

Helping Bring Customers back into Compliance through Payment Terms

"53% of enterprises have acknowledged that at least some of their software license spend is associated with applications that are overused and therefore out of compliance." Softsummit 2010 Key Trends in Pricing

CUSTOMER CHALLENGE

A large insurance group in the UK was out of compliance in their use of the Vendor's licenses. This customer had ended their relationship with their business process outsourcing provider and as a result, the software that the customer relied on was no longer available to use. The Vendor's contract was with the outsourcer and therefore the insurance group found themselves without a contractual agreement to continue using the software. Furthermore, the customer was accustomed to paying a monthly fee for the use of the Vendor's product so they were not prepared for the costs associated with acquiring a perpetual license.

TFP SOLUTION

During initial discussions sales realized that payment flexibility would be critical. The customer had budgeted for a monthly fee similar to that paid to the outsourcer. TFP was involved almost from the beginning. TFP constructed a payment schedule with monthly installments with the first payment deferred until the next calendar year. This simple payment configuration allowed the Vendor to recognize significant revenue upfront while also enabling the customer to continue paying per their original method with the outsourcer.

RESULTS

By leveraging TFP, the sales rep was able to avoid a smaller deal. The payment terms helped close the larger transaction and the customer was able to avoid a lengthy legal process which could have significantly delayed successful resolution.

WHO IS TFP?

Technology Finance Partners "TFP" addresses the growing need for large to mid-size technology companies to value, price and sell their solution in ways that resonate with financial and business decision makers. TFP's financial sales engineers quantify the value of vendor's technology, justify the cost and provide flexible acquisition options. TFP areas of expertise include value-based selling (business case analysis, ROI and

In the Sales Rep's Own Words:

The issue of compliance is a recurring theme in the software industry, that is becoming more of an issue as companies develop new ways to monitor the usage of their software. Most customers do not fall out of compliance purposely, in fact many are not aware of it until a formal assessment is done. As a result there is rarely budget allocated to cover the costs to bring themselves back into compliance. This is where leveraging payment terms can provide significant value, not only in securing a deal will close, but also in maintaining a positive relationship with the customer by proactively offering solutions to fix the issue before it becomes a legal battle. This is exactly what happened in this transaction with a major insurance group in the UK. Here are some comments from the sales team involved in this deal:



"TFP offers sales reps a huge addition to the sales "kit bag" available to conclude deals. If the customer is looking for flexibility due to the current financial climate, legacy application management or a way of recognizing the project cost as the project is implemented then TFP is a very good option. It is easy to discuss, easy to administer and easy to close."

Sr. Account Rep, EMEA

TCO modeling), world-class customer finance programs and rational pricing frameworks.

As this case study describes, it is the teamwork and collaboration of TFP, the vendor and the end-user which ultimately leads to more closed deals, increased deal sizes and fewer objections related to pricing!