



# PARTNER FORUM

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SAS<sup>®</sup> GLOBAL FORUM

April 1 – 2 | Orlando, FL

#SASPartners



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# Agenda

- The Fundamentals
- Focus
- How to Double Profit this year
- Critical Components for Transformation
- The Vendor Difference
- Homework
- Q&A

# The Fundamentals of a Declining Partner



Geographic Generalists

Focus

- Sell to anybody in the geography
- Sell projects – one and done Mentality
- Focus on Technology
- Cozy up to vender for leads

Reactive growth strategy

Realizing 3% to 6% EBITDA with erratic -5% to 10% AGR

Experiencing 1% - 2% YOY negative EBITDA pressure

Typically see transaction multiples of 4x – 7x TTM EBITDA

Customer View: **Come install/integrate it and then go away**

# The Fundamentals of a Top Performing Partner



Vertically aligned to 3 or less industries

(Top Performers align to 1 industry and 1 segment of the industry)

## Focus

- Cloud services
- Full lifecycle of services
  - Wedge Offerings
  - Technology Offerings
  - Managed Offerings
- Services sold as a service level agreement (all-in-pricing)

Solid organic growth strategy with Industry specific IP

Realizing 12% - 28% EBITDA with sustained 20% - 40% AGR

Can see transaction multiples from 8x – 10x TT EBITDA

Customer View: **Industry Expert/Thought Leader**

# Technology and Market Focus (Specialization and Verticalization)

Buyers want market specialist who can apply technology to their industry

Target market is the intersection

- Industry vertical
- Corporate demographics
- Technology set
- Service and product solutions

Full lifecycle of offerings

# Oversupplied Market

Too many technology generalists

Oversupply puts negative pressure on growth and profit

Commoditization of talent and tools

Irrelevance of technology versus the value of a solution

Specialized market-based offerings are strategic





# The Customer has Changed



Business Buyer not Technology Buyer shift



Trip Advisor effect



Decision to buy made before they call you



Want an industry expert



Consistent OpEx spend desired





# SAS Partner Transformation Maturity Model



## Phase Three

### Subscription Based Services

- Focused on one Vertical Market and National/International Footprint
- Subscription revenue model for project based/maintenance services
- 20%+ YoY Top Line Growth
- NOI of 15 to 25%+



## Phase Two

### Project Based Services

- Larger Geographic Focus
- Predominantly focused on less than 5 Vertical markets
- Project Focused, predominantly T and M
- Single Digit YoY Top Line Growth
- NOI of 7 to 15%



## Phase One

### Staffing Focused Services

- Narrow Geographic Focus
- No Vertical Focus
- T and M Staffing Focus
- Flagging YoY Top Line Growth
- NOI of less than 7%

# Critical Components to Transformation

## Quick Hit Opportunities

- Refining the target
- Standardizing offerings (Full Lifecycle of Offerings)
- Service level agreements (Subscription Based)
- Simplifying pricing

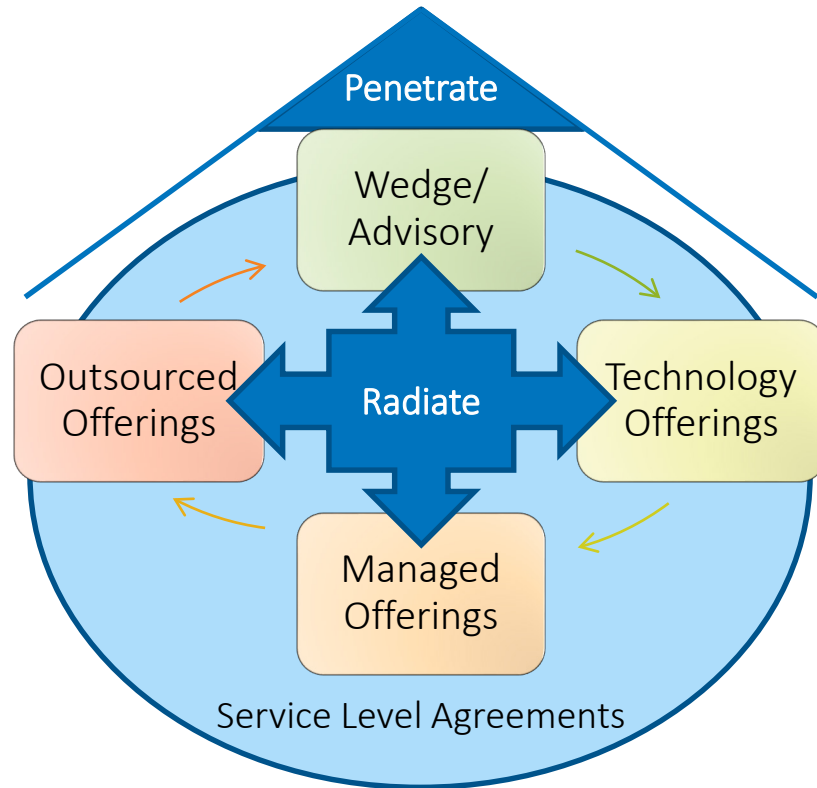
# It's Just One Thing!



# Refine the Target

- It's all about just one thing!
- Drives inbound prospects without rejecting existing customers
- Dramatically improves efficiency, quality of service, and profitability
- Is an enabler that allows marketing to drive leads

# Standardized Full Lifecycle Model



# Service Level Agreements

- Change is the constant, build agreements around change
- Easy in easy out agreements, and rely on the pain to change
- Easy to understand pricing and service levels
- Move away from T and M or hourly models

# Simplify Pricing

- Subscription based revenue models, rule!
- Standard pricing based on the full services lifecycle model
- Recurring Revenue Models are all about the numbers and reduce the waste generated by client mistakes



# Shock and Awe

- 50% of you will not be here in 3 years if you don't transform your business model or merge with another company per IDC/Gartner research
- Only 20% of SI's and IT Services firms will have made these types of transformations by the end of 2018, so you're not alone!
- By making these transformations you can double your profit as a percentage of revenue
- Controlled growth = The Rule of 45

# The Rule of 45

YoY top-line growth rate  
+ Net income (%)

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≥ 45

# The Vendor Difference - How can SAS help?

- Interdependence not codependence (help the partner to stand on their own)
- Vendors take advantage of products that generate reoccurring revenue
- Vendors must package products for the different verticals
- Make it easy for the end user to buy through the partner

# Homework Post-Lunch Discussion

Write down...

- Your single largest opportunity for growth in the next 12 months.
- How do you plan to leverage SAS solutions in new ways in 2018 and beyond?
- How do you plan to optimize your firm to hover at or near The Rule of 45 in the next 12 months?
- How can SAS and Revenue Rocket help you achieve your objectives this year?

# Thank you!

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