

Title:

Growing your VAR Business

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1462

Summary:

Although competitive pressures are intense, the VAR market is highly robust and can be quite lucrative. The continuing emergence of new and replacement technologies such as Microsoft's Vista, RFID, Mobile communications, and security, makes the market poised for another round of tremendous expansion.

Keywords:

ERP Software, Softwares, Computer Software

Article Body:

Given this backdrop of explosive growth opportunities, the challenges for VAR executives becomes managing for revenue growth and targeting the highest margin opportunities - in initial sales and throughout ongoing client relationships. Professional services automation software applications give VARs a competitive edge and make the difference between struggling to grow and harvesting profit from the abundant growth opportunities.

Advantages for VARs who use Professional Services Automation Software

1. Executive Insight

VAR businesses usually start by selling a primary set of products and services. As they become more successful, they add more products and services, ultimately bundling them up in ways clients want to buy them. Most VARs look at their business through "business practice" lenses - areas of marketing and delivery that bring together the multiple disciplines needed to constitute a client solution. Basic start-up system tools don't fit any more, VARs need professional services automation software tools that manage and report products the way clients buy them, through the lens of a practice.

#Example of how PSA Software can help improve executive insight

As an example of this, think of a network practice that combines elements of hardware (servers, routers, and hubs) with software (security messaging and e-mail), along with client education and even network monitoring and management.

A CEO view lists all the practices and ranks them by key performance indicators: revenue, growth rates, and margins. Practice managers can see how their projects are unfolding and with drill downs, identify what's working and what's not. The important point is that with the help of PSA software, VARs can put their fingers on the pulse of the business and tell where the market is expanding or contracting.

2. Client Visibility: All clients are important, but in reality, some are more important to your bottom line than others. Once you understand a client's lifetime value - revenue, projects, invoices, and opportunities with the help of a PSA software - you can shape your interactions with them better.

Look at yourself from your client's point of view
Clients see their relationship with the VAR as the sum total of their experiences with sales, receivables, service incidents and other interactions.

For a VAR, getting such specifics for even one client is usually a tedious one-off spreadsheet exercise. And when it's done, the rest of the organization usually doesn't share in the insights. As a result, the type of effective follow-up activities you want to have routinely - whether it's having an executive make a remedial call or initiating an incremental sales opportunity don't happen.

Professional services automation software changes all that. It gives executives the most critical elements of any client's transactions at a glance: practice revenues and margins, buying patterns, service incidents, and invoice payment. It gives insights about the client's experience with the VAR and shows the value the client brings to the VAR.

Using this knowledge can trigger a well placed call from a senior executive at the right time to reinforce your position and lead to a deeper relationship. It's the information you need to set priorities, ensuring you take care of your best clients and nurture the most promising ones.

#Keep tabs on ongoing interactions to improve revenue growth

Many executives measure the health of a client relationship by the number of interactions between the firms, recurring order patterns, and by increasing order size. The converse is an increasing number of calls to a support center about a repeating, nagging problem, or too many on-site visits that do not lead to any sales. Finding shifts in buying patterns through PSA software can act as an early warning system to help you prevent a good client from getting away and

recognize where new strategies may reignite purchases.

#Making yourself visible to your clients increases trust

The ultimate deliverable is your ability to create trust and business value for your clients. Opening up to let clients see their own daily interactions with you saves your client time and money, and you too.

By using PSA software portal clients can answer their own questions like have my payments been received (and applied to the right invoices), which invoices are outstanding, which orders are still open (and is any delivery info available), how many service calls have been placed recently, and how many (which ones) are still open.

Once an order is placed you set up a project to design, install, get the system operational, and ultimately accepted. During the project your clients can use the PSA software portal to understand the status of a project, use it for internal reporting purposes, and use it as a communication platform.

Forward thinking VARs are using professional services automation software to monitor the acceptance process and even ensure that a project delivers on its business improvement or ROI projections. During this process, a savvy practice manager will be looking for sales opportunities for after market services.

3. Marketing Effectiveness: Capturing true marketing costs and performance improves your capture rates and minimizes wasteful spending.

There is an old marketing saw that says 50% of advertising dollars are wasted - we just don't know which 50%. Unfortunately, that principle is true for VAR marketing expenditures too. Through professional services automation software, you can collect true costs for all aspects of your lead generation efforts and compare them to sales achieved. It's powerful information that ensures winning propositions are used again and less than stellar efforts are jettisoned. Knowing the cost per lead and success rate of every campaign brings marketing operations closer to the company's mission of growing revenue and high margin opportunities.

#Watch pipeline activity to identify where you can stimulate growth

Pipelines are hard enough to manage, even if you aren't dealing with sandbagging or missed executions. Professional services automation software generates real-

time reports for the sales executive, CFO, and CEO that detail the movement from proposal to order to shipment and acceptance. Reports that help you understand proposal conversion rates, internal execution, and how successful your employees are when visiting on site. Knowing this can help you identify good sales execution, spot remedial work for individual sales people, and decide what needs to be done to help cement a good relationship with a client.

#Use client feedback to productize opportunities

Every VAR maintains a support center for ongoing client support and project installations. Data from these interactions can be a treasure trove of new opportunities. PSA software identifies important call issues so you can examine them for add-on product and sales opportunities. Getting a lot of calls about start-up issues at the end user level? Perhaps an onsite introductory training class is needed. Do clients have insufficient skills in their IT departments? Maybe it's time to consider a managed services offering.

PSA software for VARs can provide the facts to make informed decisions about when to productize services for repeatable, high margin sales and to help you spot emerging areas clients are inquiring about.

#Accelerate upgrade opportunities through insight into your clients' installed environments

By its very nature, the technology industry is always racing towards the next breakthrough. Unfortunately, end user clients can't possibly keep up with the relentless adoption of the next big thing. In fact, they often don't maximize the use they get out of any piece of equipment and may not be aware of savings opportunities that come with some upgrades.

It's easier to sell when you know how and when the client buys. Many IT directors have a budgetary model that subscribes to the notion of being fully depreciated. Knowing when equipment depreciation occurs can trigger sales activities to harvest this built-in financial understanding. Creative sales executives will also see this as an opportunity to offer new contractual terms that extend beyond a single project or delivery. For example, they may take a deal off the street by replacing all of a company's PCs over a three-year period, as the systems become fully depreciated, and offering special payments terms to take the sting out of lump sum payments.

4. Internal Operations: Managing technology implementations means running

projects on-time and on budget. Real time awareness can detect margin leakage before it becomes a problem.

#Tight control of new technology introductions can speed revenue and contain ramp-up costs

Becoming market ready for each new technology is not a small or inexpensive undertaking. PSA software with good project management functionality enables you to identify and control key ramp-up tasks such as obtaining licenses, employee training and certification, setting up development environments, arranging your product distribution network, and so on. Technology ramp up is a huge internal project that requires costly capital outlays and profitability often depends upon skillful project and budget management and preventing cost overruns. PSA software tools give you time and cost management insights to use to help guarantee a prepared staff and an on-time rollout at a cost you expected.