

The Value of Maintenance ... Need To Sell That Story To Your Customers? You Bet ... But Only After You Sell It Internally First

By Nora Laughton

More and more technology companies are focusing on their maintenance business—or more to the point, are focusing on getting their customers to pay for and stay on maintenance. Why? Because maintenance can represent up to 50% of a software company's overall revenue and it likely has by far the highest profit margin of any product line. Right now a large percentage of customers do not want to pay for maintenance and are trying to negotiate both lower prices and higher service levels at maintenance renewal time. As a result, keeping customers on maintenance is probably one of your company's strategic goals this year.

How *do* you get customers to stay on maintenance? You must first develop a clear, crisp value proposition for maintenance, and then be able to articulate it to your customers in terms that make the benefits of staying on maintenance crystal clear. After that, it's just a matter of knowing when and how to use the value story. Our experience is that companies that do a good job arming employees with both the maintenance value proposition, training and sales tools have the highest customer retention rates and the lowest re-negotiating rates during the maintenance renewal cycle:

- ❖ ***Develop a clear, crisp value proposition.*** Customers know why they bought your software. Your sales team did a great job communicating the benefits of your product. In all likelihood, though, your sales team crossed their fingers that the customer didn't ask too many questions about maintenance because, after all, isn't maintenance just the ability to call 1.800.FIX-ME-NOW? Most companies deliver so much more than product support for maintenance and don't know it. You need to document everything that customers receive for maintenance, including such items as account management, response time targets, access to online systems, etc, and then compare it to the industry to see what makes your offerings stand out from the crowd, and reduce it into a crisp story that is believable and easy to digest for both your employees and your customers. We have worked with companies that offer some truly outstanding services but were not aware that other companies charge a premium for those very same offerings. What a powerful sales tool!
- ❖ ***Be able to articulate the benefits internally in order to be able to deliver it to your customers.*** Your customer-facing employees are the best vehicle for communicating your value of maintenance story directly to your customers. They are in front of your customers and prospects daily: during a sales cycle, onsite delivering professional services, or are your account managers trying to develop an ongoing relationship with customers. These are the people that customers ask the tough questions of:
 - "Why should I pay maintenance? I don't see any value."

- “You charge too much!”
- “You haven’t delivered any functionality we have needed in the last two years.”

Your customer-facing employees hear these objections daily. How do they address them? They need to take the time to learn your value proposition, believe it, and have the opportunity to practice it internally and then share it with customers.

- ❖ ***When and how do you use the maintenance value proposition?*** The short answer is every day. During a sales cycle, a strong maintenance story can help you position maintenance earlier instead of leaving it until the end when it might possibly become a second negotiation all unto itself in order to get the deal. *Memo to file: Most senior executives are annoyed by middle of the night calls telling them that all they have to do is cave on the price of maintenance in order to get the huge software deal.* Once the deal is signed, of course, maintenance becomes a yearly budget item for customers that must be paid in order to benefit from all the services you provide. But if you don’t make a point of communicating both the benefits and the services offered to them on an ongoing basis, you will find yourself having to negotiate maintenance pricing and services with customers yearly. And you can’t communicate your company’s value for maintenance story if you don’t know it.

So it’s not enough to have a great story. You must be able to sell it to your employees. They must understand it, believe it, and be able to articulate it confidently to your customers. After all, if your customers’ maintenance coverage needs to be reduced, you want them to reduce some other vendor’s maintenance, not yours, right?