

HOW TO REALLY VALUE SOFTWARE (IT'S NOT JUST ABOUT THE COST)

How do you know whether the software you buy for your business is worth the money? Here's a clue: it's not just what you pay for it.

It's an easy mistake to make, and lots of service providers still make it. When trying to understand the value of a software solution, they calculate the total cost of ownership (TCO). It includes the purchase/rental cost, operating costs, maintenance costs, upgrade costs, and other indirect costs.

But, if you're thinking about TCO, it means you don't see your company's IT as a business driver, nor as an asset that can generate revenue, profit and customer satisfaction. Which, of course, it is. Better IT enables you to be more efficient, more productive and more profitable — something all service providers want, particularly in an economy that demands a service excellence approach. So why are they only worrying about how much the software will cost?

IT'S NOT ABOUT TCO — IT'S ABOUT ROI

The reason some companies focus on TCO is because it's easy to calculate. But TCO only looks at one side of the equation. Companies need to focus not just on how much the software costs, but on how much money they can make and save by using it.

On the one hand, there are less expensive software systems that look good but don't actually improve efficiency, savings or profitability. On the other, there are systems that are slightly more expensive but prevent you from losing money on deals, contracts and operations, and improve efficiency to such an extent that you need less staff.

Looking at return on investment (ROI) instead of TCO lets you balance the costs against the financial benefits the software will bring to your operation. At Asolvi, we look at 3 key value drivers in order to make ROI calculations for our customers in the documents & imaging industry. These are:

- The amount you pay to buy/rent, use and maintain the software
- The savings you generate through using the software, e.g. less staff, less admin, reduced paper, printing and travel costs etc.
- How the software increases your revenue, your profit and your growth by boosting efficiency, productivity, flexibility and scalability

Trying to persuade customers that they should be using ROI to drive their technology decisions is a challenge for any salesperson. Not because generating an ROI calculation using these 3 value drivers is particularly difficult. It's not. But a general calculation isn't enough. To get a realistic view of the ROI, you need to calculate it specifically for your customer's business, and you and your customer have to put time and effort in to do it. It's why many customers choose the easier path of forecasting the TCO for the proceeding 5-7 years instead.

DO VERTICAL SOLUTIONS HAVE AN EDGE?

If you sell specialist software for a vertical market, you're well placed to generate a sensible ROI calculation without much input from the customer. A lot of horizontal software vendors, who sell broad-scope products that have general, pan-industry usefulness, may lack depth of insight and understanding of the industries they sell to.

Asolvi's solutions come somewhere in the middle. Technically they are broad-scope horizontal products whose general field service management functionality is useful to a whole range of industries. But over the years we have developed customised

functionality aimed at addressing the needs of particular markets. For instance, while our long-standing product Evatic can be used in various field service sectors, we mostly target it at documents & imaging because of the numerous features we have added for that market.

What this means is that we've had to learn a lot about this market in order to better serve the needs of providers within it. We've watched it change from selling printers and copiers and doing chargeable aftersales maintenance and consumable replenishment to selling all-inclusive managed print services (MPS) and broader managed document services (MDS) contracts. And it means we understand the here-and-now challenges faced by service providers as print volumes decline and costs per page increase.

Our insight into our customers' industry, business and operational obstacles lets us generate realistic ROI calculations that prove to them the real value of our software. We're able to demonstrate how Evatic can improve their service delivery and profitability by ensuring all losses are plugged and opportunities seized.

ROI IS BETTER FOR AN INCREASINGLY SERVICE-DRIVEN ECONOMY

We live in a service economy that's constantly changing and evolving thanks to a relentless wave of new technologies making more and more things possible. As a result, customers demand quicker response times, more reliable machinery, and all-round better service.

So, service providers need to thinking less about how much a software solution costs and more about the business capabilities that the solution makes possible. Only by making an ROI-based decision can you really know how much money you can save and how much better your service will be.

If you're in the office print and document management industry and interested in a credible, comprehensive ROI calculation for your MPS operation, please send us an email at sales@asolvi.com.