

**HOW CLOSE  
TRACKING AGAINST  
SERVICES CONTRACTS  
CAN INCREASE  
PROFITABILITY**



# Improve tracking, increase profits

*The first step to building better customer retention is to set client expectations early.*

## Introduction

Customer satisfaction has emerged as the frontrunner, leaving behind profitability and operational goals as the key performance indicator (KPI) that defines success in service<sup>1</sup>. Increased global competition, dwindling product margins and social media has made customer the one true king; having the power to voice their opinion, the willingness to explore various options and the ability to join hands with a competitor anytime, for better offers.

It is no surprise then that the Aberdeen report on State of Service Management: Roadmap to a Profitable 2014, highlights the fact that the top goal of service executives in 2014 was to improve customer satisfaction. To say that companies need to deliver the best service at the right time and right place, to achieve this goal, is a no brainer. The challenge is, how to do this profitably?

As a business you might have a team and process in place that looks into addressing customer issues and complaints, but if you are not making any profit through your services or worse, losing customers to your competitors, there could be some inefficiencies to address – such as a fragmented service network or outdated business processes – that prevent profitability. A lack of insight across services, resources and financials results in decreased efficiency, lower profitability and ultimately, customer attrition.

The first step to building better customer retention is to set client expectations early.

Services contracts start the process of complete services profitability. Contracts – as agreed by the customer and the business, help to eliminate uncertainty by setting expectations early – detailing the service levels that are included and how quickly your team will respond to and resolve issues.

*“A contract by itself is good to have; an enforced contract is invaluable.”*  
Forrester

When generated, the contracts should be calculated around the time needed, forecasted expenses for services, and a profit margin. This contractual process establishes trust and transparency between the company and the customer; provides a point of reference for any services rendered and allows constant monitoring internally of output and margins. Thus resulting in happy customers and profitable services.

<sup>1</sup> Aberdeen report: State of service management 2015:  
Connect to your customers

*End-to-end tracking will make sure that your service department moves in accordance with the signed contract, in time and in budget, for maximum profitability.*

### **From setting expectations to meeting expectations and generating profits**

The art of contract creation and agreement is well known and the benefits are clear; the next steps are crucial to ensuring that the business is profitable. Close tracking of services from contract signing to ongoing requests to ultimate contract completion supports long term profitability, due to the ability to make operational and financial decisions. Tracking across the whole services process allows you to recognise any shortfalls and address them quickly with corrective action<sup>2</sup>, whilst also making vital decisions about the costs, inventories, workloads and financial returns of your service operations.

End-to-end tracking will make sure that your service department moves in accordance with the signed contract, in time and in budget, for maximum profitability. Here are some best practices to ensure that your business sticks to the agreed contract and remains profitable:

**Visibility is key:** Are your contracts held in a central place where relevant stakeholders can access them easily? Your contracts need to be easily accessible, especially to your customer service representatives, so that they can review them with regards to change requests and costs – and submit extra invoices to customers if required. According to research<sup>3</sup>, 78% of best-in-class businesses' have contracts stored in a central, searchable repository for better visibility.

**Ease of use:** Can your contracts be easily interpreted? Ensuring contracts are easy to read and understand will save interpretation time for customer service representatives. One look at a contract, and it should be clear what is to be delivered, the overall budget or parts involved and turnaround times. This will help to deal with customer expectations, and to prioritise the schedule in terms of urgency.

**In time and in budget:** While working on a contract, make sure you keep a log of time spent and resources used so that you can balance it against your profit margin. Your revenue generation from a contract should be more than your overall spend. Simple control of costs and cost planning will go a long way in establishing control over operating cost and improving profit margins.

**Automation beyond borders:** Whether being notified that a project is about to go over budget, or a reminder that a service request resolution deadline is nearing; automated notifications can support services operations and eliminate inefficiencies. Automated contracts and invoices can save internal time and resources. For example, automating periodical contract renewal or invoice creation if services go over contractual costs. For companies with parts and machinery, automating notifications of parts required, leads to less unexpected upgrades and ultimately lead-times.

<sup>2</sup> Aberdeen report: Best-in-class performance in Contract Management, July 2015

<sup>3</sup> Aberdeen report: Best-in-class performance in contract management, July 2015

*Assignment according to the job type and availability of the employee, ensures that your field technicians are neither underutilized nor stretched beyond capacity.*

**Right person for the right job:** For maximum customer satisfaction, you need to make sure that you send your best people, for the right job. Assignment according to the job type and availability of the employee, ensures that your field technicians are neither underutilized nor stretched beyond capacity. Keep in mind factors such as drive time, spare part availability, nature of job etc. to make sure that your field service teams are utilised efficiently.

**Field ready:** Research says that the future of services and support will be mobile, real-time, social, visual and automatic<sup>4</sup>. For maximum profitability of your contracts you need to make your employees mobile ready. The mobile capability empowers field workers to successfully complete complex work orders, present service reports for customer signature, provide dynamic pricing of labour, parts and products in the field and much more. This added insight also allows back-office operations to closely monitor financials and submit invoices for out of contract work, while customer service management teams can see the output of requests.

<sup>4</sup> Aberdeen Report: Getting a clear picture of the future of support: 10 ways support will change in the future. July 2015



# TRACKING IS KEY

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### How Sage X3 can help to improve your profitability

Sage X3 is a web-based, mobile friendly, easy-to-implement business management solution specifically designed for mid-sized and enterprise companies to fulfil national and international financial, services and process requirements.

Companies that provide and have to charge for recurrent service and maintenance work need a solution that assists them with organisation and planning. Sage X3 structures the components of their contracts according to different calculation cycles, calculates the cost of maintenance work in line with the content of the contract and generates their invoices immediately.

**Time is money:** To help you save valuable time, Sage X3 supports profitability analysis and ensures structured and coordinated management of contracts from the very start, enabling you to make decisions that keep customers happy and revenues flowing.

#### Saving time

- Reports on activity
- Extranet features for easier customer relationship
- Time management using workflow

**Increased visibility:** Sage X3 provides you with a clear and structured view of your contracts. Showcasing scheduled services and deadlines at a glance, as well as any third-party services required for individual contracts, Sage X3 helps your executives, service managers and technicians to easily establish the key performance indicators (KPIs), keeping your service business profitable and competitive.

#### Managing all service requests

- CTI and call centre functionality
- Installed base and associated BOM
- Time and stock movement tracking
- Technical and maintenance forms management
- New and second-hand stock management
- Time and purchase forecast management
- Subcontracting management

*With Sage X3, you enter data just once in a single central database. The system then manages all information, including purchase and sale invoices.*

**Financial control:** With Sage X3, you will have control over costs and margins across all contract phases. As a full Business Management Solution, Sage X3 gives you a full-business overview of activities and margins; along with CRM to keep in touch with customers and send new invoices.

#### Analysis for better anticipating

- Global reporting in real time
- Multi-criteria margin analysis and checking
- Profitability forecast
- Provisional invoicing timetables
- One-shot and non-contractual invoicing based on activity reports

**A single control centre for all tasks:** Keeping accurate service contracts, maintenance plans, warranties and installed products, across customers and locations is difficult to do, yet crucial to success. With Sage X3, you enter data just once in a single central database. The system then manages all information, including purchase and sale invoices.

#### Overall control for overall benefit

- Contract recurrent invoicing
- Contract coverage and guarantee time management
- Skills, profiles and allocations management
- Pricing revision management
- Service request management

**Right person for right role:** Minimise long drive times and white space in your service technicians' schedule with Sage X3. The in-built module helps you manage your technicians and representatives, and assign tasks or actions, such as service inquiries, call-out request and phone calls.

#### Planning workload and material resources

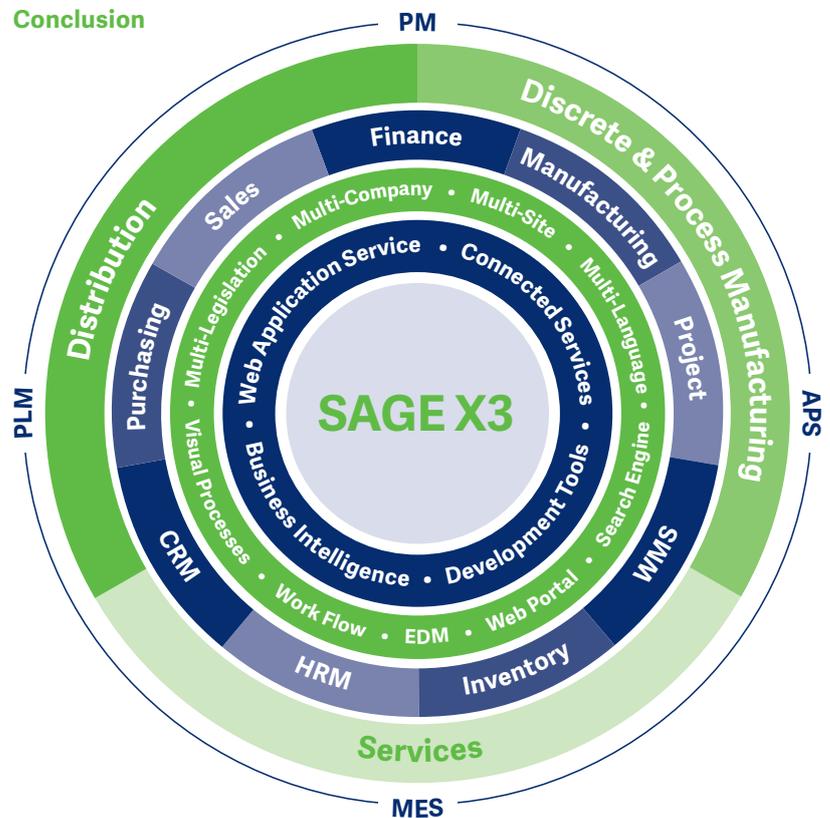
- Skills, profiles and allocations management
- Different views
- Workload management through drag and drop
- Workload management, over and under load warnings
- Recurrent service requests planning

**Be Field Ready:** Sage X3 is field ready, with access on any device. This can help your teams access the documents they need on the go; whether contract or general guides to help them do their job. With the help of Sage X3, you can view and update schedules, access service levels, order material remotely, as well as report time, material and expenses incurred – everything on the go.

#### Anytime, anywhere access

- View and update schedules anywhere, anytime
- Access service levels and order materials remotely
- Report time spent, materials used and expenses incurred in real-time

The Sage X3 Service module, helps you in streamlining administration of service activities and managing service tasks professionally.



### **Sage X3: A global business management solution for medium to large enterprises.**

From an afterthought to a major source of generating revenue, service contracts have evolved considerably to impact an organisation's success – both financially and operationally. Whilst maintaining and monitoring a constant stream of service and maintenance contracts poses a real challenge for businesses today, it is possible to ease those pressures by deploying an intuitive solution, capable of automating tasks and reducing errors.

The Sage X3 Service module, helps you in streamlining administration of service activities and managing service tasks professionally. It saves you time, increases your efficiency and provides a transparent view of both status and costs.

With Sage X3, you can give your employees access to the specific information they need, whenever, wherever and from any device they need it – Sage X3 provides you with the tools you need to reduce costs, boost sales and win new customers – locally and globally.

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