

Selling Cisco Services Contract Renewals



Business Benefits

Selling service contract renewals is a process that requires organization and forward planning, but can provide great rewards. It provides the opportunity for you to capitalize on your initial investment in time and effort made when your customer first bought a service contract. An effective approach can help secure your organization at least another year's revenue for a far smaller outlay

Renewing a service contract is an important time to emphasize the value that services can provide to a customer's business. It is a critical point in the customer lifecycle opening up opportunities to up-sell, cross-sell, and replace existing hardware.

Pursuing renewals opportunities with your existing customers can help you effectively manage your customer base. Partners who work to build an effective renewals process are in a better position to increase profitability, improve productivity and improve customer satisfaction and loyalty.

Service contract renewals are important to your business because they:

- Help build a predictable and renewable revenue stream.
- Help enable you to use the relationship built during the initial sale process to extend your association and create opportunities for upgrades or modifications of existing equipment.
- Help increase customer satisfaction and retention by protecting and optimizing your customer's network investment.
- Provide an added opportunity to illustrate the value of services to your customer's overall business goals.

Why renew services on time?

- **For your customer:** Renewing services in a timely manner helps your customers ensure continuous service coverage, and protects valuable and often mission-critical network resources. Timely renewal also minimizes entitlement issues for your customers when they submit service requests, enabling them to receive support promptly.
- **For you:** The timeliness of partner-led service renewals can have a direct impact on your performance metrics and rebates.

How to Get Started

Applying a Solutions-Led Approach to Selling Services

Using a solutions-led sales approach can help you to explore further opportunities for technical services, multiyear service agreements, and financing. It can also help you demonstrate the value the customer has received from their service contract.

The first step in a solutions-led sales approach is usually a discovery to build an understanding of the customer's objectives and current state of the network. This also provides the opportunity to formally agree on the necessary next steps to progress toward the desired future state of your customer's network.

Addressing Services Opportunities from Network Discovery

An effective discovery process uses network collection technologies to generate data that can be used to assess business opportunities in the customer's network. The assessments can document the following information about the equipment discovered:

- Hardware and software that have reached lifecycle milestones
- Security advisories
- Equipment not covered by a service agreement
- Service contract expiration dates
- Service contract data issues that might affect service delivery and customer satisfaction

Timing Is Everything

The most important aspect of successfully managing the renewals process is starting early. The process for securing service contract renewals is:

- Identify contracts due to expire at least two quarters in advance.
- Check and make sure of contract accuracy.
- Review your customer's business situation and associated service coverage model 90-120 days before the contract expiration date.
- Prepare a quote and proposal for new services, renewal services, uncovered services, hardware and software.
- Provide financing options.
- Manage objections and adjust the proposal as required.
- Close the sale on the new and renewed contracts.

Preparing for and Managing the Renewals Process

Your customer will expect you to know the basic details (product, serial numbers, etc), and the history of the contract. It is also important to make sure you are aware of any lengthy or unresolved issues.

Utilize Cisco tools and take advantage of reports to understand what opportunities are coming up and when, and plan your time to allow for account preparation before starting the communication process with your customer.

Tools for Managing Cisco Services Contracts

Cisco provides a number of tools that can assist you through the renewals process. These include:

- **Cisco Service Contract Center** gives you access to an integrated and powerful web-based solution that can be used to quote and book service orders and manage service contracts and renewal opportunities.
- **Service Renewal Opportunity Reports.** The Partner Opportunity Manager (POM) tool within Cisco Service Contract Center allows you to look ahead at your service renewal opportunities.

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Starting the Communications

In devising your communication strategy you need to tailor your approach (Figure 1) to the type of customer; larger organizations need to be handled differently from smaller businesses.

Figure 1 Timing Your Approach

<p>Large Customers</p>	<ul style="list-style-type: none"> • 120 days to no later than 60 days before service contract expiration. Customers with a variety of equipment and different types of service contract will require more complex negotiations to secure renewals <ul style="list-style-type: none"> – You might also need to allow additional time for any contract cleaning that might be required. These customers also represent greater opportunities for upgrades, extensions and new sales. – For these customers the objective is to secure a face-to-face meeting well before the expiration date to give you the best chance of realizing maximum rewards. • 15 days before contract expiration. An essential reminder to those customers who have not yet responded to the first contact. • 15 days after contract expiration. If the first two rounds of contact are completed effectively, the reasons for any remaining non renewals should be clear. This last follow-up will secure a few late renewals from those who have simply omitted to sign on the dotted line.
<p>Smaller Customers</p>	<ul style="list-style-type: none"> • 90 days to no later than 3 days before contract expiration. For your customers with very few devices, the renewals sales process will typically revolve around letters, emails and telesales scripts rather than costly face-to-face meetings. • Upon contract expiration. Remember, this is a percentage game; most will renew at the first reminder, but a significant number will need this second approach. • Up to 30 days after contract expiration. At this stage your customers either might be reluctant to renew or simply be too disorganized. Many of the more disorganized ones at this point can be captures and discussions might still be underway with those who are reluctant.

Strategies for Successful Selling

Adopt Best Practices

- Validate your customer's business needs.
- Focus on the benefits of Cisco Services.
- Explore opportunities to upsell.
- Lock in revenue streams through co-termination.
- Sell the advantage of multiyear options at every opportunity.
- Remember to use a solution-led selling approach.
- Always sell the benefits of Cisco Capital® financing.

- Be prepared in advance to overcome objections.
- Don't wait for contract renewals to initiate customer interaction.

Increase Your Skill

- Manage the renewals process effectively.
- Train staff in using Cisco tools.
- Designate a service renewals specialist.
- Formalize and document the renewals process.

Important Links

- [Cisco Services for Partners](#)
- [Attach and Renew Services](#)
- [Cisco Capital](#)
- [Cisco Services Accelerate Program](#)
- [Cisco Service Contract Center](#)

