

Selling Service Contract Renewals

Accelerating Partner Success with Cisco Technical Services





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Renewing Cisco Technical Services contracts can help you:

- Enhance cash flow and margins
- Penetrate new markets
- Improve your competitive advantage
- Increase customer retention
- Increase customer satisfaction
- Expand your relationship with your customer

Managing Your Customer Base with Service Renewals

The information in this guide can help Cisco® channel partners boost revenues, increase margins and build long-term customer loyalty by renewing Technical Services contracts with customers.

This services guide focuses on increasing your sales effectiveness by helping you better capture opportunities to sell service renewal contracts. It also covers objection handling tailored to the specific requirements of customers within small to medium-sized businesses and provides information about the portfolio of Cisco Services.

Selling Services: Using Solutions Selling to Capture Renewals

Selling Cisco Services contract renewals is a process that requires organisation and planning, but can provide great rewards. Selling renewals provides you with the potential to capitalise upon the investment you made at the first sale of service. And, if you have planned and implemented your approach, you may secure at least another year's revenue for a far smaller outlay of time and effort than you made during the first sale.

Selling service renewals creates opportunities to upgrade or extend service coverage or expand the overall solution by selling new hardware, software, or financing.

The solutions selling approach is important when pursuing renewals. This is your opportunity to revisit your customer's business needs and requirements – to discover new directions and plans or validate existing ones. Few company plans remain the same for a long time. With each company's changing needs come new opportunities to upgrade or extend service coverage, or expand the overall solution by selling new hardware, software, service or financing. In other words, contract renewal time gives you the chance to build your business base and increase your revenue stream, while developing your role as a strategic part of your customer's team. To do this, you and your customers need to have a shared understanding of the value received from Cisco Technical Services and fully explore issues, concerns and objections that might affect the decision to renew. (See Figure 1.)



Figure 1. Solutions Selling Ask Questions to Discover the Right Approach to the Renewals Process



Securing Renewals – Increasing Your Sales Opportunity

Securing the renewal of a service contract and increasing your sales opportunity is dependent upon a number of critical factors:

- Starting early – 90 to 120 days in advance
- Understanding the customer's business needs
- Exploring opportunities to sell additional services
- Proposing a solution to meet customer requirements

A key tool to help you is the Cisco Service Contract Centre Website (SCC). To access the tool, go to www.cisco.com/go/scc

Starting Early – 90 to 120 Days in Advance

The most important aspect of successfully managing the renewals process is starting early – at least 90 to 120 days before service contracts are due to expire. Contact your customer to let them know they have a renewal coming up and then schedule time with them to conduct a business review. The business review is essential to understanding the customer's business needs and proposing a valid solution.

Customers with a variety of equipment and different types of service contracts will require more complex negotiations to secure renewals. They 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. Scheduling this meeting well in advance enables you to have adequate time to discuss all the issues and propose a valid solution prior to the expiration of the service contract.

For customers with very few devices, the renewals sales process will typically revolve around e-mail and telephone contact rather than costly face-to-face meetings.

Understanding the Customer's Business Needs

The renewals process is an important opportunity to re-engage with your customer. It is an excellent time to revalidate your customer's business challenges, networking requirements and service coverage models. Use the renewals process to learn everything you can about their business and how it has changed since you first secured them as a customer. Better understanding your customer's situation will help you to retain them as a customer. It will also increase the value you provide them through Cisco solutions. (See Figure 2.)



Figure 2. What Customers Need

Exploring Opportunities to Sell Additional Services

Your discussions with your customers should fully explore whether this is strictly a renewal, or an opportunity to sell additional services. Discuss the changes that have taken place in your customer's business that might affect the way they are using the technology. If they have taken on more staff, you can make a case for increased demand on switches and routers, meaning the existing service level may not be enough. If they have Cisco SMARTnet® Next Business Day coverage, for example, the customer might be better off moving to a contract providing four-hour or even a two-hour replacement. If they have added additional, or replaced existing equipment, they may need additional coverage. Look for equipment that does not currently have a service contract to include in the renewal proposal.

Proposing a Solution to Meet Customer Requirements

Once you have a thorough understanding of your customer's business issues, you will be in the best position to propose a complete solution that helps them achieve their business objectives. Your proposal will no doubt include the renewal of any existing service agreements, but the exploration of your customer's evolving situation may also lead you to propose new hardware and software and new service agreements for any uncovered equipment you have discovered, as well as financing.



Best Practices for Selling Service Contract Renewals

Use a Solutions Selling Approach

Entering into the service agreement renewals process is an important time to continue using a solutions selling approach. This is an opportunity to continue exploring your customer's questions about cost of ownership, the effect of unexpected downtime, their need to show a return on technology investments and what a reliable network solution means to the long-term success of their business.

Increased Revenue Streams Through Cotermination

This is an excellent strategy for optimising your revenue streams and reducing your administrative burden. Where customers have purchased different service contracts at different times, you may find yourself contacting them repeatedly with the same messages relating to different pieces of equipment, which is a nuisance for you and for them. Cotermination means arranging for all service contracts to be renewed at the same time. Use the Cisco Service Contract Centre Website (SCC) at **www.cisco.com/go/scc** as a tool to help you.

Sell Multiyear Options

Multiyear contracts (typically three years) give customers the opportunity to take advantage of discount incentives, lock in prices, match service contract to lease terms and with financing, improve cash flow. Selling multiyear agreements can also lower your sales administration costs, boost your renewal rates and increase gross margins and cash flow, with other associated benefits for your return on investment (ROI). In particular, if you sell at the point of first sale, you can secure the budget for the longer-term contract, instead of having to resell it every year. You can make a strong case for multiyear options, because they also remove administrative and management burdens for the customer.

Sell Financing Solutions

Offering your customer a financing solution that spreads their capital outlay over a number of years can help enable the customer to accelerate or increase the deployment of state-of-the-art network solutions. Financing is one of the most important tools you have to manage a customer's budget concerns and promote multiyear contracts.

Cisco Capital® Easy Lease financing solutions provide straightforward, flexible financing options, competitive rates and fast credit processing. This can help your customers acquire the solutions they need to be successful.

Find out more at **www.cisco.com/asiapac/easylease**

The advantages of multiyear contracts include:

- Discount incentives for customers
- Lower sales administration costs
- Higher renewal rates, stronger gross margins
- Improved cash flow for you and your customer



Handling Objections

As you implement your Cisco Service Contract Renewals strategy you might encounter some objections. The information below can help you counter those objections.

Objection

*I know the technology now.
Why should I pay for another year?
My team can look after it.*

Response

Point out the value they have already received in terms of support, upgrades, updates, replacement parts and tools and resources. Meeting industry needs, Cisco continuously evolves and develops its products. With service protection, your customers have taken full advantage of the Cisco investment in innovation and kept their network infrastructure up to speed with leading networking technology.

Discuss the need and benefits of being able to update Cisco OS software. Ask how the customer plans on handling Cisco OS software updates. Remind the customer that Cisco OS software updates are available only on products with service contracts.

Ask the customer if servicing equipment is really the best use of its in-house team. Emphasise that the best solution is to have coverage to help technicians when they need it and free their team to focus on work related to the customer's core business. Also discuss the expertise of the in-house staff. Does IT have the necessary knowledge and experience, especially on new technologies?

Ask the customer questions that focus on the types of information they usually need about Cisco products, the easy access they currently have to this information and how much time they would spend looking for it without service coverage. Show them that they have saved time and money by using the Cisco.com website to get quick access to a wealth of information on Cisco products and solutions. It may be helpful to sit down with your customer and together re-visit some of the internal Cisco product sites available within Cisco.com, such as the Cisco Products, Technology and Solutions pages.

If you are positioning Cisco SMB Support Assistant as the best option for your customer, tell them about or show them the Cisco SMB Support Assistant Portal. Emphasise how use of this portal will help your customer to effectively manage contracts and devices, as well as implement basic network configuration scenarios and help resolve common troubleshooting issues. Visit the portal at **<http://tools.cisco.com/Support/SMBSA/Login.do>**

Objection

I do not need updates for Cisco OS software (for renewals of Cisco SMARTnet).

Response

Remind them that their business is constantly changing and new applications are being released frequently. Abandoning software support may result in new applications not working to their full potential, thereby decreasing the value of these applications. Reinforce that new versions of Cisco OS software will add new functionality to their equipment and will help to boost their return on investment and lengthen the life of their equipment.

Objection

Why do I need to renew my service contract? I have not used it this year.

Response

Point out that your customer has received updates of Cisco operating system software (and application software, if this is relevant), which have kept their Cisco solution current and operating at a high level. Most customers do not realise just how much they have benefited from Cisco OS downloads.

Point out that service contracts:

- Supply rapid response to problems that can affect network availability
- Provide investment protection
- Avoid high transactional fees and long waits for delivery of parts
- Provide current software

Finally, point out to your customer that once their current service contract expires, a Cisco engineer will have to inspect the equipment before any future service contract can be purchased. There is usually a charge for the inspection, which your customer can avoid if they renew service before the current contract expires.

Objection

I need service, but Cisco SMARTnet is too expensive and provides more than I need.

Response

If your customer does not want to renew Cisco SMARTnet and meets the criteria for SMB Support Assistant, consider offering SMB Support Assistant. Revalidate the business need for the device and the associated decision to use service previously. Lead with the message that Cisco SMB support assistant is a service program designed to meet the needs of small to medium- size businesses.

Objection

I do not want an on-site contract for parts replacement any more because it is more expensive (for Cisco SMARTnet Onsite renewals).

Response

Ask your customer what would happen if they were to experience a critical network problem after business hours or on the weekend. Point out that with Cisco SMARTnet Onsite support, they have access to fast responding onsite help, even after hours. Ask if they are comfortable with the risk of having their network down, without access to assistance, over a weekend, or even for several days, until they can get a resource to the location to help them. This point is particularly compelling for customers in remote locations.

Objection

I didn't budget for it.

Response

Handling this objection involves identifying cost savings, price protection and most importantly, financing opportunities. Emphasise that while a customer might not have budgeted for a prepaid multiyear contract, making monthly payments to Cisco by financing the contract, while incurring some financing charges, can make the renewal viable. Partners can also work with Cisco Capital Easy Lease to buy down the rate by using their multiyear prepaid discount.

Objection

I have not used phone support (for Cisco SMARTnet).

Response

This objection indicates that the customer has not taken full advantage of their service coverage, or has not monitored their use of it. Point out that with service coverage, your customers have access to a team of Cisco or partner experts who have the knowledge to resolve any problems and get their network back up as quickly as possible through the Technical Assistance Centre (TAC). Compare the time it would take the Cisco TAC to resolve a problem with the time the customer might spend trying to resolve the problem on their own. Remind them also that they might have to call the TAC anyway if they cannot resolve the problem themselves, incurring time and materials charges. Conclude by adding up all of these potential costs and risks and compare them to the annual flat fee they have been paying for phone support.

Objection

I don't see the value of renewing a SAS or SASU service contract to support our network software applications.

Response

This is a question of return on investment and total cost of ownership over time. Explain that the value of the applications in terms of their contribution to business success will diminish more quickly if they are not kept current. Point out the speed of software evolution, particularly in the area of security, as well as the fact that the warranty may not cover upgrades to the software. Highlight some of the features they have already taken advantage of during the current service cover period.

Point out also that if they would like to upgrade their applications in the future but do not have valid service coverage, the cost of purchasing these upgrades will be greater than the cost of renewing their service contract. Remind them that future additions to their network may not be compatible with their current applications, resulting in unexpected additional costs.

Objection

There is no more budget for service.

Response

Ask your customer about the business reasons for the investment and show how including service can help to reduce total cost of ownership and build in investment protection. Position technical services as an essential extension of the technology investment.

Mention that the cost of one service call can be as expensive as the contract itself and that with the service contract, the customer receives a full range of benefits (Next Business Day Advance Hardware Replacement, etc). Discuss Cisco Capital Easy Lease financing solutions with your customer.

This is also another scenario in which Cisco SMB Support Assistant may be appropriate. Be careful to position it as an alternative to Cisco SMARTnet support for a small to medium-size business. Discuss the customer's needs and show how Cisco SMB Support Assistant addresses them.

Portfolio of Cisco Technical Services

Cisco offers a portfolio of technical services to help meet the diverse needs of customers. Many of the offerings are designed to provide service and support for all Cisco products, while some are specialised by technology and others are meant to further enhance the operation of the overall network.

Please see the Appendix section for a comparison table of the portfolio of Cisco Technical Services.

Cisco Product-Specific Technical Services:

- Cisco SMARTnet services and SMARTnet Onsite
- Cisco SMB Support Assistant
- Cisco Software Application Support (SAS) and Software Application Support plus Upgrades (SASU)

Cisco Technology-Specific Technical Services:

- Cisco Unified Communications Essential Operate Services
- Cisco Services for Integrated Services Routers (ISRs)
- Cisco Services for Intrusion Prevention Systems (IPSs)
- Cisco Security IntelliShield Alert Manager Service

More Information

For more information about selling service renewals and about selling services at the very first sales opportunity, refer to the series of sales tools at:

www.cisco.com/go/ap/accelerateservices

Other Resources include:

Cisco Technical Services: **www.cisco.com/go/supportservices**

Cisco Capital Easy Lease: **www.cisco.com/asiapac/easylease**

Cisco Service Contract Centre Website: **www.cisco.com/go/scc**

Cisco Technical Services Portfolio Features Comparison

Cisco® offers a portfolio of technical services to help meet the diverse needs of customers. Many of the offerings are designed to provide service and support for all Cisco products, while some are specialised by technology and others are meant to further enhance the operation of the overall network.

	Cisco Product-Specific Technical Services			Cisco Networkwide Technical Services
	Cisco SMARTnet and SMARTnet Onsite	Cisco SMB Support Assistant	Cisco Software Application Support Services	Cisco Focused Technical Support
For Whom	Customers that need ongoing maintenance and technical support for both hardware replacement and Cisco OS software maintenance or that need a specialised engineer onsite to replace a part (Cisco SMARTnet Onsite only)	Specifically designed for small and medium-sized businesses (SMBs), with 250 employees or fewer who require essential, easy-to-use and affordable technical support to allow for operational reliability of networks running basic applications on select Cisco products	Customers that need to increase application availability, functionality and reliability, with around-the clock access to technical support, software updates and, with SASU, major upgrades	Customers that need to improve operational efficiency and shorten problem resolution time through high-touch operations management, technical support and engineering services
Coverage	Supports Cisco equipment* by individual product and is entitled by individual product serial numbers	Supports select SMB class products. This service and support coverage is entitled by individual product serial numbers	All Cisco software applications except voice products that are included in the Cisco Unified Communications solution. SAS and SASU are purchased by individual Cisco software application	Supports all Cisco equipment SMARTnet is required before High-Touch Operations Management can be purchased SMARTnet and High-Touch Operations are required before High-Touch Technical Support is added. SMARTnet, High-Touch Operations and High-Touch Technical Support are required before High-Touch Engineering is added.
Offerings and Main Components	Two service offerings include: 1. Cisco SMARTnet 2. Cisco SMARTnet Onsite Includes the following features: • Registered access to Cisco.com knowledge base • Access to Cisco Technical Assistance Centre (TAC) • Cisco OS software updates • Advance hardware replacement Cisco SMARTnet Onsite only • Access to an onsite field engineer	• Network management and productivity tools designed specifically for SMBs that can be downloaded to a laptop or accessed through the Web-based portal • 24-hour access to Cisco SMB TAC • Cisco OS minor software updates • Next Business Day Advanced Hardware Replacement where available, otherwise same-day ship	Two service offerings: 1. Software Application Support (SAS) 2. Software Application Support plus Upgrades (SASU) Includes the following features for SAS and SASU: • Registered access to Cisco.com knowledge base • Access to Cisco TAC • Application software updates SASU only • Major application upgrades	• High-touch operations: management with weekly conference calls, quarterly data analysis • High-touch technical support: 24-hour access to expert technical support, special phone number for reporting technical issues, technical support engineering team, quarterly operational case-trending analysis • High-touch engineering: network-level problem resolution during business hours, problem root-cause analysis
SKU Samples**	CON-SNT-XXX CON-SNTE-XXX CON-SNTP-XXX CON-OS-XXX CON-OSE-XXX CON-OSP-XXX	CON-SMBS-XXX	CON-SAS-XXX CON-SAU-XXX CON-PSAU-XXX	Network-based pricing

Cisco Technical Services Portfolio Features Comparison (continued)

Cisco® and its partners offer a variety of services to support customers in operating Cisco technologies. This table shows an overview of the Cisco technology-specific technical services.

Cisco Technology-Specific Technical Services				
	Unified Communications	Voice	Security	
	Cisco Unified Communications Essential Operate Services	Cisco Services for Integrated Routers (ISRs)	Cisco Services for Intrusion Prevention Systems (IPSs)	Cisco Security IntelliShield Alert Manager Service
For Whom	Customers with Cisco Unified Communications that need ongoing technical support for both hardware replacement and software maintenance	Customers that need maintenance bundles for Cisco integrated services routers with voice applications that combine hardware support services such as Cisco SMARTnet and SPBase with Software Application Support plus Upgrades (SASU) in a single bundle	Customers that need Cisco Intrusion Prevention Systems (IPS) signature updates and alerts about availability of signatures, OS software updates, technical support, hardware replacement options and access to online security knowledge base	Customers that need a customisable, Web-based threat and vulnerability alert service that allows them to access timely and useful information about potential vulnerabilities in their environment
Coverage	System-level coverage on Cisco Unified Communication hardware and software: includes Cisco Unified CallManager, Cisco Unity® Connection and Cisco Unity software.	Available for the Cisco 2800 and 3800 Series with voice applications	All Cisco IPS Products	All Cisco equipment
Offerings and Main Components	Assisting availability, security and operational efficiency of a Cisco unified communications network. Support and services include: <ul style="list-style-type: none"> • System-level approach on technical and maintenance support • Enhanced access to highly trained professionals • Advanced server hardware replacement • Optional onsite technician for hardware replacement • Application software updates • Registered access to Cisco.com knowledge base 	<ul style="list-style-type: none"> • All the components of Cisco SMARTnet • All the components of SASU for voice applications 	<ul style="list-style-type: none"> • Alerts and e-mail messages about the latest signatures • Access to network signature files and signature file-based network-layer protection algorithms • Access to intrusion prevention operating system software maintenance releases • Registered access to Cisco.com knowledge base • Access to Cisco TAC and to specialised security engineers • Advance hardware replacement 	<ul style="list-style-type: none"> • Updates of threats and vulnerabilities that may impact network-enabling devices, software, or IT infrastructure • Built-in tools to proactively manage intelligence within organisations • Configurable portal with flexible service packages • Detailed information; historical coverage of approximately 10,000 alerts
SKU Samples**	CON-ECD-XXX-XXXX CON-ECE-XXX-XXXX CON-ESW-XXX-XXXX	CON-SNT-XXXX-V3P CON-SNT-XXXX-CCM CON-SNT-XXXX-SRST	CON-SU1-XXX CON-SU2-XXX CON-SUO1-XXX	CON-IAM-XX-XX

For more information about Cisco Services, visit: www.cisco.com/go/supportservices

* SMARTnet is not available on Cisco equipment included in the Cisco Unified Communications solution because support is covered by specific services created for that technology.

** SKUs listed are samples only. Please refer to your theatre price list for a complete listing of available SKUs for each service offering.



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