

Turning the Corner: Selling Technology Services in a Recovering Market Benchmarks and Best Practices from Industry Leaders



An ITSMA Sales Performance Study

Selling technology services and solutions in 2003 was a constant struggle against buyer hesitation, never-ending pricing pressure, growing offshore competition, and resources stretched way too thin.

Even as the market grew, services sales forces made no easy sales.

As the year progressed, however, companies increased investments in the support systems required to improve services sales productivity and effectiveness.

Looking ahead, a growing economy and increased IT investments suggest the industry has finally turned the corner. But the combination of increasing buyer demands and the industry move toward more complex solutions suggests that continued investments in training and support systems are required for companies to sell effectively in 2004.

REPORT HIGHLIGHTS

OVERVIEW

Turning the Corner provides in-depth data and analysis of how effectively companies across the technology and professional services industries are managing and measuring their sales organizations for 2004 and beyond.

Based on qualitative and quantitative data from 34 U.S.-based companies, the report is designed to help services marketing, business development, and sales leaders:

- Measure their own sales performance against industry averages and top performers
- Benchmark sales coverage models, training, and sales support practices against their peers
- Review best practices in selling IT services and solutions

Detailed data presentations enable users to compare their own performance to average performance in specific IT sectors as well as the IT services industry as a whole.

KEY FINDINGS

- Services sales organizations saw notable deterioration in important performance metrics in 2003 such as recurring revenue, quota attainment, and discounting.
- Professional services firms are plagued by high sales force turnover and inadequate sales discipline across decentralized business units.
- Senior executives at technology firms increasingly recognize the importance of services to their businesses and are implementing the sales processes and performance metrics to support the cultural and behavioral changes required to increase services sales.
- Services firms are stepping up their investments in training, tools, and processes to improve services sales force effectiveness and productivity.
- Marketing and sales operations have made alignment of marketing and sales activities a priority; nevertheless there is scant evidence that either side is making significant progress on this important initiative.

STUDY SCOPE AND METHODOLOGY

ITSMA worked with 34 companies (mostly U.S.-based) to gather and analyze the data presented in *Turning the Corner*. The report reviews sales performance and best practices from two perspectives: U.S. and worldwide. The data focus primarily, but not exclusively, on the direct sales force.

The study began with in-depth telephone interviews with senior executives responsible for either sales management or sales support. The interviews focused on sales challenges, current initiatives, best practices, and metrics to track sales performance. In addition, each participating company provided quantitative data on sales practices and performance. ITSMA collected and analyzed the data between September and December 2003.

Participating companies include:

- | | |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <ul style="list-style-type: none"> Agilent AMS Avaya BearingPoint, Inc. Brooks Automation CH2M HILL Computer Sciences Corporation Diebold, Inc. Eastman Kodak EDS Ericsson First Consulting Group Fujitsu Consulting GE Fanuc Hewlett-Packard Hitachi Consulting IBM Global Services Juniper Networks, Inc. | <ul style="list-style-type: none"> Lucent NCR NEC Business Network Solutions, Inc. Network Appliance, Inc. NextiraOne Nokia Internet Communications PeopleSoft Progress Software Rainmaker Systems, Inc. Reynolds & Reynolds Co. Rockwell Automation Software AG Spherion Sybase Vanguard Managed Solutions Vertex |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

STUDY TOPICS

Turning the Corner provides detailed data and analysis on eight major topics:

- Sales coverage models:** sales channels, revenue by channel, and sales force size and turnover
- Direct sales force productivity:** sales yield, sales management ratios, and sales representative time utilization
- Sales performance metrics:** contract and professional services penetration rates, services attach rates, contract renewal and customer retention rates, sole-source ratios and win rates, repeat versus new business, recurring revenue, and sales lead conversion rates
- Sales costs and compensation:** total sales and services sales costs, sales cost allocations, and sales force compensation
- Sales training:** sales training investment, sales skills, and adequacy of sales training
- Sales support and automation:** processes, tools and metrics
- Account management:** account management processes and metrics
- Discount Practices:** sales force authority to discount, level of discounting, and gross margins

The report includes breakouts of the data by market sector (professional services firms, software vendors, network systems vendors, and other) and by size of organization (greater than or less than \$500 million in revenue).

MORE INFORMATION

To learn more about the report, contact Rob Leavitt, Senior Director, Marketing and Member Advocacy at +1-781-862-8500, ext. 45, or rleavitt@itsma.com.

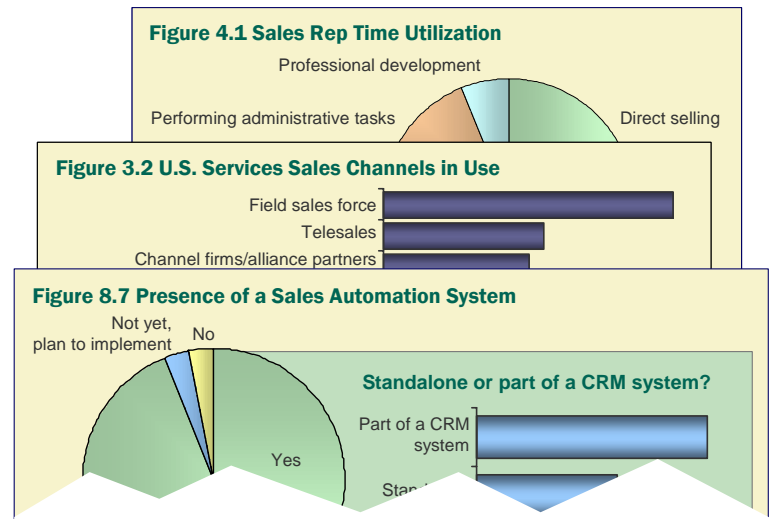


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