



# PARTNERING FOR HIGHER PROFITS

Grow Your Channel Revenue with ISMO

By Angela Vines

VP Partner Services



# Partnering for Higher Profits: Grow Your Channel Revenue with ISMO Certification

*With certification from a master independent service and maintenance organization, your company can easily pursue residual revenue streams and build a unique identity by selling hardware maintenance and support services under your business name.*

In today's channel, value-added resellers, integrators, brokers, software vendors and other channel partners face increasing pressures from shrinking margins and quota-minded original equipment manufacturers (OEMs), especially with fluctuations in U.S. economic health. To sustain or even grow revenues, channel members need to pursue residual income streams by implementing a new approach to selling information technology (IT) maintenance and support services. Becoming a certified independent service and maintenance organization (ISMO) helps your channel company create a highly credible and often lucrative way to capitalize on existing business and capture new customers.

Adding or increasing support services is a natural complement to equipment, software and existing services sales, as well as an opportunity to upsell current customers. However, most channel companies do not have the resources or expertise to offer a broad range of support services to their customers. Until now, this has left them dependent on selling services provided by OEMs or third-party service providers, who may even at some point circumvent the reseller to capture end-user sales directly. In addition, an OEM may terminate its relationship with a reseller if hardware sales quotas are not met, taking the service level agreements (SLAs) and renewal revenue with it.

Becoming a certified ISMO is a compelling alternative to dealing with OEMs and other service providers that effectively addresses the challenges channel participants face today. A master ISMO certifies its channel partners to provide IT maintenance and support services throughout North America for mid-range servers, networking and storage equipment. With ISMO certification, you can:

- Brand services under your own name
- Own the SLA, as well as its residual revenue stream
- Offer multi-platform expertise
- Expand geographical reach
- Customize services to meet specific customer needs
- Motivate sales staff with training and marketing collateral

## **Build your own channel brand**

Maintenance and support services offered by channel companies are most often contracted and managed through an OEM or, sometimes, through a third-party service provider. However, neither of these choices contributes to your channel brand identity. By becoming an ISMO-certified partner, you have an easy way to build a distinct brand while eliminating reliance on OEMs.

A certifying master ISMO offers 24/7 domestic help desk, on-site hardware maintenance, parts logistics and replacement, storage support and other IT services across multiple leading platforms. Literally overnight, a master ISMO can provide the infrastructure you need to become a flexible turnkey solutions provider that offers a bundle of services customized under your brand and tailored for specific customers. As a certified ISMO, you have access to help desk personnel and field technicians that use your company name, which is also carried over into invoicing and all other forms of communications.

Positioned as a turnkey solutions provider, certified ISMOs benefit in many ways. You can offer broad maintenance and support coverage to customers, without the impractical startup costs of hiring a technical support team. Instead, your channel business seamlessly leverages the master ISMO's various resources to build your brand as a one-stop service experience for customers. In addition, the master ISMO helps channel partners save costs for customers by offering more competitively priced contracts than OEMs, which have higher overhead and service rates, as well as more costly contractual stipulations.

## **Tap into residual revenue streams**

Customers recognize when OEMs are managing services instead of the reseller, and they often develop direct relationships with them, causing the reseller to lose both site and customer control. When your company becomes ISMO-certified, you own the customer relationship long-term, along with the residual revenue from renewals. If hardware sales quotas are not met, your company is protected because it owns the SLA and its renewable revenue, which compounds each year.

It is important to note that a master ISMO does not ever compete with the channel by selling hardware, as do some other service providers, and it makes certain that certified ISMOs build their customer base



and see the recurring revenue. For example, your business may sell \$100,000 of services the first year as a certified ISMO. The next year, you automatically start with \$100,000 of renewals at a minimum, with the potential of adding new contracts on top of that amount. This will occur each successive year that your business remains ISMO-certified, and you are guaranteed 100 percent of the renewal revenue, providing a sensible, easily accessible option for boosting margins.

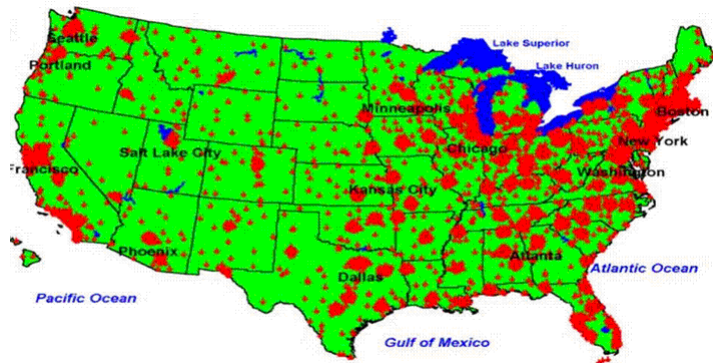
A master ISMO automatically prompts its certified partners before a renewal date to contact the customer, providing an opportunity to determine if the organization wishes to extend its contract or has additional needs. In contrast, some third-party service vendors and OEMs circumvent the reseller to pursue the renewal directly.

### **Provide multiplatform expertise**

With ISMO certification, a master ISMO quickly transforms channel companies into multiplatform experts by offering access to technicians certified on Cisco, HP, IBM, Sun and other well-known providers of server, storage, back-up and network equipment. The master ISMO transparently manages troubleshooting, help desk support and other services under your channel company's name, building your reputation as a solutions authority.

While OEMs often claim they support other vendors under their SLAs, in reality they may only have minimal expertise on other platforms. Also, if a reseller provides service through multiple SLAs, customers must call several manufacturers' hotlines for individual equipment troubleshooting, prolonging customer downtime and contributing negatively to the reseller's reputation.

In contrast, a master ISMO's multiplatform expertise offers your channel business the capability to maximize uptime by assessing a customer's entire IT environment and quickly resolving problems, regardless of vendor. The master ISMO helps you proactively match expertise to every piece of equipment in even the most complicated of SLAs before the contract is signed so that the correct services are available at contract onset.



A case in point: A healthcare provider with 900 hospitals faced an expensive upgrade of its hardware because two major OEMs would no longer support the equipment. Furthermore, with sensitive, mission-critical patient data stored at diverse locations throughout North America, the healthcare provider also needed 24/7 support, especially in light of HIPAA and other regulatory issues within its field.

Instead of upgrading its hardware, the healthcare provider approached a certified ISMO with its service needs. This ISMO created a customized SLA for all equipment in the network that provided 24/7 help desk support, as well as parts procurement and onsite support when necessary. The SLA was complex, but the certified partner was able to meet its requirements the day the contract was signed because of its access to a master ISMO's infrastructure and expertise.

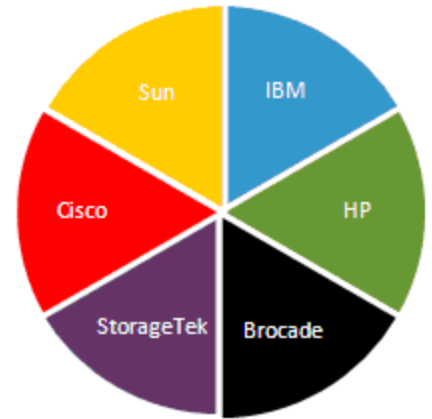
In addition, if a potential customer says equipment is still under coverage, you can offer to streamline contract and service management in a multiplatform environment as a certified ISMO. Backed by a master ISMO's expertise, you can audit all service contracts from multiple vendors to determine when they expire and if they are providing the necessary level of coverage. You can also pinpoint the equipment for which manufacturers are going to end the service life. With a master ISMO's support, you can then offer an easy to manage one-contract option where all equipment is covered and coverage expires at the same time.

### **Expand geographical reach**

If you are a regional business that is constrained to offering services within a limited geographical area, your channel company can easily expand its reach to accounts throughout North America by becoming an ISMO-certified partner. You will act as the project manager, while the master ISMO facilitates installation and remotely manages services such as troubleshooting and help desk support under your company's name.

As a certified ISMO, the flexibility to provide national coverage also expands sales opportunities to include lucrative large accounts that require geographically dispersed rollouts of hardware and software. You simply identify the scope of work and push it to the master ISMO, which manages the customer's support.

As an example, a hardware reseller was limited to selling in the Midwest because that was as far as it could reliably service and support the equipment. By becoming ISMO certified and gaining access to a master ISMO's field representatives, the reseller now pursues hardware and service sales throughout North America. In the three years since becoming a certified ISMO, the broker has generated over \$1.5 million in residual revenue by providing services, although they were not part of its original business strategy.



### **Offer customized solutions to the customer**

ISMO certification helps a reseller become a flexible business partner by allowing it to offer as much or as little support to customers as they need. As a certified ISMO, you can support customers who simply want 24/7 help desk support across all sites, as well as customers who specify next-day onsite troubleshooting for some locations and four-hour service at others. ISMO certification also allows you to offer SLAs designating the type of service and length of contract term, as well as the addition of new equipment at any time.

Bundling services is another example of the versatility certified ISMOs can offer to customers. For instance, one particular ISMO provides network managed services to a nursing home provider with facilities scattered across North America. The services allow corporate IT staff to centrally configure, manage and monitor equipment over a web site. If on-site support is needed, the master ISMO sends certified technicians so that the nursing home provider does not have to staff IT personnel at individual sites or incur the cost of travel for corporate IT staff members.

Backed by a master ISMO, a certified ISMO can accommodate a variety of special circumstances. For example, a major express shipping carrier wanted to transfer new server equipment to another floor, but its OEM was going to charge the carrier for both the move and recertification of the equipment. Instead of using the OEM for the move, the carrier simply entered a support contract with a certified ISMO, which allowed the carrier to move its own equipment without incurring significant costs for recertification.

To capture large accounts, a channel participant should also be able to offer flexible programs down to the equipment level, not just the site level. As a certified ISMO, your business can support a customer's need for different service levels on thousands of pieces of equipment. Providing such a high level of support attracts larger customers by saving them money and time.

A case in point: An OEM wanted premium prices to certify hardware for a mission-critical aerospace application because the equipment was just a few years old, leaving the reseller with only a 2 percent margin on the project. In addition, the OEM would only agree to provide site-level, not equipment-level, coverage, substantially adding to the cost for the end-user organization. After pursuing ISMO certification, the reseller was easily able to offer a contract that would support some switches as mission-critical with 24/7 help desk support and on-site technicians if necessary, while other switches received basic M-F/9-5 parts logistics coverage. By offering this level of flexibility, this certified ISMO realized a 52 percent gross profit while saving the customer 25 percent.

### **Becoming ISMO certified is easy**

Channel companies must be certified by a master ISMO to offer the versatile, branded and revenue-generating services described here. Certification simply requires that a channel partner sign a commercial letter outlining the relationship between it and the master ISMO. As an addendum to the letter, the channel partner must agree to a Code of Ethics that outlines policies and procedures for operating as a certified ISMO.

As part of the relationship, the master ISMO agrees to provide its certified partners with valuable branded marketing materials and customized quotation tools for each sale, in addition to a guaranteed level of service for the end user.

Certified ISMOs must agree to actively market and sell ISMO solutions, and identify an internal champion for its ISMO sales. The sales staff must also complete certified ISMO training, which the master ISMO conveniently conducts on site or via webinar for remote sales representatives. This training focuses on how to sell branded services instead of single sales and offers useful and easily applied tips for building a long-term residual revenue stream with services sales.

ISMO certification offers channel participants a practical, easily implemented way to improve margins by better serving customers. It expands business prospects past the channel partner's core competencies and beyond the limitations of geographical location. And, with expert training from a master ISMO, certified ISMO's will see their sales staffs better motivated and prepared to pursue lucrative new business with service offerings.

For more information on ISMO and how to receive certification, call (877)-GO4-ISMO or email [info@goismo.com](mailto:info@goismo.com).