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MASTER CLASS

Service I: Philosophy

Presenters:
Tofiq Indawala and Brad Malone
June 26, 2024

Target Audience

- Sales, Service and Operations Management
- Accountants
- Q360 users interested in Service, Service Contracts
- Optional:
 - Service Coordinators / Admin
 - Customer Service Reps
 - Project Coordinators
 - Executives
 - Sales Reps

Learning Objectives

- Create a common framework for selling, transitioning and managing service contracts
- Define and differentiate between Service Contract types and options
- Determine strategy for Project and Service Contract packaging / invoicing

Agenda

1. Introduction
2. Context / What are we currently doing?
3. Roles / Functions
4. Terminology / Process
5. Service Contracts
6. Summary
7. Q & A
8. Wrap Up and References

1. Introduction

- What are Service Contracts?
- What is the value of Service Contracts?
- Attributes of Service Contracts
- Financial management of Service Contracts

1. Definition / Value of Service Contracts

- Service Contracts are a written agreement between a Service Provider (Integrator) and a Client. These are often created at the conclusion of a Project and the acceptance of its deliverables
- Well-executed Service contracts create:
 - Repeat business
 - Recurring revenue
 - Referrals – the best sales-people for your organization are your happy Clients!
- Ongoing Service and maintenance contracts are the easiest form of recurring revenue that an Integrator can achieve today



2. Context | what are we currently doing?

- We use terminology interchangeably and confuse ourselves
- Service is viewed as a silo and an afterthought
- Roles, responsibilities and hand-offs are not clearly defined
- We don't understand the purpose or structure of Service Contracts
- We don't sell Service correctly from the beginning
- Contracts are not as profitable as they could be
- Contract renewals, creating a quote for renewal could be improved

Poll #1

Current conditions (select all that apply)

Which of the following conditions do you experience?

- a. We use terminology interchangeably and confuse ourselves
- b. Service is viewed as a silo and/or an afterthought
- c. Roles, responsibilities and hand-offs are not clearly defined
- d. We don't understand the purpose of Service Contracts
- e. We don't sell Service correctly from the beginning
- f. Contracts are not as profitable as they could be
- g. Contract renewals need some improvement

2. Context | Service vs. Project

- Service contracts are essential to a profitable company
- We don't just "ring the doorbell"
- Service is a "Pull" function to the project deliverables
- Service is the long-term relationship – projects are temporary



3. Roles and Functions

- **Service Manager** – Oversees Service Contracts, ensuring profitability and customer satisfaction. Manages schedules, renewals, and service reporting. Maintains Service Level Agreements
- **Customer Service Reps (CSRs)** – Handle customer interactions, creates Service Calls, schedules and dispatches Technicians
- **Service Technicians** – Perform on-site work including diagnostics, repairs, and installations. Track time accurately. May order equipment and process RMAs
- **Service Admin / Coordinators** – Set up contracts and maintain renewals. Ensure proper billing and closing of Service Calls



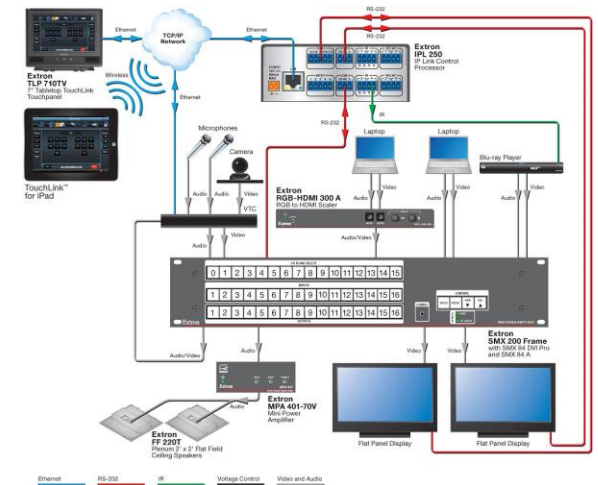
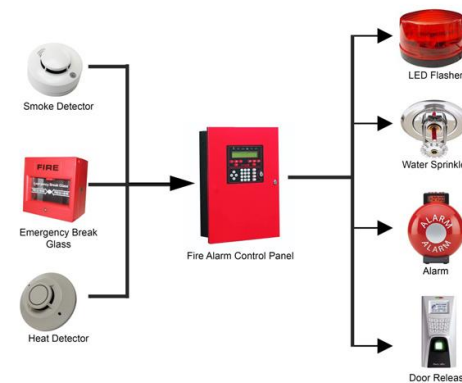
3. Roles and Functions

- Sales Manager and Sales Reps – Communicate with the customer to determine needs, provide proposals / quotes, define project scope
- Purchasing – Ensures equipment and parts arrive on time
- Projects – Delivers project scope / systems, and packages the product for Service to maintain
- Accounting – Administers financials, funds contracts, and reports on performance



4. Terminology – Product / System

- Definition:
 - A list of serialized assets that work together to deliver Customer-defined performance objectives
- Examples:
 - Conference Rooms / Board Rooms
 - Security / Access Control systems
 - Fire Protection system
 - Nurse Call systems
 - External / Divisible spaces



4. Terminology - Substantial Completion

“...the stage in the progress of the Work where the Work or designated portion is sufficiently complete...so that the Owner can occupy or utilize the Work for its intended use.”

(Architectural Institute of America)

- Client Acceptance of integrated solution
- A point in time where installation has reached beneficial use
- Triggers Service hand-off and service / warranty contract
- Triggers final invoicing and begins the Project Closeout process
- Multiple substantial completion by space / room

4. Process – Organizing for Support

“Getting Organized” means Everyone

- Sales – organize material lists by Systems
- Engineering / CAD – drawings done by Systems
- Warehouse – organized by Systems
- Rack Build – equipment tracking by Systems
- Project Management – keeping Systems intact during ICOs, CCOs, etc.
- Integration – installing Systems
- Delivery – commissioned, trained, and delivered in Systems



4. Process – Project to Service Hand-off

- Opening the door, activating the contracts (Warranty or Service)
- When is the project ready to transition?
- Defining criteria for acceptance
 - Customer Acceptance
 - Service Acceptance
- Check List(s)
- As-Builts
- Service Introduction / Commitments



Poll #2

What does your Project to Service hand-off look like?

- a. There is no communication from Projects to Service – it's a "surprise"
- b. We do not have any "System" discipline
- c. We have a process which requires improvement
- d. We have a mature process. We maintain the System organization mentality throughout the project lifecycle

5. Service Contracts

- Service Contract Types
 - Warranty
 - Term – yearly / renewable
 - RMR / Subscription / Monitoring / Embedded Techs
 - Time and Materials (T&M)
 - Block (Amount vs. Time)
- Pass-Thru Contract
 - Manufacturer Service Contracts sold to Customer to give Customer privilege to contact the Manufacturer. No liability on the Integrator to provide service

5. Service Contracts

- Third-Party Contract
 - Supporting Contracts embedded as part of Service / Support contract to meet liability objective
 - Example: Polycom codec maintenance agreement to support an AV Room, Monitoring Contracts
- Entitlement / Service Level Agreements (SLA)
 - SLA – Attributes i.e. response time, resolve time, freight included, equipment included – packaging
 - What does a SLA entitle a Customer to? Coverages, Monitoring, etc.

5. Service Contracts – Entitlement, SLA Attributes

- Discounts
 - Equipment – % of list price
 - Labor (Type) – On-Site, Remote, Standard, Overtime – % of list price
 - Freight – Included or Excluded
 - Call types, i.e. Warranty, Service, T&M
- Coverages
 - Service Time – Time of day, days of week.
 - Response Time – based on priority and measured by a defined milestone
 - Resolve Time – based on priority and measured by a defined milestone

5. Service Contracts – Entitlement, SLA Attributes

- Recurring Calls
 - Preventative Maintenance
 - Inspections
- Managed Services
- Term – Period of contractual obligation
 - Examples: 12 / 24 / 60 months
- Price – % of Equipment / Project
- Billing Frequency
 - Monthly / Quarterly / Yearly / On Performance
 - Impact on cash / liability

5. Service Contracts – Summary

Categories	Warranty	Service (reactive) to Support (preventative / more inclusive)	
Purpose	Reactive remedy to System or Equipment failure or malfunction / defects in workmanship	Reactive remedy to System or Equipment failure or malfunction (break fix)	Proactive monitoring, prevention of System or Equipment failure or malfunction with scheduled maintenance and training
Coverage Timeline	Typically 90 days to 1 year	Typically 1 year	Typically 1 year
Renewable?	No	Yes	Yes
Offering	Timely response to Service Call (Warranty)	Tiered Call escalation based on entitlements	Tiered Call escalation based on more inclusive entitlements – including monitoring, training and preventative maintenance, embedded Techs
Pricing	No Price – typically part of the cost of the Project	Yes – typically Annual (based on % of Equipment) or Time and Materials (T&M) or Block	Yes – typically Annual (based on greater % of Equipment)
Revenue Recognition	Dependent on guidance from CPA (i.e. Warranty Reserve vs. no-cost)	Deferred based on coverage dates or recognized upon call completion	Deferred based on coverage dates

Poll #3

How robust is your understanding of Service Contracts?

- a. We don't sell Service Contracts
- b. Poor – we are very inconsistent
- c. Adequate – need improvement in several areas
- d. We're pretty good – always interested in improving

5. Service Contracts – Financial

- Invoicing vs Revenue
 - Invoicing = Collect cash
 - Revenue = Income Statement impact
- Revenue Recognition
 - Type and billing frequency – review with CPA
 - Example: Yearly billing recognizes 1/12 of the billing amount every month as income
- GL Structure (based on CPA advice)
 - Organize Chart of Accounts (COA) to better track Warranty / Service Revenue / Cost

5. Service Contracts – Financial

- Invoicing – Recurring, Block or T&M
 - Automate billing and delivery
 - Track Block Amount liability
 - T&M –
 - Rates – \$/Hr by different type of work
 - Rules – Minimum, i.e. 2 hrs
- Renewals – auto, quoted, notification type, price increases
 - Have a mechanism to track renewals
 - Conditions to increase / adjust price

5. Service Contracts – Pricing Scenarios

- Project price includes Warranty
- Project and Service Contract (billed together)
- Project only – Service Contract billed after Project close
- Track Warranty cost – this feeds the pricing and packaging discussions
 - Track cost of fulfilling Warranty related issues in dedicated GL Account, i.e.; Warranty – Equipment or Warranty – Labor
 - This helps determine average monthly Warranty cost
 - Use average cost to allocate Warranty cost to Project estimation
- Distinguish Warranty costs from Project costs
 - Recommend CPA advice (warranty reserve)
 - Project should not stay open
 - New work type, i.e. Warranty Service Call
 - Measurable as % against Project Revenue

6. Summary

- Projects vs. Service Contracts
- Managing the Project to Service Hand-off
- Service Contract Types
- Entitlements
- Billing vs. Revenue
- Renewal

7. Q&A



Poll #4

Would you like to be contacted regarding further training on "Service" in Q360?

- a. Yes
- b. No

8. Wrap Up & References

Q360 > Help > Contents

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PROCEDURES KNOWLEDGE BASE VIDEOS RELEASE NOTES

SERVICE CONTRACT

Service Contract +

Create a service contract manually
Create a Service Contract from a Project
Create a Service Contract from a Sales Order
Setup Service Contract: Details, Line Items
Setup Service Contract: Associate with a Vendor Contract
Create a Block Amount Service Contract
Monitor Service Contract Renewal Queues
Monitor Balance of Block Amount
Monitor Service Contract Profitability
Automatically Renew a Service Contract
Top Up a Block Amount Service Contract
Expire a Service Contract Manually
Invoice a Service Contract
Invoice all Service Contracts
Invoice a Block Amount Service Contract
Invoice Warranty as part of a

Service Contract #

Create a service contract manually

There are three (3) methods to create a service contract:

1. "Manually" through the customer or site.

2. After the substantial completion phase(s) of a project, create a service contract for allowing us to seamlessly roll projects into service contracts.

3. After selling a service contract, i.e. by creating an opportunity, processing the quote service contract from the sales order.

Create a Service Contract manually

Window Help

Send Email to Customer Care

Contents

Project Transition to Service and Closure v23.02

Project Transition to Service and Closure v23.02

In this MasterClass webinar, we continue our Project Management series. This webinar was recorded on February 21, 2024.

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Agenda:

1. Introduction | 04:08

a. Discussion between Brad Malone and Andrew Anthony on what is a System (Product)? How can we set the stage for Service?

b. What is a System (Product)? How can we set the stage for Service?

2. Recap of Sales Quote Attributes | 06:43

a. Sections (Sales) vs. Groups (Service) | 06:51

b. Sections and Groups demo | 08:01

3. Transition to Service and Support Department | 11:06

a. Substantial Completion | 11:57

b. Project to Service Hand Off - Create Product, Initiate Warranty

c. Project to Service Hand Off demo | 15:37

d. Comparison: Warranty vs. Other Service Contracts | 24:41

e. Poll 1: How effective is your transition to Service process? Why?

4. Project Lifecycle: Key Learning Opportunities | 27:32

a. Project Close-out Process | 29:02

b. Project Close demo | 32:18

c. Project Reporting and Review | 38:19

Highlights for v23.01 – Part 1

Release Highlights for 23.01 – Part 1

In this MasterClass webinar, we share highlights of Q360 upgrade release v23.01. This webinar was recorded on June 21, 2023.

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Release Highlights v23.01 - Part 1

Agenda:

1. Introduction

a. Discussion between Roman Burchart and Tofiq Indawala on noteworthy enhancements in version 23.01

b. This webinar focuses on enhancements to Project Management and Service. Other v23.01 highlights will be discussed in a separate Masterclass at a later date.

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Thanks...

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