

Selling Managed Services:

6 Tips to Reinvent Your Sales Pitch

Introduction

Sell the Value of Managed Services

Today’s Modern Office or Modern Retailer™ needs more than the right technology. The “rip-and-replace” model for systems simply won’t work in the future. Small businesses, medical offices, schools, and retailers are searching for partners that can help them navigate rapidly evolving cloud and mobile technology, monitor compliance issues, and increase efficiency. This is your opportunity to swoop in with your new monthly service offering! It’s a win-win: you’re solving their challenges and generating recurring revenue for yourself.

Because ConnectWise started as a break/fix company that transitioned into an MSP, we understand the challenges of transitioning your business to managed services—and how scary it might seem. We’ve helped countless solution providers reconfigure their operations to a monthly service model and we know it’s equally as feasible for you. The sales techniques in this guide can help you get your feet wet selling managed services and create a more sustainable—and profitable—future.



1 Overcome Price Concerns

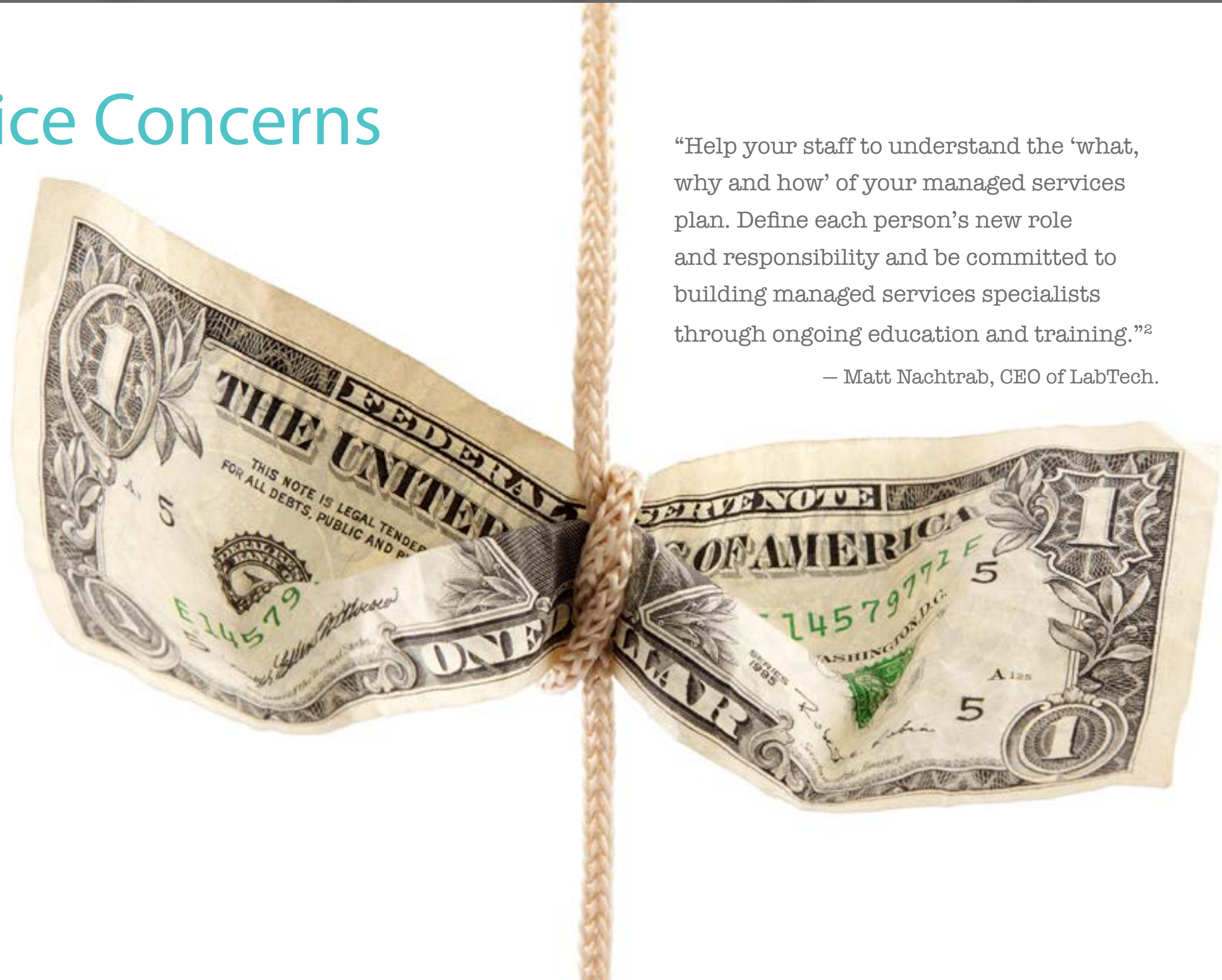
Be prepared for both existing and prospective customers to have objections to the price of your monthly service offering. In a small business, every dollar counts, and you’re asking customers to spend more money. Retail Business owners might not yet understand the *value* associated with the concept of monthly services, which is why educating them is incredibly important.

Sell Excellent Service

It’s important to convey that your service offering is really all about service. That might mean outlining the level of support and availability you will provide to your client, or it might mean codifying service terms in a formal agreement. And if you’ve got a great track record, show it off. Put prospects at ease by talking about other customers in their area you’ve serviced. This will establish you as an experienced solution provider in your field, which leads to our next point.

“Help your staff to understand the ‘what, why and how’ of your managed services plan. Define each person’s new role and responsibility and be committed to building managed services specialists through ongoing education and training.”²

— Matt Nachtrab, CEO of LabTech.



1 Overcome Price Concerns (cont)

Sell Peace of Mind

Speak to your clients on an emotional level. Express to them how they can relax knowing you'll be on top of any technical issues before they become problems. Giving your clients peace of mind about technology so that they can focus on other aspects of their businesses is a big part of the value proposition for your monthly service offering.

A Remote Monitoring and Management (RMM) tool can help you deliver peace of mind to your clients. RMM proactively monitors your client's network environment and provides alerts when things are amiss. You can set up your RMM to automatically resolve routine issues before your client even knows about them.

Break Down the Numbers

It's easier for people to digest the cost of anything when it's presented as monthly payments rather than an annual lump sum. Present the costs of your as-a-service offering in the context of the value and service levels you're delivering. It's also important to give the monthly total the customer can expect to be invoiced. This helps to establish trust, plus it enables your customer to accurately budget for the service. No one likes hidden fees, so give them an accurate monthly total to expect.

Talk About Results, Not Tech

In a sales conversation, don't speak technology, speak benefits. Most retailers don't understand business technology and don't have the time to figure it out themselves; they just want to see real results in their stores or restaurants. Sell retail business owners the ability to refocus on their core business and more easily achieve business goals.



2 Reframe Customer Concerns and Get to “Yes”

When you give your best pitch and a prospective client says their technology “works fine” or that your services cost too much, it’s time to reframe their definitions, according to Gary Pica, founder of [TruMethods](#) training for managed services providers. Prior to starting TruMethods, Pica transformed his own IT business to generate \$500,000 per month in recurring revenue.³

To reframe these common objections, start by talking to your client about what “fine” should mean:⁴

- None of their software or hardware crashes and it performs predictably.
- Their vendors call them back promptly, every time.
- They have the right technology to improve productivity and the right vendors to help them reduce business risk and costs.

Next, redefine “real costs”:

- The bill from the vendor is not the only “cost” associated with their technology.
- The biggest cost of poorly functioning technology is what it costs in people and productivity.

Now paint a picture to reframe how your services would benefit the client and attach a value to it. Ask tough questions to help tip the balance for your client from the emotional, irrational fears that lead to “no” toward the logical, rational decisions that lead to the sale.

“Identifying unprofitable customers, nagging issues, and less-than-efficient employees can be greatly aided by using a Business Management Platform (...). Without the transparency this tool affords, you might be giving away your services and not even know it.”⁵

— Mike Monocello, editor-in-chief, Business Solutions.

3 Sweeten the Deal with HaaS

Hardware as a Service (HaaS) can help you demonstrate extra value and get your retail clients and prospects to sign a long-term service contract. Here’s how this sales strategy works: if a customer agrees to sign a monthly managed services agreement, you’ll upgrade their servers POS terminal, PCs or other hardware after three years—at no additional expense.

It’s a win-win for you and the client. Your clients will be delighted to be using the latest hardware without having to budget for these capital expenditures. And you increase client stickiness and reduce the chances of customer churn. Why would they shop around after year one or two if they’re so close to getting new hardware?

The best part of this strategy is that it doesn’t have to cost much. If you obtain the HaaS contract, the impact to your cash flow is minimal.



Spread the Cost of Hardware with HaaS

If you’re providing hardware as part of your services package, you might be worried about the upfront capital needed to acquire the inventory. Rather than lay out a huge upfront investment, partner with a HaaS provider, such as [CharTec](#), to lease the hardware you will provide to clients. You won’t need to keep an expensive inventory and you’ll pay for hardware each month as your recurring revenue is coming in.

4 Set Your Company Apart from the Competition

Are you worried that if you push managed services, your clients might turn to a lower-priced provider or use multiple technology vendors? As clients become more brand agnostic and process-oriented, they simply want to know that the technology they use will get them the business results they desire. And that's something they can't do on their own without wasting a ton of time.

When pitching to your clients, know your USP. A USP, or Unique Selling Proposition, describes the qualities that are unique to your service offering and that differentiate you from your rivals. But don't make the mistake of relying on being a certified dealer for a specific hardware or software as your only USP. Your USP must be explained in terms of service, not price, and that the value you provide comes from being an expert your clients can reach out to at any time.

Sell Yourself as the Go-To Vendor

If you work in a vertical market, you're in a great position to sell yourself as a trusted vendor for their particular niche. That's a big part of your USP. Clients want to simplify and focus on their businesses. Technology is not their core mission; it's only a tool.

What should relying on you as their one and only vendor mean for your clients? It means they don't need to worry about technology anymore. Explain the amount of time and energy you'll invest to understand every piece of their business and how you will help them choose the best technology to support their business objectives. If issues come up, they only need to make one phone call.



4 Set Your Company Apart from the Competition (cont)

Another Option: Vendor Management

If you can't get your client to move business from another vendor to you, ask to manage the other technology vendor relationships. This might include their internet service provider, merchant processing service, website host, VoIP provider, or others. You probably already receive calls from your client whenever these services are disrupted. Why not get paid for being the man in the middle and save your clients frustration, too? This might be an easier first step for clients who are unwilling to make the leap to having you provide all technical services.

“Right now, a lot of people are getting into managed services and everyone is preaching the same thing. Get out of that commodity-type offering and make yourself a little unique. Make yourself stand out and put more hooks into the client.”⁶

—Alex Rogers, CEO, CharTec



5 Transitioning Existing Clients

How do you change the mindset of your existing clients to encourage them to adopt managed services?

Work the Transition in Stages

Don't expect the transition to happen overnight. You have to plan for this to be a long-term project. Develop a goal for the amount of monthly recurring revenue you want to achieve in the first year and then execute your plan:

- Start by pitching monthly services to brand new clients
- Then transition the most-willing clients
- Continue to educate the rest over time, nurturing them to understand the value of a service contract

Dealing with Legacy Clients

Solution providers who've made the transition are the first to admit they've lost some legacy clients along the way. If you want to succeed in the future, you must be willing to let some clients go—perhaps even loyal, long-standing clients.

In order to build monthly recurring revenue, you have to be firm about your company's objectives. Over time, you will part with clients who don't believe in your vision of a service-oriented future. It certainly isn't easy, but it will feel great when you get to the point where you can choose your clients and turn down less profitable business.

A Hybrid Approach

In some cases, turning away existing clients who won't sign a managed services contract might not be the right business practice for you. Instead, try a hybrid approach. Continue to provide break/fix service to existing clients who absolutely need it, but don't sell this business model to new prospects.

“Don't wait for someone else to figure this out for you. Take action today, beginning with business modeling, goals and targets, and a long-term strategic plan. Begin with only 10% of your customers, using the other 90% of your business to support the transition (...). If done correctly, the cash flow will balance out quickly, with very little risk.”⁷

— Henry Hegelson, CEO, Merchant Warehouse





5 Transitioning Existing Clients (cont)

Help Customers Transition with RMM

Don't give up on selling managed services to your legacy clients. Try using your RMM solution to help clients understand the value of managed services.

- Install RMM on every PC.
- Provide your break/fix clients with free alerts, generated automatically by the RMM.
- Sit down with clients and explain what the RMM tool has been looking for, what it has found, and the cost associated with the issues.
- Clients can request service from you if they want you to address an issue.
- Clients also start to realize that everything is not "fine" with their computers and can begin to understand the value of managed service offerings for peace of mind.
- Leverage any increases in break/fix revenue to show clients the more predictable cost model of a managed services contract.

6 Give Yourself the Right Tools for Success

Moving your business from a rip-and-replace model to as-a-service is a challenging proposition. Make sure you've equipped your business with everything you need to make this transition as smooth as possible for yourself, your business, and your clients.

Confidence

You must believe in your own expertise and skills in order to make a convincing pitch to clients. Don't talk yourself out of a recurring revenue sale by believing that your clients won't be interested in what you're offering.

Technology

Automation is the key to delivering efficient, profitable managed services. In the future, the most successful solution providers will offer clients more services and manage these services with fewer employees. A business management platform, such as [ConnectWise](#), provides the platform for managing projects, help desk, tickets and time, client invoices, and more.

Staff

Your business is about to make a big change and you're going to need 100% support from your employees. Just as with your clients, you have to be willing to let go of employees who don't believe in your vision or aren't willing to adapt to your new business model.

Community

You need a group of peers to help you discover best practices, identify industry experts, and share ideas. At ConnectWise, we believe community is one of the most important predictors of success—that's why we host 32 regional peer groups and our annual event, IT Nation. Attendees always leave with at least one takeaway that they can implement to improve their business.

Conclusion

This transition is a journey. There might be ups, downs, and bumps along the way, but your business comes out stronger and more sustainable on the other side.

At ConnectWise, our mission is to help you reach your goals. We help technology companies servicing a variety of industries set up their operations to build monthly recurring revenue without hiring additional staff. For additional resources, please visit www.ConnectWise.com.

About ConnectWise

Made for companies that sell, service, and support technology, ConnectWise is the #1 business management platform worldwide. Today, more than 80,000 users rely on ConnectWise to achieve greater accountability, operational efficiency, and profitability. The platform fully integrates business-process automation, help desk and customer service, sales, marketing, project management, and business analytics that dramatically streamline a company's operations. ConnectWise also gives its users access to a powerful network of ideas, experts, and solutions. A veteran in the technology services industry, ConnectWise has been the premier business management platform for technology companies for more than 15 years. For more information, visit www.ConnectWise.com or call 800-671-6898.

¹ Mike Monocello, "Thrive as a POS VAR: Here's How," Connect, September 2012.

² Mike Monocello, "As A Service Notes & Best Practices for Retail VARs," Business Solutions, June 14, 2013.

³ Joe Panettieri, "Gary Pica: How to Bolster Your Managed Services Sales," MSPMentor, June 8, 2010.

⁴ Gary Pica, "Driving New Recurring Revenue Sales!" presentation at ConnectWise IT Nation, 2011.

⁵ Mike Monocello, "When It's Time to Fire a Customer," Business Solutions, July 5, 2013.

⁶ Alex Rogers, interview by ChannelLine at Robin Robins 2011 Bootcamp

⁷ Mike Monocello, "'As a Service' Means Risk, But Great Rewards For POS VARs," Business Solutions, April 23, 2013.

