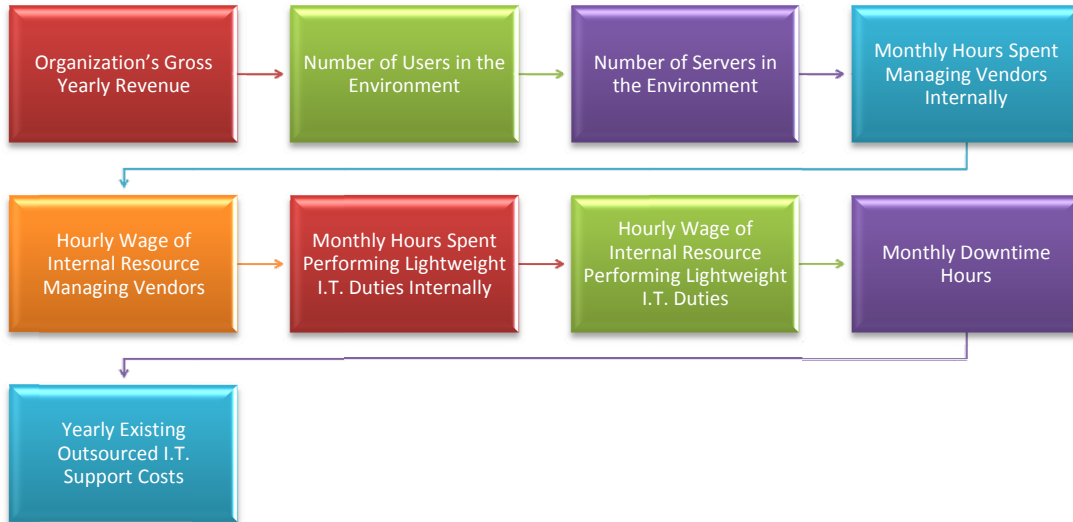
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Information Required to Develop the Cost-Savings Analysis



Developing the Cost-Savings Analysis

The provider will gather the required information in order to complete their ROI analysis. In order to demonstrate the process of calculating potential cost savings for the prospect, the following data will be used as an example:

Item	Value
Organization's Gross Yearly Revenue	\$1,000,000
Number of Users in the Environment	20
Number of Servers in the Environment	1
Monthly Hours Spent Managing Vendors Internally	12
Hourly Wage of Internal Resource Managing Vendors	\$45.00
Monthly Hours Spent Performing Lightweight I.T. Duties Internally	12
Hourly Wage of Internal Resource Performing Lightweight I.T. Duties	\$35.00
Average Staff Salary	\$30,000/yr
Monthly Downtime Hours	10
Yearly Existing Outsourced I.T. Support Costs	\$10,000





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Cost-Savings Analysis Walk-Through

After gathering the required information, the provider completes the Cost-Savings Analysis in the following manner:

1. The provider enters the Organization’s Gross Yearly Revenue value of \$1,000,000 into the appropriate field on the Cost-Savings Analysis
2. The provider enters the number of Vendors managed by the prospect’s staff into the appropriate field on the Cost-Savings Analysis
3. The provider enters the Number of Hours Spent Managing Vendors Per Month value of 12 into the appropriate field on the Cost-Savings Analysis
4. The provider enters the Vendor Manager’s Hourly Wage value of \$45.00 into the appropriate field on the Cost-Savings Analysis
5. The provider enters the Number of Hours Spent Performing IT Functions Per Month value of 12 into the appropriate field on the Cost-Savings Analysis
6. The provider enters the Internal Lightweight IT Staff Member’s Hourly Wage value of \$35.00 into the appropriate field on the Cost-Savings Analysis
7. The provider enters the Number of Users in the Environment value of 20 into the appropriate field on the Cost-Savings Analysis
8. The provider enters the Number of Servers in the Environment value of 1 into the appropriate field on the Cost-Savings Analysis
9. The provider enters the Monthly Downtime Hours value of 10 into the appropriate field on the Cost-Savings Analysis
10. The provider enters the Yearly Existing Outsourced I.T. Support Costs value of \$10,000 into the appropriate field on the Cost-Savings Analysis

The Cost-Savings Analysis will then calculate the following:

Item	Value
Vendor Manager’s lost productivity (\$45.00 per hour X 12 hours per month X 12 Months)	\$6,480.00
Lightweight I.T. Staff’s lost productivity (\$35.00 per hour x 12 hours per month x 12 Months)	\$5,040.00
Annual Loss of Productivity Due to Downtime (Total Payroll ÷ Total Potential Labor Hours x 120 hours of Downtime per year)	\$34,615.38
Annual Loss of Opportunity Due to Downtime (Total Gross Yearly Revenue ÷ Total Potential Labor Hours x 120 hours of Downtime per year)	\$57,692.31
Existing Annual Outsourced IT Costs (Amount paid to existing IT provider the prior year for maintenance services)	\$10,000
Total Existing Annual IT Support Costs	\$113,827.69

It is now a relatively simple task for the provider to propose a monthly Managed Services fee to provide Vendor Management, Remote Help Desk and 24x7 Network Monitoring and other maintenance and support services.



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Cost-Savings Analysis Example

Managed Services Cost-Savings Analysis - Example	
Gross Revenue	
Organization's Gross Revenue	\$1,000,000.00
Productivity Loss To Staff Managing Vendors	
Number of Vendors Managed by Client	12
Number of Hours Spent Managing Vendors Per Month	12
Manager's Average Hourly Rate	\$45.00
Productivity Lost Annually To Managing Vendors	\$6,480.00
Productivity Loss To Staff Performing IT Functions	
Number of Hours Spent Performing IT Functions Per Month	12
Staff Member's Average Hourly Rate	\$35.00
Productivity Lost Annually To Performing IT Functions	\$5,040.00
Productivity Loss To Network Downtime	
Number of Users On Client Network	20
Number of Servers At Client Location	1
Network Downtime	Hours
Email Services Down per Month	4
Internet Connection Down per Month	4
Server or Desktops Down per Month	2
Total Hours Network is Down Monthly	10
Total Hours Network is Down Annually	120
Labor Costs	
Average Salary Per Employee	\$30,000.00
Total Employee Yearly Payroll	\$600,000.00
Average Annual Employee Hours	2080
Total Annual Employee Hours	41600
Average Hourly Labor Cost Per Employee	\$14.42
Productivity Lost To Downtime Annually	\$34,615.38
Gross Revenue Loss To Network Downtime	
Individual Employee Hourly Contribution To Gross Revenue	\$24.04
Gross Revenue Lost To Downtime Annually	\$57,692.31
Existing Annual IT Costs	\$10,000.00
Annual Loss of Productivity from Staff Managing Vendors	\$6,480.00
Annual Loss of Productivity from Staff Performing IT Functions	\$5,040.00
Annual Loss of Productivity Cost from Network Downtime	\$34,615.38
Annual Loss of Gross Revenue from Network Downtime	\$57,692.31
Projected Existing Annual IT Cost	\$10,000.00
Total Existing Annual IT Support Costs	\$113,827.69



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Second Appointment Goal

Once the provider has compiled the results of the network assessment and created the Cost-Savings Analysis, they are prepared to visit with the prospect for the second time to discuss these findings and deliver their PowerPoint sales presentation, which highlights the benefits to the prospect of hiring the provider to deliver Managed Services to their organization.

The Goal of the Second Appointment

Conduct PowerPoint Sales Presentation

Discuss Network Assessment Findings

Present Cost-Savings Analysis

Overcome Objections

Third Appointment Goal

Although closing the prospect may be possible during the second appointment, a third appointment may be required in order to properly present the Infrastructure Upgrade Proposal to bring the prospect's environment up to a minimum baseline standard for services, and the Managed Services Agreement.

The Goal of the Third Appointment

Present Infrastructure Upgrade Proposal

Present Managed Services Agreement

Overcome Objections

Close the Opportunity



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Conclusion

A consistent Managed Services sales process based upon value pricing will:

- Portray the service provider as a professional, competent Trusted Advisor looking after the prospect's bottom line
- Properly lead prospects through a consistent sales experience
- Shorten sales cycles
- Increase the provider's net profits
- Shorten sales cycles

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