

Registria Best Practice Brief - Selling Channel Partners on Manufacturer Involvement in Service Sales

Within the information technology industry, the importance of services continues to grow rapidly. Analysts are increasingly looking to maintenance revenue as a key metric for valuation, given that it is a predictable revenue stream and indicates stronger pricing power and stickier renewal rates. According to Gartner, lagging US information technology companies could increase their support service rates by \$30 BN (15% greater than the existing base), if they simply used smarter techniques of marketing to customers such as product registration, notifications and integrated commerce to match the current market leaders.¹

At the same time, according to Gartner, the indirect channel's importance continues to increase. Today, over 70% of all IT hardware, software and services is sold through indirect channels, with 8% growth annually for the next two years.

The implications are obvious. IT manufacturers realize the importance of service sales to their bottom line, but have a growing dependence on resellers. Despite the profit opportunities, too many manufacturers are worried about channel conflict and reseller ineffectiveness to build their customer information databases and service sales efforts, leaving it to their most forward-thinking resellers. As a result, manufacturers can't effectively make use of customer and product data, and tried and tested processes surrounding installed base customer management in order to maximize their service attach rates.

To win against the competition in this new environment, many companies will need to pursue strategies that leverage resellers as the valuable *partners* they are in the process of increasing service sales, while becoming more involved in the service sales process.

Communicate, communicate, communicate

To be successful, manufacturers need to create an effective communication strategy that highlights the benefits for resellers, while mitigating concerns around channel conflict.

The key is to note the benefits that both parties will reap from a higher service attach rate: increased C

Registria is a leader in understanding and maximizing the revenue potential from a company's existing customers.

