BEYOND FINANCE

CUTTING EDGE RESEARCH AND INSIGHT FROM BNP PARIBAS LEASING SOLUTIONS

SOFTWARE LEASING, MOBILE NETWORKS, AND THE CHANNEL

BNP PARIBAS
LEASING SOLUTIONS

As featured in CHANNEL PRO
ADDING VALUE TO THE CHANNEL

When it comes to payments and finance, software resellers can learn much from mobile networks. While it certainly helps that EE, O2, Vodafone et al. provide a service that consumers need (if you doubt this, go on Twitter the next time one of them has an outage), the way they maximise their revenues can be quite instructive. Because they offer a mutually beneficial payment structure, their customers are more willing to commit to long term contracts; the average Vodafone customer lasts for over six years.

It's a successful model, and while an exacting, like-for-like comparison may be limited, the underlying principles are applicable to the software channel. If you're reseller operating in this space, following the example of mobile networks presents an opportunity to cultivate ongoing relationships with customers. Here are three ways to do exactly that.

By Tristan Watkins
CEO, BNP Paribas Leasing Solutions UK

1. PROVIDE VALUE FOR MONEY

Every company has a budget, and this budget usually determines exactly how much it can spend on software. As a result, purchasing enterprise software at full price isn't always possible, and is often not sensible – especially if it's an annualised product which will invariably bring out a new edition before too long. If the cost is too high, they might seek better value from a competitor or simply make do with what they already have.

Mobile networks succeed in part because they know that customers looking for a new handset often can't afford the expense of a single large transaction. Consider the outlay necessary to buy a higher-end iPhone model: at retail, they can cost £600-700. No data, no texts, no anything: the costs of actually using the device are added on top. Functionally, they're paying for a shiny chrome-plated brick – and with new editions coming every year, a brick with in-built obsolescence.

By leasing these devices over a long period of time, the mobile networks make a tidy profit – and simultaneously make their customers happy. Pay £30-50 a month over a 24-month contract and it's often possible to get the very latest handset – along with a generous allowance of texts, data, and calls – for an affordable initial outlay. Furthermore, after an agreed period of time has elapsed, it's usually possible to upgrade to a more sophisticated device.

If you finance software in a comparable way, you'll see similar benefits. When your product is available for a fixed monthly fee, it's easier for your business customers to justify the investment – and with the possibility of access to product upgrades at the same monthly cost, they're incentivised to treat their contract with your company as an ongoing arrangement. Because of this, you'll increase customer lifetime value and loyalty.

2. CONSIDER THEIR REQUIREMENTS

Your customers won't always want the same things. Enterprise software deployments don't always go smoothly, and integrating them into legacy systems can require expertise and time that they won't have. The product itself is just one part: depending on their resources, they might need specific hardware to run the software on, assistance with the install, specialist training, and ongoing consultancy. At present, these needs are not always met.

Arguably the unqualified success of the mobile business model is the sheer variety of possible plans that networks offer customers. Product is important, but so is the way product is offered. If a customer texts and calls heavily, they can opt for a plan that lets them do both at high (sometimes unlimited) volume; if the device is used for browsing, they can get something a little more data-heavy. Whatever the circumstances, the network's employees will usually try to work something out.

It's a philosophy software resellers could benefit from: there are no financial or practical disadvantages to leasing software in customisable a la carte packages. To draw up a contract that incorporates the cost of whatever add-ons are required is a trivial task – and one that can make all the difference to your customers and your value-add.

3. PROVIDE ROOM TO MANOEUVRE

When businesses grow, they often find that their needs expand beyond their expectations. Older software is often too integrated into existing processes to ditch, and just as often, far too expensive to replace if it becomes necessary to scale up. If potential customers need new desktop PCs, they'll know to lease them from a hardware reseller; if they need new software licenses urgently, they'll often be at a loss – if only because they don't know leasing is an option.

If you're one of these resellers, it's again worth taking some inspiration from mobile networks with your software finance options. Consider the way they handle data. When customers go over their allowance, they offer two solutions: the first is one-off fees – for an extra gigabyte, a customer might pay around £7. The other solution is better, and offers more long-term value: for that same £7, it's often possible to upgrade to a plan with an extra 2-5 GB – accommodating their long-term data needs.

There's no practical difference between leasing an extra PC or printer and leasing software. When your customers want to upscale their product or service without buying an entirely different solution, it's best to let them know it's an option. Business requirements change regularly: the monthly finance model can accommodate their budgets, earn their favour, and accumulate higher profits over a sustained period. If they don't take advantage, it's either because it's not available, or they're simply not aware of it.

It's entirely possible to use a payment model that suits both your company and its target audience's budgetary requirements. Mobile networks know no other way, but it's an idea that many customers aren't yet acquainted with – perhaps because it's yet to occur to many resellers. If you're one of them, you may well have an opportunity to provide more value to your customers than your competitors in the software channel.

TO FIND OUT HOW BNP PARIBAS LEASING SOLUTIONS CAN HELP YOU UNLOCK YOUR BUSINESS POTENTIAL PLEASE EMAIL: MARKETING.LEASINGSOLUTIONS@UK.BNPPARIBAS.COM

BNP PARIBAS
LEASING SOLUTIONS

Business is ON