

Financial Selling 105: Facilitating Compliance with Extended Payments

FROM TFP TO YOU

Financial Selling 105 (FS105) addresses a double-edged sword: valued customers who are out of license compliance – usually unknowingly.

This is both an opportunity (to generate install base revenue) and a challenging topic to discuss with a valued customer.

A basic fact: Companies do not budget for the costs associated with being “out of compliance” – whether the cost is buying more licenses, paying back maintenance or upgrading to the latest software version.

How can we help? We provide your customers a financial path to compliance that lets them tap next year's budget dollars.

At **Technology Finance Partners (TFP)**, our job is to make the financial side of the sales effort easier.

Global sales and strategy consultants re-inventing the way software is priced, valued and sold.

Opportunity

In a recent study of IT professionals, 69% of the respondents said they are unsure whether they are in full compliance with the terms of their software licenses and 44 percent confirmed that unlicensed software is in use in their company.



- Enterprise software vendors continue to face license compliance issues.
- Identifying “non-compliant” customers is difficult and, given the current economy, getting them back into compliance may be even more difficult. Tight budgets and cash flow constraints continue to be issues for most companies.

Solutions

TFP payment plans minimize most financial hurdles customers “run into” when a compliance issue is brought to light. For example, Company XYZ discovers that they are out of compliance. Let's say the cost of compliance is \$300,000 of new software to “catch up” to current deployment levels. Here are some common financial obstacles customers run into and ways TFP can help your customers reach compliance resolution:

- **“Cash Flow” Restrictions** – Cash is King - If XYZ is holding onto their cash or is experiencing a “cash flow” issue, you can, instead of requiring an upfront payment of \$300,000, offer to spread the cost over multiple years (\$100,000 due annually) or offer to defer the costs altogether (\$300,000 due in the next fiscal year).
- **“Budget” Issues** - Companies use both capital and operating budget dollars when acquiring software. Accounting methodology and internal “capitalization policy” determine what budget customers will use, and how budget dollars are triggered (contract execution, payment, deployment, etc).
- **Example** – You spoke with the customer about their compliance issue and learned they only have \$50,000 (not \$300,000) left in *this year's* capital budget. Be sure to ask, “What triggers your capital budget?” They may reply, “When the payment occurs”. TFP can help solve this budget issue by structuring a payment plan consisting of two payments (\$50,000 due up front and \$250,000 in the next fiscal year).

Conclusion

Offering flexible payment options helps create a financial path to compliance, allowing customers to preserve today's most valuable commodity - cash on the balance sheet.



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