Helping MSPs make a foray into the Retail Vertical

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Top Tips for Selling Managed Services to Retailers

For years, the prevailing thought among retail VARs was that their customers were different and didn’t fit the mold for managed services. In all fairness, PC workstations and servers are different from point of sale (POS) terminals, cash registers, MSRs (mag stripe readers), scales, and receipt printers.

Technology differences aside, however, retailers have many of the same business needs and challenges as companies from other vertical markets. But, the big question is:

Is retail finally ready for managed services?
Where Should You Start Your Foray Into Retail

Retail covers such a broad spectrum that it can be difficult to know where to focus first. Small to midsize retailers often have understaffed IT departments, which makes them good candidates for managed services, on the one hand. But, larger retailers have distributed networks and more equipment, which makes them better able to take advantage of the economies of scale that managed services can provide, on the other hand.

Looking at examples of MSPs who currently selling to retailers seems to corroborate the earlier statement. For example, Josh Byers, president and CEO of Lonestar POS, says that got his start selling managed services by reaching out to three of his long-standing customers and talking about his new proactive service. After piquing their interest, he gave them each a 90-day trial that included RMM, managed antivirus, and remote support. All three customers enjoyed being able to see the status of their network, devices, and software. Plus, when events like kitchen printers going offline resulted in immediate alerts to key employees, the trial customers were ecstatic, he says.

In Lonestar’s case, he was selling managed services to retailers that were already customers. For MSPs just starting to prospect to this market, identifying the appropriate decision makers early in the process is critical. Due to its extensive reach, C-level executives are most often involved in the buying process. However, another key stakeholder that solution providers can’t ignore is the ICT (information and communications technology) department, according to Ricky Sparrowhawk, CEO of Tactics, a master MSP based in Cape Town, South Africa. “We have found that initially when addressing a new client the ICT department is resistant to change. However, after doing a live demonstration, we find these same decision makers and influencers become the biggest advocates for a managed services deployment.”
One reason retail has been slower to adopt managed services than other verticals is due to the propriety nature of many legacy POS terminals. But, according to Lonestar POS’ Byers, that is a non-issue with newer POS terminals.

“A computer is a computer, and the baseline things that a POS terminal needs to work are the same as any PC,” he says. That said, a fair amount of legacy/proprietary systems are still in operation, which MSPs should be aware of ahead of time. Some RMM manufacturers offer APIs that allow the software to monitor legacy POS terminals. However, RMM manufacturers vary with regard to which types of legacy POS systems they can support, so it is strongly advised to investigate this topic with a prospective RMM vendor before making a selection or determining a customer’s legacy POS terminal would be too cost-prohibitive to set up an RMM service.
Add **HaaS** to Managed Services

One of the reasons IT solution providers make the transition to selling managed services is for the opportunity to earn monthly recurring revenue. But, managed services aren’t the only recurring revenue sales opportunities in retail, according to retail POS VAR-turned-MSP Chris Rumpf, CEO of Rumpf Computer Solutions.

A couple of years ago, he developed a Hardware as a Service (HaaS) program for selling POS solutions, which has become a hit among smaller customers with three or fewer checkout lanes. “After amortizing monthly payments over a three-year period, it becomes 30% more profitable than selling a POS system outright,” he says.

“And, when you consider the fact that the average POS system runs six years or more, the profitability becomes exponentially higher with the HaaS model than the traditional sales model.”

Another tip MSPs who want to make a foray into retail should be aware of is in payment processing, which is not only another potential source of monthly recurring revenue, it is an opportunity a lot of seasoned retail VARs miss, too. Rumpf admits he used to miss out on payment processing revenue until he started looking into his options. “We used to refer hospitality customers to payment processors, and we would receive a meager one-time commission in return,” he says. After a while, however, Rumpf came to the realization that when his customers have a problem with their payment terminals, they don’t call the payment processing companies, they call his company, so why shouldn’t his company be able to earn better margins from payment processing fees?

Rumpf spent a few months doing research and afterward he formed reseller partnerships with two large payment organizations, which allow him to negotiate his own payment rates with his customers and earn monthly commission rates several times higher than what he earned previously. “Not only are the rates better, but also each payment contract I enter with a customer becomes an asset that I own, which has a value that banks and other organizations take into consideration when qualifying businesses for loans or lines of credit.”

And, if all those reasons for getting into payment processing weren’t enough, there’s one more — the MSP often is able to save his customers a lot of money in payment fees. “We had one customer who runs an ice cream shop that does more than $1 million in credit card sales in July and August alone. After we reviewed their previous payment agreement, we were able to provide them with a new agreement that was $25,000 less per year and was financially worth our while, too.”

Become a Triple Threat with Payment Processing Services
Lonestar POS, Tactics, and Rumpf Computer Solutions are still seen as anomalies in retail, where the majority of IT solution providers sell POS hardware and software, and offer only break-fix and/or warranty services, which Lonestar POS’ Byers says is a losing proposition. “With our old model of support [e.g. prepaid block time], we’d often have customers coming to us looking to drop support because it had been months since they had a problem. With managed services, customers can see they’re getting value and peace of mind [i.e. through alerts and reports], even when they’re not calling us with IT problems.”
How SolarWinds N-able helps MSPs Break into the Retail Market

A recognized market leader in MSP business transformation solutions, SolarWinds N-able has a unique, multifaceted strategy to help IT solution providers seamlessly transition to the managed services model. This includes:

• The N-central® RMM platform, which unifies all of the tools used by an MSP in one centralized, state-of-the-art management console.

• A flexible suite of additional products for delivering services such as security, backup, mobile device management, and auditing and compliance.

• A hybrid licensing model that gives partners the flexibility to upgrade reactive customers to a fully managed solution when they’re ready.

• Comprehensive go-to-market business support services, including dedicated partner development specialists, self-directed training modules, and customizable sales and marketing collateral.
SolarWinds N-able is a leading global provider of complete IT management, automation and MSP business transformation solutions. The SolarWinds® N-able N-central® product is an award-winning RMM and MSP Service Automation Platform. SolarWinds N-able has a proven track record of helping MSPs standardize and automate the setup and delivery of IT services in order to achieve true scalability. The N-central platform is backed by comprehensive business enablement support services. Thousands of MSPs use SolarWinds N-able solutions to deliver scalable, flexible, profitable managed services to over 100,000 SMBs worldwide. With offices in North America, the Netherlands and Australia, SolarWinds N-able is 100% channel-friendly and maintains strategic partnerships with Microsoft®, Intel®, IBM® and Cisco® among others.

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