

Five Proven Strategies To Increase Maintenance Revenue

By Nora Laughton

There are over a dozen ways to increase maintenance revenue. Here are just a few:

Review Your Pricing Strategy

No one tactic will affect your company's maintenance revenue more than pricing.

- How does your pricing strategy compare to the industry? to your competition?
- What percentage of software price should you use?
- Should you base maintenance pricing on list vs net software price?
- When should maintenance start?
- How aggressive are your annual price increases?

Pricing is not an isolated event, but a continuous process to ensure that ongoing pricing strategies help your company optimize your maintenance annuity.

Negotiate Less

Poorly negotiated maintenance will have significant long-term effects on your company's revenue. How can you negotiate less? Sell more value. To negotiate from a clear, confident position, all customer-facing employees must be well-equipped with a strong "value for maintenance" story and solid negotiating skills. Positioning maintenance in the initial sales cycle doesn't have to be the last thing standing between you and the deal. With a strong story and trained negotiators, you might even be able to lead with it!

Reduce Ongoing Defection Rates

A customer's decision not to renew maintenance is made long before your maintenance invoice lands in their inbox. Although most of your customers are likely to leave you at some point in the future, you CAN positively influence the length of the average customer's lifecycle. First, get a handle on why your customers defect and focus on the customers you can influence. Engage marketing, sales and operations to come up with a comprehensive strategy to lock in those customers for the long term.

Execute Winback Campaigns

Getting lapsed customers back on to maintenance generates back maintenance revenue, future maintenance revenue, additional services opportunities, and the opportunity to re-engage with your customer. Every software company should look for ways to entice off-maintenance customers back on to some level of maintenance. To be successful, you must have a compelling story, be creative and, above all, be prepared to negotiate!

Improve Your Maintenance Renewal Process

Who "owns" maintenance in your company? Everyone? No one? Having clearly defined maintenance roles and responsibilities is critical to the success of your maintenance line of business. A badly organized or executed maintenance operation can severely affect your ability to collect outstanding maintenance invoices, which will ultimately have a negative impact on cash flow. It is important to know who markets, sells, collects and negotiates maintenance in your company.