

Title:

IT Service: Handling Prepaid Blocks of Time

Word Count:

368

Summary:

IT Service can be billed for in several different ways. Selling pre-paid blocks of time are one option for providing IT service.

Keywords:

IT service, IT-service, IT services, IT-services

Article Body:

The prepaid block of time is different from the service agreement. The IT service agreement is specific about the kinds of things you will do - maintenance, upgrades, etc. The prepaid block of time is simply that - time.

For example, the customer recognizes that your normal hourly rate is \$100 an hour. In return for prepaying 20 hours of time, they're going to get a \$10 an hour discount.

Get Your IT Service Agreement in Writing

You may still want to have some sort of agreement about having a single point of contact, software licensing, and the confidentiality clauses. In general, though, it's just a matter of saying that we normally charge this. In return for the customer prepaying X number of hours, they're going to get this discount, and then it's a matter of setting up your accounting. Most importantly, you need to be able to generate a renewal notice when they're pretty close to using up their time.

Obviously the huge advantage is you're getting the cash flow upfront and you don't have to worry about getting stuck on a receivable. The disadvantage is it's not quite as recurring as the retainer-based agreement because you're selling a fixed priced with a definite beginning and a definite end to IT service as opposed to more definite long-term possibilities.

Make Sure You're Providing Valuable IT Service

The best thing to do is to make sure that you set them up on some kind of

proactive regimen and that you're in touch with them on a regular basis to make sure that you're taking care of their ongoing security. You need to make sure the backup is running properly and the relatively small things that are happening in the office are documented and prioritized so that you can fix them.

Don't allow the prepaid time block to get you into the mode where it's more of a one-shot deal with IT service. You want to make sure that everything you do is setting things up for long-term relationships.

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