

Defining Maintenance Value

By Gerard Frey

"It keeps the lights on in our company"

"Without it, we would be dead"

"By far, our most profitable product line"

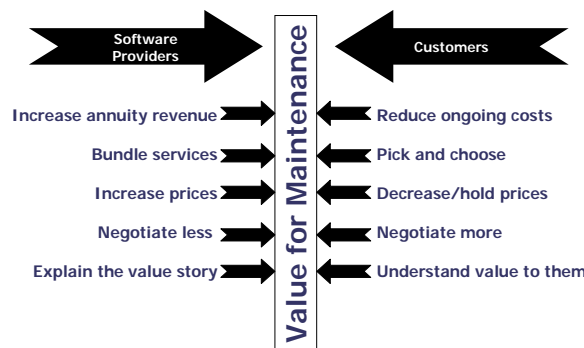
"Protecting it is our most strategic initiative for our company"

These are just a few quotes I have heard while talking with technology executives about the importance of maintenance revenue to their company. Since forming our Maintenance Retention practice in 2001, I have had numerous discussions with technology executives concerning the health of their maintenance business. As a result of these conversations, I have noticed two clear trends emerging:

- Maintenance revenues are becoming a larger percentage of total company revenue and, as such, technology companies rely more and more on maintenance to fund support, R&D and run the company.
- Customers are questioning the value of maintenance and are pushing back on required annual commitments.

With what almost seems to be conflicting goals between customers and vendors, it's no wonder why the topic of maintenance is one of the hottest in the industry right now.

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** The graphic pictured above illustrates the differences between how you view maintenance and how your customers view maintenance. **

We have found that today's most successful software companies are taking a more proactive approach to managing their maintenance annuity stream. What many of these companies have in common is they:

- Manage maintenance as a distinct line of business
- Adopt an "offensive" approach to promoting maintenance
- Have spent time refining their "value for maintenance" story and making sure that everyone in the company can tell it
- Proactively market the value of maintenance to their customers
- Arm every customer-facing employee with tools and skills to sell the value of maintenance to their customers
- Constantly monitor industry and competitive trends

In addition, they're using in-house and third party resources to develop strategies which are constantly being evaluated and reevaluated in order to ensure all efforts are being maximized.

What are you doing to ensure the ongoing health of your maintenance business? As one client recently told me, "Ignore it, and it will go away". As we busily prepare for the end of this calendar year, make sure that your maintenance is getting the attention it deserves.