

7 Steps to Transform Your Service Provider Business

MARCH 2018

LogicMonitor



Contents

Introduction 3

1. What is Your Destination 4

2. Know Your Strengths 14

3. Productize Your Offerings..... 20

4. Transform Your Sales Team..... 24

5. Create a Product Suite 29

6. Spread Brand Awareness in Multiple Ways37

7. Rome Wasn't Built in Day..... 45



Introduction

Worldwide, enterprises are racing to digitally reinvent themselves. In fact, 85 percent of enterprise decision-makers believe they have a timeframe of two years to make significant inroads on their digital transformation before suffering financially and/or falling behind their competitors.

This presents an opportunity for services providers. But, to fully take advantage of this opportunity service providers need to focus. From defining your current go-to-market structure to understanding how to productize the factors that differentiate your business, this eBook addresses the challenges service providers must face and specifies solutions for success in today's marketplace.





1. What is Your Destination?

Where are you?

Every journey begins somewhere. Where are you starting? As a service provider, it's important to understand where your business is today. How do you compare with your peers—the other businesses and competitors fighting for the same customers, private equity, and investment dollars? Whether you provide traditional, managed, or cloud-based solutions for your customers, accurately identifying your business model is the best way to start planning how to get to where you want to be.

The journey of transformation is not an easy one. It is fraught with delays, roadblocks and detours—but the journey is always worth it. Just make sure you know where you are starting from.





Consider what your service mix looks like and the associated revenue for each service. Who are you? Are you a traditional service provider, with customer environments located at their own premises and co-managed by their IT team and your personnel? Are your services typically reactive or project-based, where the work is directed by the customer? Or are you a managed services provider who proactively manages the customer environment for a fixed or near-fixed monthly fee? Do you manage a wide range of technology solutions according to the customer's specific technology mix? Or are you a cloud services provider, offering computing resources based on monthly consumption, perhaps aggregating or brokering other cloud options to provide the most efficient and effective solution for your customers?





Whatever your business model, it's useful to ask "Is this who I want to be?" Traditional service providers by now understand that creating the most enterprise value in the organization means transitioning to a managed/cloud-based recurring revenue model. That transition takes time, strategy and a great deal of organizational will.

To begin, you need a firm grasp of your current strengths so that you can preserve these during the transformation. Which of your sellers "get it" with regard to the new consumption models? What are you best at and uniquely equipped to deliver? Have you been successful in a particular vertical market?

By understanding your strengths, you can continue to focus on them while pivoting the business in other directions.





The next step is understanding where your revenue comes from. Investors will scrutinize your revenue mix to determine which line of business is adding most to your profitability, and this is a valuable exercise that you should also undertake.

- **Is your revenue based on just a few customers?**
- **What's the associated risks?**
- **Are the services that produce the most revenue also the most profitable and desirable for your business? Or is your revenue based too heavily on one segment of your service offerings?**
- **In pursuing growth, have you taken on customers that are too demanding or involve too many variables to be managed on a fixed-fee basis?**

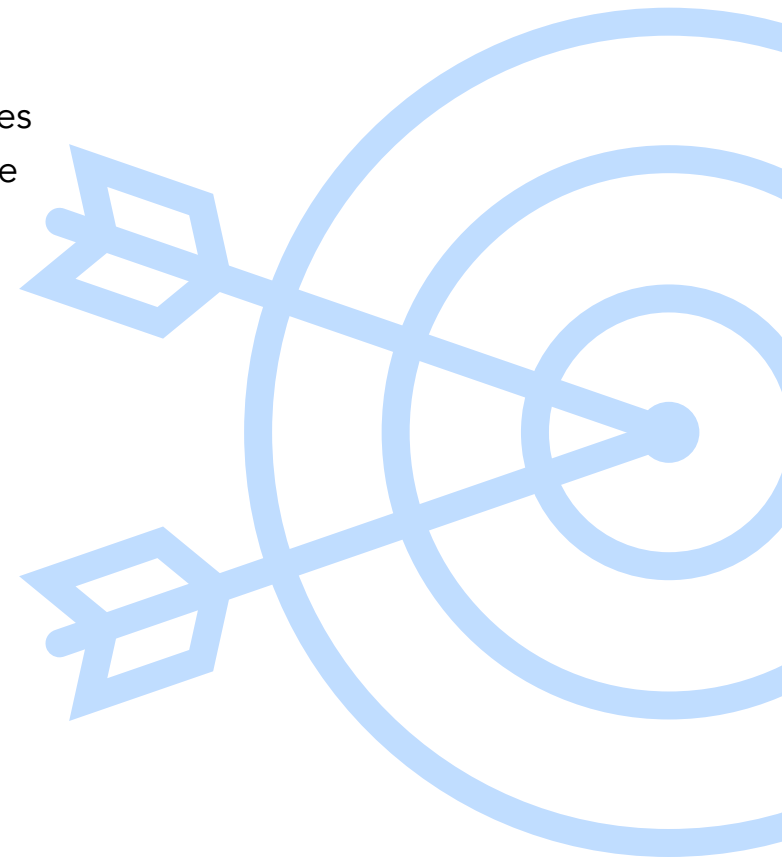
Taking on a complicated customer for less cost may grow your customer base, but are they profitable? Are they putting a strain on your limited resources? It's all too easy to engage in a race to the bottom with your competitors, but you may end up providing services that don't pay for your time and resources. In assessing your current situation, these are key issues you must analyze.

"It's all too easy to engage in a race to the bottom with your competitors. The worst part is winning."





Once you've looked at your revenue mix, customer composition, the profitability of individual services, and your go-to-market strategy, you can begin to pinpoint where you want your company to go. Maybe you want to be a managed services provider, with fewer but larger customers who benefit from your identified strengths. Maybe you want to be a cloud services provider who demystifies the cloud for customers, enabling them to reap the benefits without doing all the work themselves. Later chapters will discuss in more detail how to transform specific areas of your business to meet the challenges and realize goals. But first, to get a firm grasp on your current state, let's take some time for introspection.





Continually transforming your business is crucial for long-term success. To define your starting point, you must first develop a systematic understanding of what your business model looks like.

To prepare a solid plan that will get your business to the desired destination, you need to be honest about where you are. We'll look at the destination next; in the meantime, you can make a start by working on your business rather than working in your business.

- **Perform a revenue composition analysis.**
- **Perform a customer profitability analysis to identify your best customers, based on profitability (not on size).**
- **Perform a service offering profitability analysis to fully understand which services deliver the most profit.**
- **Conduct a focus group with your technical team. Ask them what they feel they do best. Ask them which solutions they feel provide the most differentiated value. Ask them what they see happening in the market that you can respond to.**
- **Perform a churn analysis. If customers have left, determine why; code them accordingly, and start looking for trends.**
- **Perform a new customer analysis of customers acquired in the past 12 months. How did you find them? What did they buy? Who were your competitors?**





Where do you want to go?

[Waze](#) is a popular GPS-type app that provides directions based on crowd-sourced, real-time data. It finds alternate routes to beat traffic jams and always seems to know the shortest route. Waze doesn't always take the most conventional path, but it gets you there quickly—as long as you commit to the route. It sometimes seems counterintuitive, but it gets you to your destination.

Ideally, transforming your business would be as easy as summoning an Uber to take you to where you want to go. But getting to your business destination depends more on the kind of trust you place in Waze to recalculate your best route, based on how things are going for others. For most service business owners, there are just a handful of potential destinations in play. These typically fall into one of the following categories.

Liquidity Event	Build for the Future	Lifestyle Business
You have worked very hard to build this business, and you are looking for an exit. Maybe you'll sell to a larger service provider or to a private equity firm. Most of these deals will allow you to "take some chips off the table," roll some stock forward, and get a second bite of the apple in the future. In other cases, you simply monetize your asset and go travel the world.	You helped to create and grow the business, perhaps with partners or family, but now you're ready for a new challenge. You want to build a long-term business that can be handed over to your partners or family. Sustainability is the key here.	Maybe you don't really want to do anything else, but you want to do less of what you are doing now while ensuring your financial security. There's nothing wrong with this either. You can build a valuable business, create a great place for people to work, and enjoy success without unnecessary pressure.





Whichever destination you enter into your GPS app, the routes will be a little different, but all share some common waypoints. First and foremost, you want to create “enterprise [value](#)” by building a valuable company, irrespective of what destination you have chosen. Running your business as if you want to sell it is rarely the best option because that invites short-term decision making rather than building for the long term. How, then, do you create enterprise value?

The easiest way to think about this is in terms of contribution margin. You need to take your top-line revenue and categorize it by type; a typical category scheme might be “resale,” “professional services,” and “recurring revenue.” Then, you need to allocate your costs effectively across these lines of business. Your accounting team should be able to help you allocate these correctly. Where possible, you then need to allocate your general and administrative (G&A) expenses by line of business in order to determine contribution margin to [EBITDA](#) (earnings before interest, taxes, depreciation and amortization) by line of business.

Your MSP

Profit and Loss FY 2016

	Hardware	Professional Services	Managed Services
Revenue:	\$8,564,785	\$7,285,967	\$4,947,878
Cost of Goods:	\$7,194,419	\$4,735,879	\$2,869,769
Gross profit:	\$1,370,366	\$2,550,088	\$2,078,109
GP %:	16%:	35%:	42%:
Operating Costs:	\$342,591	\$1,675,772	\$1,484,363
EBITDA:	\$1,027,774	\$874,316	\$593,745
Est. Exit Multiple:	2x	4x	8x
Enterprise Value:	\$2,055,548	\$3,497,264	\$4,749,963
Overall Enterprise Value:	\$10,302,775		





Once you know what portion of your profits is tied to each line of business, you can assign an exit multiple to that type of revenue. For estimation purposes, you can use the exit multiples below for EBITDA:

- **Resale: 2—3x**
- **Professional Services: 4—8x**
- **Recurring Revenue: 8—12x**

You will arrive at a blended multiple—that is, a weighted average based on your actual multiples. Typically, the blended exit multiple for an average IT service provider is around six times EBITDA. Very well-run IT service providers with clean accounting and good profit margins can see exit multiples of 7–9 times EBITDA. You will always hear about companies that sold for some kind of crazy exit multiple, but these typically have VERY high-profit margins, and 90% or more of their revenue is recurring.





When you run these numbers, you'll probably discover what people call the "valuation gap"—that is, the gap between what you thought your business was worth and what it's actually worth. Your job is to fine-tune your business to bridge that valuation gap. To do that, you'll need to tilt your revenues toward recurring and build efficiency into your service delivery model to maximize contribution margins. (A good blended EBITDA target is 7–12%; very high performing service providers are in the 15–20% range.)

As you consider this journey from where you are to where you want to be, you'll have to traverse congested roads, back roads, and traffic jams, taking some unfamiliar routes—but the view at the end is worth it. Now that you have a better understanding of your business (your current location) and your desired outcome (your destination), we can begin to explore the turn-by-turn instructions that will help to get you from here to there. That includes sales transformation, operational leverage, productization, service delivery models, marketing, and other things you'll need to know in navigating to your desired goals.





2. Know Your Strengths

According to the old football cliché, one of the hallmarks of a successful season is that you “play to your strengths.” This is true. In years when a team has dominant wide receivers, they normally throw the ball; when they have Heisman trophy-winning running backs, they run the ball. The coaching staff identifies the team’s greatest strengths and implements them to maximize success.

This classic coaching strategy is easily applied to your service provider business. **You have served your customers in many unique and interesting ways that differentiate you from your competitors, but have you ever taken a step back and thought strategically about the solutions that you’re uniquely equipped to deliver?** What about solutions you’ve implemented that solved a customer-specific problem in a creative way?





Most managed service providers grow their business through many “one-off” projects, typically implementing a specific solution for one customer and then an entirely different one for another (possibly similar) customer. Maybe you’ve delivered a disaster recovery solution for one financial services customer and then a technically different one for another. Would either of those solutions have served the other as well? Do you have other customers that could benefit from one of those solutions, with maybe just a little customization? Have you ever socialized a success story internally to let everyone know about it? It’s entirely possible that a handful of your financial services customers might benefit from one of these disaster recovery solutions—you just need to spread the word internally and build a sales plan around the offering.





What sets you apart from the competition?

One option is to look at points of differentiation and differentiated solutions—did you solve a problem through a creative use of technology? Look at differentiated value—did you drive a business outcome creatively? Either way, once the point of differentiation is identified, you know you have set yourself apart from the competition, and you can build on that solution. From there, you can look to “productize” by taking a unique solution and turning it into a product for other customers.

Once the point of differentiation is identified, you know you have set yourself apart from the competition, and you can build on that solution.





To productize your offering, consider the following questions.

- Did the customer come to you with a truly unique business problem, or was it actually similar to other customers' problems?
- Did your solution address a regulatory or compliance change that impacted the customer's business? If so, that same regulatory or compliance change is also likely to have impacted others in their industry?
- Is there a macro level change driving consumption in their industry?
- Was your solution particularly creative in addressing their business problem?
- Was your internal team excited about the solution because it was "cool" or "cutting edge" (and probably differentiated)?

In considering these questions, it is important to engage all your team members, probably in small focus groups, to get a broad view of the solutions you provide. Speak with anyone in your organization who regularly engages with customers, as well as all the functional areas, including pre-sales, sales, engineering, and customer care.





Ask your team questions like those above; the odds are good that themes will emerge that you had never considered before. For example, maybe you have a concentration of expertise in healthcare around electronic medical records, or expertise in community banking. You may realize that you have a disaster recovery/business continuity solution that you sell across your portfolio, or that you have a unique hybrid solution involving one of the public cloud providers.





Once you have engaged the team and identified your differentiated solutions—that is, the ones that are better than and different from your competition’s offerings—you can begin to build internal success stories around these and look to productize them. **While productization is largely an operational exercise, success stories are a way of keeping your team informed about the unique solutions you have created for your customers.** Socialize your case studies internally, and then build a sales plan to take that solution to your existing and prospective customers. The deeper you go in a given market, the more differentiated you become, creating an even larger gap between you and your competitors, creating more revenue opportunities, higher profits, and more enterprise value.

You may not be the coach of a college football team, but that path to success is quite similar. To grow your business profitably, you must know your strengths and then focus on them. Next, we’ll look at how to make your successes reproducible and predictable.

“While productization is largely an operational exercise, success stories are a way of keeping your team informed about the unique solutions you have created for customers.”





3. Productize Your Offerings

In the last chapter, we looked at how to identify your strengths and the need for “productization” — taking a creative, one-off solution that you delivered to a single customer and turning it into a product that can be delivered to many others. In this chapter, we’ll examine productization more closely and add an important ingredient: operational leverage. You’ll learn how to create and implement processes over and over to add value to your SP business.

When you start thinking about productizing your offering, you have to detail all the components of your solution. From there, look at which elements need to be standardized for reliable at-scale delivery and which ones can remain customized without compromising the supportability of the overall solution. For example, if you deliver a disaster recovery solution to a customer and it’s ripe for productization, the toolset you used to manage and move data to create redundancy should definitely be standardized. The endpoints receiving the data (e.g., colo or AWS or Azure) and the overall framework should be customized for each customer’s infrastructure. endpoints receiving the data (e.g., colo or AWS or Azure) and the overall framework should be customized for each customer’s infrastructure.





In determining how different parts should be treated, a great way to begin is to analyze your customers' support tickets. Take a look at the support history of the customer that received the original disaster recovery solution, and you may notice that certain aspects created higher ticket volumes. These are things that should be standardized, so look for ways to preventively mitigate these in rolling out the productized version.

Taking your solution apart just to put it back together seems like a lot of work, but it's really the only way to create operational leverage. **Operational leverage is the idea that you can grow revenues without similar or proportionate growth in expenses**—in short, that you can “do more with less.” The only way to truly achieve operational leverage is to create standardized offerings that can be delivered and supported by any of your engineers in as short a timeframe as possible.





Work through the suggestions below and see if you can build a recipe for successful process-focused productization:

1. Pick a couple of the solutions that you feel are differentiated.
2. Deconstruct the solution into its component parts and make a list.
3. Which elements of the original solution would you change or tweak to make the productized version easier to deploy, support, or reproduce?
4. What contingencies or dependencies must be discovered in the presales cycle to impact the solution? (In other words, arm your sales guys with the right questions so that you can identify potential sticking points before they occur.)
5. Document the process. Create a checklist or workflow for all the steps that must be taken to implement this solution for a new customer. This checklist should be modified after each deployment of the productized solution to ensure that it continually improves.
 - **Think about the logistics of selling your new product. What does customer acceptance look like? (In other words, have a clear understanding of what the deliverable looks like on deployment so that you can ensure customer acceptance before handing off to support.)**





- What does the customer need to see before they sign off and it goes to billing?
- Who will be the customer's primary point of contact?
- What is the best way for them to access support? (Remember, behavior rewarded is behavior repeated; if you don't tell the customer the best way to receive support, they will simply figure it out.)

If you follow these steps, you'll be well on your way to operational efficiency as you productize your offerings. By focusing on the right processes, you'll achieve better results..

In the next chapter, we'll look at your sales team and explore how you can transform your team to meet challenges in a rapidly changing market that is becoming increasingly distributed and complex.





4. Transform Your Sales Team

In many great restaurants, you can order an entrée that piques your interest, or you can order the chef's tasting menu. A great chef will be able to pair different options that you wouldn't normally select while a single entrée would be constrained by your own limited knowledge.

This notion of ordering the thoughtfully composed seven-course meal, allowing a three-time Michelin-star winning chef to flex his muscles, is a concept you can apply to sales teams in the managed service provider industry.





Think about your sales team. Are they individuals who can expose your customers to new and different things they might not otherwise consider, or do you just have a bunch of order-takers?

In the past, sales reps rose through the ranks of the technology industry and were equipped to move the customer from zero to one by selling brand new products and services. They convinced customers to connect to the internet, to buy email servers, to virtualize their servers, to buy a SAN. In recent years, however, innovation has reached a standstill. Customers are sold more units and faster versions of what they've already deployed. Sales reps earn attractive salaries doing this, but are they really serving the customer?

Henry Ford famously said, "If I had asked people what they wanted, they would have said 'faster horses'." When sales teams take orders rather than consulting with the customer and guiding them toward a solution they haven't considered, they forfeit valuable ground both as a consultant and as a resource for innovative thinking. Think about it this way: You would never walk into the doctor and tell him exactly how to treat your injured knee. You would defer to his expertise. **Too often, sales teams yield the position of expert to the customer by simply taking an order.**





Additionally, your teams are no longer just selling to the IT department. In fact, research from top analysts tells us that IT department spending is on the decline, while overall spending on technology is up. Who is spending that money? The answer is line of business (LOB) executives. The marketing department, the accounting department, and sales leadership are investing in on-demand services and SaaS-based platforms beyond the control of the technology team. How, then, do you get your sales team talking to LOB executives? If your sales rep gets a meeting with the CMO, what are they going to talk about? What value will be added?

Take the time to review how your sales team functions and consider the following questions.

- **Do you have true sales reps or order-takers?**
- **Are you having the right conversations with the right people?**
- **Are you providing value beyond turning a PO into an order with an estimated delivery date?**
- **If you aren't adding value and coaching your customers on new consumption models and approaches, who is? Your competitors?**





How do you transform your team from order takers to innovators?

What is a service provider to do? The answer lies in transforming the structure and outlook of your sales team. This type of change is hard, but as it so often happens, it is the only real way forward.

Here are some suggestions to begin the transformation of your sales organization.

- **Hire different people.** You need to have a very clear sense of what you want in a sales rep. You need individuals who can communicate effectively and challenge the customer's viewpoint, who are comfortable discussing money and who understand the customer's business and the drivers of that business.
- **Hire different conversations.** Hired against a tight profile, your new reps will be equipped to do this. You need to train your current team to have different conversations; force them to tear up the PO and instead have a discussion about consuming technology within a recurring consumption model. It may seem hard to throw away a sale, but this is the surest way to provide value.





- **Structure your team differently.** Too many organizations have sales people who are responsible for both new sales (hunting) and account management (farming). **You need to hire people with the right skills for the right roles, and you need to separate those roles as distinct functions.** Some members of your team—those that are best equipped to do so—should be hunting for new opportunities. Others should be farming existing accounts for growth opportunities.
- **Have a story to tell.** This is an important tool for your sales team. When talking to customers, nothing beats being able to say “This is what some of our other customers are doing.” This is a powerful way of connecting customers with their peers and offering insights into how other companies are addressing similar challenges.

Anytime a sales rep speaks with a customer, they are essentially serving them. The customer may think they want a particular item, but it’s your rep’s job to introduce that customer to the “tasting menu” that includes all the things they may never have considered before. **If you introduce your customer to new things and move away from order-taking, you are adding value and building trust.** This in turn grows revenue and keeps your customers from sampling your competitor’s menu.

“If you introduce your customer to new things and move away from order-taking, you are adding value and building trust. This in turn grows revenue and keeps your customers from sampling your competitor’s menu.”





5. Create a Product Suite

According to the book [The Blue Ocean Strategy](#), your product is competing either in a *Red Ocean* or a *Blue Ocean*.

Red Oceans are saturated markets where the rules are known and the customer has established expectations around pricing. In order to build revenue in markets like these, you must steal market share from others by outperforming them.

Blue Oceans are markets where a game-changing product is introduced for the first time, and there are few—if any—competitors. In these markets, demand is created rather than fought over. Customers don't know what to expect or how much to pay—at least at first. Unlike the infighting in a highly competitive Red Ocean, the objective in a Blue Ocean market is to educate the customer, ushering them into a new reality.





There are many well-known examples of Blue Oceans. Tivo entered a Blue Ocean market, leaving VCRs to duke it out in the red seas. The iPhone completely changed the game when it was introduced and consequently thrived in a Blue Ocean market. Motorola's StarTAC and the Blackberry competed in a Red Ocean, allowing Apple to leverage the consumer's lack of pricing expectations and charge \$599 for a phone.

Clearly, this relatively simple concept can have significant implications for your managed service provider business. Once you've productized multiple offerings, it's time to consider the makeup of your product suite. Thinking in terms of Blue Ocean versus Red Ocean can go a long way toward informing both positioning and strategy. To get there, you'll need to balance two seemingly competing issues: where do I fit in, and how do I stand out?





Where do I fit in? (Red Ocean)

You're always going to need **"table stake"** solutions—the ones that you're expected to provide and, most importantly, that prospects are actively **seeking**. Because your expected offerings compete in a Red Ocean, all your competitors will be offering similar options, and to build revenue, you're going to have to go head-to-head to steal market share.

To get a good sense of the market landscape, you should perform a competitive analysis. Begin by asking your sales team which competing companies you typically run up against in the sales process. Next, talk to your customer support team and ask them where your customers go when they leave you for someone else.





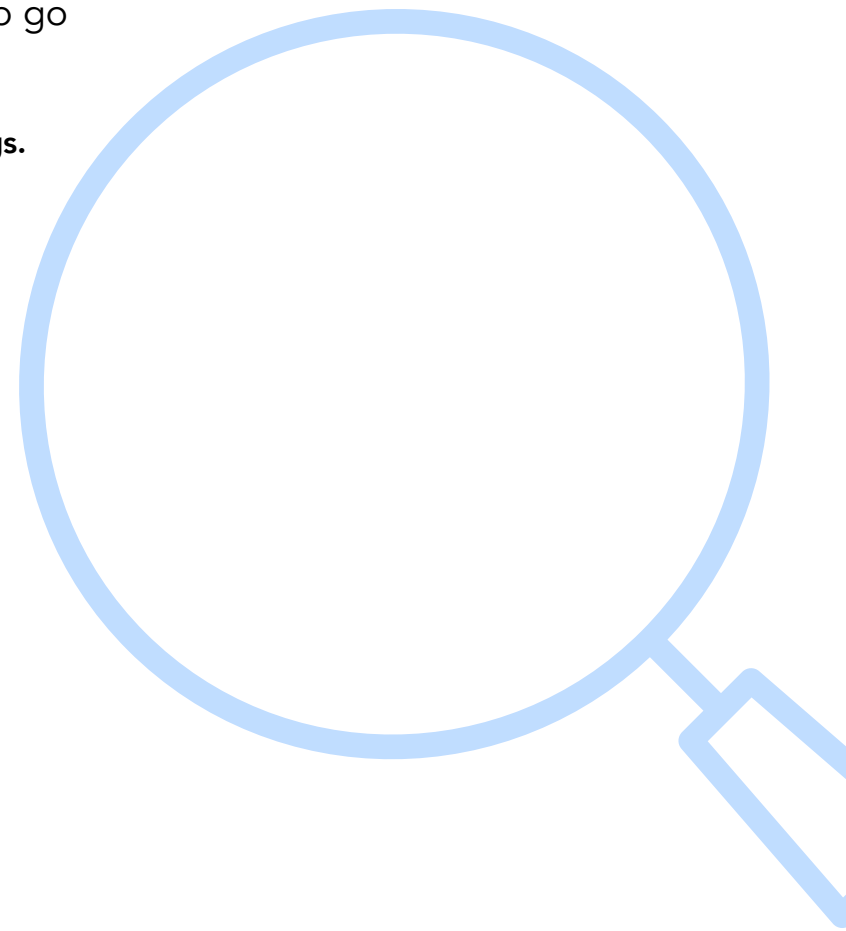
Once you know which companies you're up against, you're fully equipped to do this important analytical exercise. There are many different ways to go about a competitive analysis, but here are some ideas to get started.

- **Visit the websites of the companies on your list and identify their offerings.**

- 1 What do they lead with?
- 2 What is featured on their site?
- 3 What are the messages and themes they highlight?
- 4 Do they focus on particular vertical markets?

- **Sit down with your newest customers and ask them questions.**

- 1 How did you find us?
- 2 Why did you pick us?
- 3 How do we stack up against our competitors?
- 4 What did you like about the sales/onboarding process?
- 5 Is there anything you would you change about your experience?
- 6 What does our solution NOT include that it should?
- 7 Was a competitor's offering significantly different from ours?

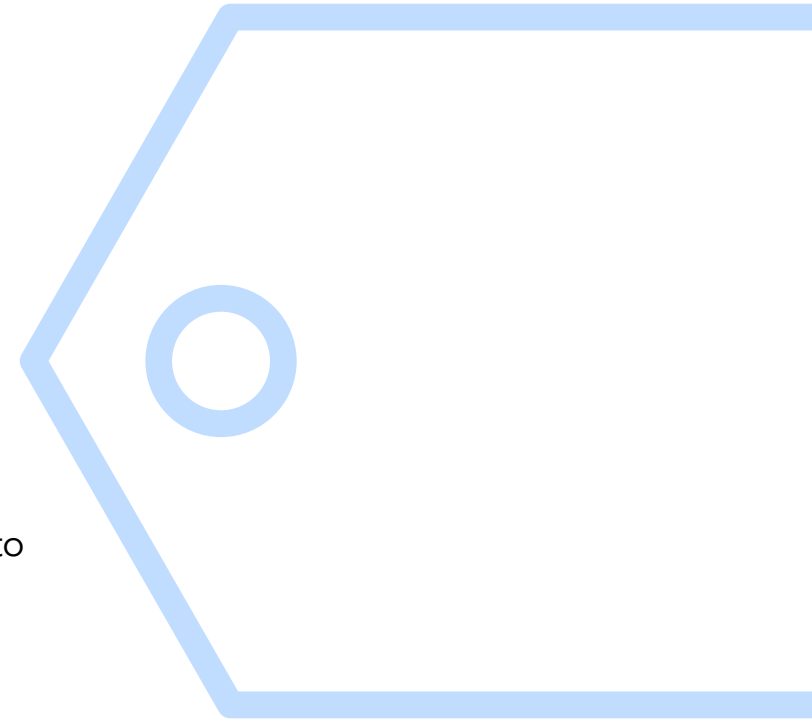




Once you've gathered this information, you'll get a good sense of how you fit into the overall market. You should be able to start answering these important questions.

- **Are you the value player?**
- **Are your offerings broader than the others?**
- **Are your offerings narrower and more focused?**
- **How does your message and focus differ?**
- **How do you steal market share from your competitors? (Red Ocean)**
- **How do you build a moat around your customers? (Blue Ocean)**

The answers to these questions will help you to understand how you fit into the larger competitive environment.





Once you understand how you fit in, you need to think about how you can stand out, with offerings that are unique to your business.

If it isn't already obvious, you're going to have to CREATE ways to stand out. This is the true culmination of the "understand your strengths" and "productization" exercises we discussed earlier. The good news is that if your offerings are truly unique, you'll be working with a Blue Ocean; competition will be slim, and you'll enjoy price-setting power.





To start differentiating your business, ask yourself these questions:

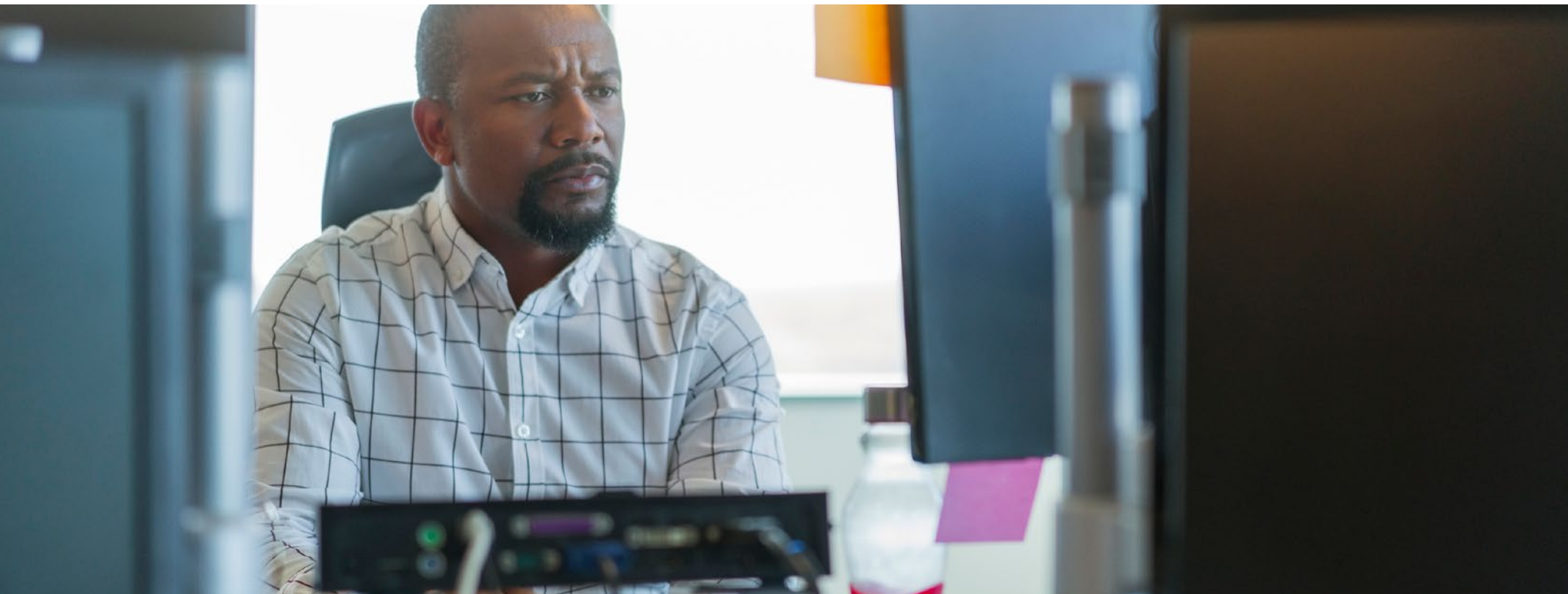
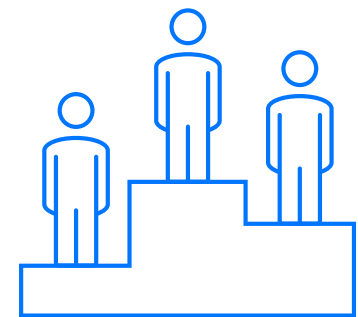
- How do I draw positive attention to what makes us different?
- Can I feature an offering that customers may not have even considered?
- Can I draw my competitors into a comparison that they can't win? (In other words, is my differentiated solution so strong that they simply can't compete with it?)
- Can I create additional value for the customer beyond what they are considering?

This exercise is a balancing act between fitting in and standing out. **You'll need to be good at the "expected" services, but you'll also need some "unexpected" services to lure the customer in.** If you're light on expected services, you're likely to disqualify yourself from the running when your prospects compare competitor websites. At the same time, you need to have differentiated services that stand out in a crowded market.





As you dive into this process and consider the solutions that make up your product suite in more detail, you need to keep an eye on providing Red Ocean services that will gain you market share by beating the competition in a head-to-head match. You should also work hard to create services in Blue Ocean markets, based on creating demand rather than stealing market share.





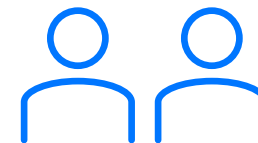
6. Spread Brand Awareness in Multiple Ways

If you spend any time online, you'll have seen articles about “best kept secret” restaurants and travel destinations. These are typically lists designed to expose people to undiscovered places that are great but lack brand recognition. While the ideas are always fun, you really don't want your managed service provider business to be a candidate for such lists.

The struggle for any business is to figure out how to break through the noise and get the message out. You can improve your approach to marketing by remaining consistent and applying a few basic principles.



1. **Let the customer tell your story.** Research shows that buyers will listen to a complete stranger in preference to your salesperson. That may seem counterintuitive, but you've probably seen it in action. People go to Yelp or Facebook all the time to look for recommendations from total strangers while ignoring calls from knowledgeable sales reps. To guard against this, let your customers tell the story on your behalf. You have no greater sales team than your own customer base. Interview your customers and ask them to provide testimonials that explain how your services helped them to reach their business goals. Testimonials can be distributed across various marketing channels; add a video testimonial on your website, create written collateral, write a blog about the customer, and distribute the story through social networks. Take every opportunity to allow your customers to be your mouthpiece
2. **Get social, both literally and technologically.** While we typically think of "social" as Twitter, Facebook, Instagram, and similar platforms, don't neglect the traditional sense of meeting people face to face. Get involved with industry groups, community service groups, and technology accelerators. Customers want to do business with people who are invested in the community, and social activities like these demonstrate exactly that.





That said, you should also be engaged on the social media side. It's good practice to use each of the various platforms for a distinct purpose.



Twitter: Distribute your message and engage with others. This is a great channel for your success stories and customer testimonials.



Facebook: Drive employer branding. Make the company culture visible to customers and prospective employees by showing them what's going on behind the scenes.



Instagram: Show your business "in action." Whether it's a community service day, an internal training event, or a customer event, post pictures to keep your branding top of mind and give people a window into what you do in the community and for your customers.

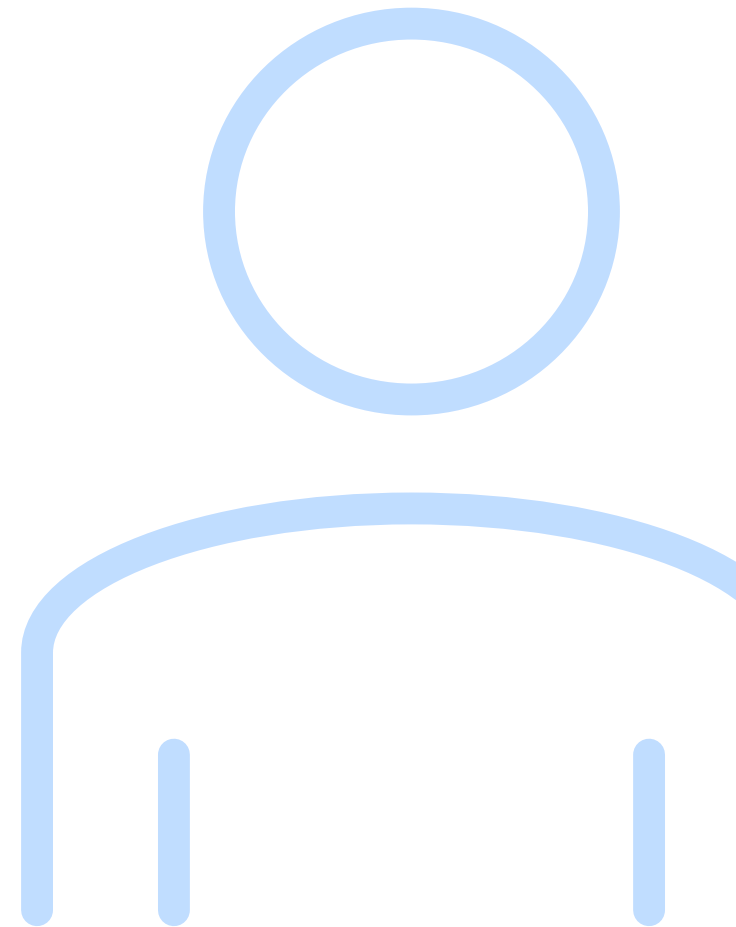
3. **Give something of value for free.** This is hard for service providers because "free" doesn't help the business directly, but research proves this is a strong way to build up your customer base. If you're offering something of value for free, you immediately create affinity for the brand. Your competitors are asking for something from prospects; if you're giving instead of asking, it completely changes the dynamic of the relationship.





4. **Start with your customer's needs first.** Too many sales people and organizations go into a sales call by pitching instead of seeking first to understand. **Your marketing message must put the customer's needs first.** Demonstrate an understanding of their position and problems before offering your services as a solution.

The art of marketing is continually evolving. Simply providing a great service and excellent customer support is not going to be enough; to improve results, you must diligently test and constantly iterate your approach. You have to let your audience know about your company. It may be cool for that out-of-the-way Italian restaurant to be on the “best kept secrets” list, but you don’t want your company on a list like that!





The customer is the hero of your story

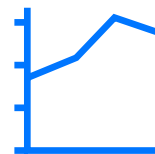
People are drawn to hero stories like Star Wars, The Lord of the Rings, Harry Potter, and other popular tales. Mythologist [Joseph Campbell](#) described the “hero’s quest” that underpins such stories, where the hero leaves her ordinary world and ventures to a new place. She survives a series of ordeals and trials to prove herself, is granted some sort of treasure, and returns home to share her fortune with those left behind.

We want to be the hero of our own story, but the customer should be the real hero. In this eBook, we’ve discussed how to assess your strengths and weaknesses, how to better productize your offer, and how to think about your position in the market place. Now, you need to craft a story that connects with your audience and best communicates your unique solution.

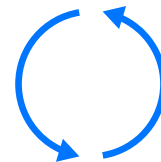
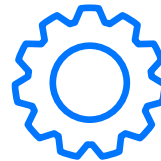


Your company has done some great things, and it's understandable that you want to focus on those things. However, the key point here is that your services helped the customer to accomplish some business goal, and your story should focus on that. If we tweak the elements of the hero tale a little, you can think about conversations with customers in this way: they are in an unfamiliar land, facing many challenges. How can we help them to succeed and return home with their fortune? Here are some helpful tips.

- **Start your story by relating what is important to the customer, not to you.** Too many service providers begin telling a story about their technology. Instead, think of your customer as the hero and then consider what is important to them and to their future success. Think about their business model, how they make money, how they go to market, what their competitors are like, and what has changed recently in their industry. You need to understand where your hero—the customer—is in their quest so that you can determine how to best help them.
- **What are the macro-level trends impacting the customer's industry?** In the hero tale, the hero faces a series of trials. In your story, the macro trends around the public cloud, distributed workloads, and an ever-shifting technology landscape create many challenges for the customer as the hero in their use and consumption of technology. They struggle to understand new technologies and models; they struggle to integrate the public cloud into their legacy computing models, and they are looking for someone to help them overcome these challenges. Just as Luke needed Han, Chewy, Yoda and the others alongside him to achieve his goals, your customer is also looking for help.



- **Consider what business challenges this may cause.** All of these difficulties create business challenges for your customer. How do they embrace new models while preserving their current investments? What if they pick the wrong solution and it hurts their business? What are the inevitable business challenges your customer must overcome?
- **Show your customer how you can help them address these challenges.** Your broad range of expertise and knowledge can help your customer to address these challenges. While they set out alone on their hero quest, you have been helping other customers on their quest, and you have valuable experience to offer. This is a key point—your customer is looking for you to help them. You have the knowledge and experience they desperately need.
- **At last, you can talk about features and benefits.** Many service providers start from the features and benefits they can offer. But without truly understanding the problems your customer is facing, you can't know which of your solutions are relevant. By understanding what they are trying to accomplish, you will know exactly what tools to offer. Once you understand their particular needs, you can recommend specific, tailored products and solutions.
- **Everyone goes home with treasures.** If you can help your customer to overcome their challenges, they will become a more successful business. If you align your company to help your customers to become heroes, then your company will thrive, and the entire narrative becomes a virtuous cycle. Helping one company adds to your store of knowledge and expertise, and you can show other customers how that cumulative knowledge can help them to overcome their own unique challenges.





You have a great story to tell but resist the urge to make your company the hero of the story; instead, make your customer the hero. Do this in your approach to marketing, in the conversations you have during the sales process, and in how you engage with both customers and prospects.

Once you become proficient at telling your story with the customer as the hero, you'll be better positioned to solve their problems and win their business.

You may not have a blockbuster movie with lucrative merchandise deals, but you'll expand your customer portfolio by becoming the missing piece they need to complete their quest.





7. Rome Wasn't Built in a Day

At any given time, most cities are involved in an ongoing infrastructure project that seems to be taking longer than it should, with stalled traffic, endless lines of cars, and the ever-present orange barrel. A sign that sometimes appears in those situations says "Rome wasn't built in a day. If it was, we would have hired those engineers."

It's a clever way of reminding people that progress requires patience. Similarly, great service providers aren't built overnight; they require continual improvement and commitment to doing the hard things well. At some point, you simply have to get started. It may be challenging, but the results will be worth it. You never enjoy the congestion caused by all that construction, but you love the quicker journey when it's done.



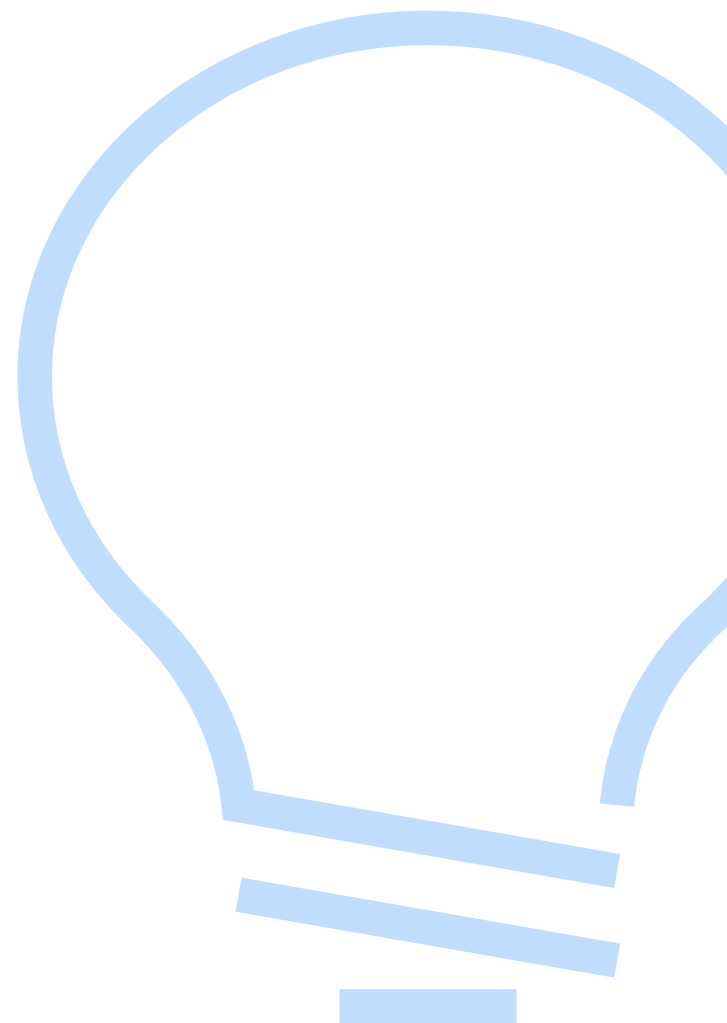


Although the steps outlined in this eBook may seem daunting, the process of transforming your service provider business can ultimately be broken down into three broad categories:

- **Market Differentiation:** understand your differentiated story in the market;
- **Sales Transformation:** Ensure your sales team is having the right conversations with the right people;
- **Operational Efficiency:** grow revenue without a proportionate increase in operational overhead.

Market Differentiation

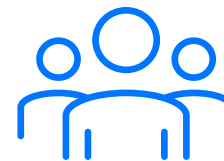
The market is becoming more crowded, and everyone seems to be telling the same story. You need to know why you are better, and then tell that story in a way that reaches your target customers. Spend time talking to your current customers about why they chose you. Do some market research on how your competitors are positioning themselves, and reflect on how you think you excel by comparison. With this information, you'll be able to craft a story that illustrates why you are different and better.





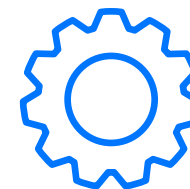
Sales Transformation

Your prospective customers are looking for a path forward, but they don't know where they need to go, and they don't know what they don't know. Your sales team must be able to show the customer that way forward. They must be able to paint a picture that shows the customers a vision for the future that is attainable with your help. Your sales team may be efficient, taking orders and providing quotes, but that isn't the way to grow. They must be able to offer your customer a vision of where things are going and how you can help them get there.



Operational Efficiency

You've hired more people, but you can't seem to break through to greater profitability. For your business to grow and scale, you need to pivot from people-delivered services to process-delivered services. Along the way, you should be looking to automate anything that can be automated. Processes and automation allow you to drive operational efficiency. If your costs and revenues are growing in lockstep, this is where you need to focus your efforts. You need to create operational leverage to grow your revenues faster than the cost of goods.





Conclusion

The process described here is not easy, but it's worth it. If you want to build long-term value in your organization, you need to pursue these initiatives. There is typically little enthusiasm for big infrastructure projects when first proposed—too expensive, too ambitious, too disruptive. But when the construction work is done and the traffic is flowing smoothly or the light rail system runs on time, we can't conceive of NOT doing a project that yields these results. In the same way, your team will wonder why you are putting them through this process of improvement, but I promise you, they'll enjoy the results once it's done.

For more information on how to transform your service provider business visit www.logicmonitor.com

[LEARN MORE](#)





LogicMonitor, Inc. Offices

SANTA BARBARA (HQ)

820 State St. Floor 5

Santa Barbara, CA 93101

805-617-3884

AUSTIN

500 West 2nd St.

Suite 1750

Austin, TX 78701

CHENGDU

Jinsha wanrui center

Block C 2003, No.1 Shujin Rd

Chengdu, China

Austin, TX 78701

LONDON

Aldgate Tower

35 Whitechapel High Street

London

E1 8EP

United Kingdom

SINGAPORE

10 Jalan Kilang #05-03,

Sime Darby Enterprise Centre

Singapore 159410

LogicMonitor.com

