

# Selling Multi-year Cisco Service Agreements



## Business Benefits

Multi-year service agreements are about adding value both for you and your customer. Including a multi-year agreement as a fundamental component of any solution can provide you with improved profits and strong customer relationships over a longer period.

Multi-year service contracts can also provide customers with important financial benefits and give them an easy route to providing continuous coverage of their networking investment.

Multi-year coverage can help customers:

- Lock in prices
- Receive continuous service coverage
- Take advantage of discounts and incentives
- Better plan and manage operating expenses
- Improve cash flow

## Partner Benefits

Selling multi-year service contracts should not be seen as a separate activity from selling the initial service agreement, securing a contract on uncovered equipment, or pursuing a renewal.

When you sell a single-year service contract, you spend time preparing, selling, negotiating and processing the contracts after you have closed the sale. When you offer a multi-year service contract from the beginning, with no additional effort, you have the opportunity to improve your sales revenue and margins.

Selling multi-year service agreements can help you:

- Increase customer loyalty
- Reduce administrative and operating expenses
- Improve cash flow



- Increase profit margins
- Increase revenue opportunities

## Helping Your Customers Think Long Term

To sell multi-year service contracts successfully, you need to help your customers think long term and understand the financial benefits. You also need to be able to converse comfortably with both operational decision makers as well as financial decision makers at companies of different sizes. Important questions to ask your customer include:

- How long do you think you will have a Cisco network? For at least the next three years?
- How would locking in prices and improving cash flow help your business?
- What projects would you pursue if you had additional budget?

The most compelling time to make a case for multiyear service agreements with your customers:

- Early in the sales process, when you first begin discussing their business challenges
- During customer discussions following a network discovery
- During service contract renewal discussions

Attempting to sell services after taking the product order, diminishes your ability to secure multi-year service agreements. As a result, you will lose the opportunity for a recurring stream of revenue.

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## Discussing Financial Effect

Once your customer is open to thinking long term, the next step is to help them see the long-term financial benefits of an investment in a multi-year agreement.

- **Customize your approach to the needs of financial decision makers:** Operational staff are responsible for the effectiveness of the network and are focused on the quality of the service and the details of the program. CFOs care about effective cost and benefit management, budget stability and planning, conserving budgets, tax advantages, and budget allocation.
- **Calculate return on investment (ROI):** An ROI analysis can be a powerful tool. You should thoroughly understand the elements of the analysis and confidently be able to answer questions about the results.
- **Break down the initial investment:** Break down the multiyear expense into smaller, more acceptable amounts: that is, monthly, weekly, or daily costs.
- **Demonstrate the benefits of improved cash flow:** Make sure your customer knows that a multi-year agreement can provide predictable monthly expense budgeting. It can free up cash, and provide an opportunity for the service agreement to be accounted for as an operating expense rather than a capital expense.
- **Offer multiple payment options:** Payment options can affect cash flow. Customers can choose to prepay or finance.

## The Benefits of Financing

Cisco Capital bridges the gap between technology requirements and budget availability. Financing a multi-year service contract can help your customer by:

- Providing a total solution
- Improving cash flow
- Enabling predictable monthly expense budgeting
- Locking in today's services pricing and avoiding price increases
- Freeing up more cash to invest
- Enabling maintenance to be treated as an operating versus a capital expense

Financing also provides you with the ability to maintain better account control and pave the way for future business. It can help you keep the competition out, while helping to ensure a timeline for future refresh opportunities.

## Strategies for Selling Multi-Year Service Agreements

An effective sales strategy will help you increase opportunities to sell multi-year agreements.

- **Introduce services at first sale, on uncovered equipment, and at renewal time.**  
Do the necessary homework:
  - Track contract renewal dates for each customer and time your sales and marketing activities appropriately.
  - Validate service availability, service levels, and service types to set customer expectations appropriately.
  - Create price comparisons for one year versus multi-year agreements.
- **Capitalize on the renewals opportunity:** Every annual renewal is an opportunity to increase the sales and margins by selling a multi-year agreement.
- **Enhance the value proposition with financing:** Cisco Capital offers flexibility with payment schedules that match cash flow and budget cycles by spreading the cost over time.
- **Support your sales effort with marketing programs or communications:** Check for multi-year promotions that you can offer.

## Sales Resources

[Cisco Partner Central](#)

[Cisco Services for Partners](#)

[Cisco Capital](#)

[Attach and Renew Services](#)

[Incentives and Promotions](#)

[Cisco Services Accelerate Program](#)