



Paying it Forward

How to provide flexible payment solutions
without putting your business at risk



Contents

Overview	3
The Changing IT Landscape	4
The Evolving Challenges of Financing	5-6
IT Making Sense of Vendor Financing	7
Orbus Payment Solutions	8-9
How to Identify an Opportunity	10
About Orbus	11

Overview

The IT industry is changing rapidly, driven by the rise of cloud technologies and increased demand for digital transformation. Your customers are looking for ways to push innovation through their business processes and meet the changing demands of this new landscape. For an IT reseller to thrive within these new rules of engagement, your business needs to recognise these shifts and adapt its services to meet them.

While some customers are further down the digital transformation road than others, a Capgemini study found more than half (51 per cent) of senior executives believe it will be critical to implement a strategy in the next year. To kick-start this journey, your customers are moving core business operations to the cloud.

This shift in service delivery models has also given your customers good reason to rethink the way they purchase technology resources. They want greater flexibility because this means they're able to react more quickly as market conditions change. As a reseller you're under pressure to enable these new models rather than simply selling equipment and honouring support contracts. Monthly payments are the norm for cloud-based solutions and customers are now looking to replicate this model across all of their IT services.

At the same time, IT departments are increasingly expected to equip their businesses with the tools needed to enable digital transformation, rather than just maintaining networks or fixing hardware issues. The most successful resellers are re-evaluating their services to meet these needs and help customers achieve desired business outcomes.

Providing flexible payment solutions will help you retain loyal customers in the face of fierce competition. You can generate a consistent stream of revenue, while positioning your organisation as a trusted partner in the journey to digital transformation.

“Providing flexible payment solutions will help you retain loyal customers in the face of fierce competition.”



The changing IT Landscape

Digital transformation has become a priority for organisations across all industries.



51%

The majority of senior executives believe it is critical to implement digital transformation in the next 12 months...



27%

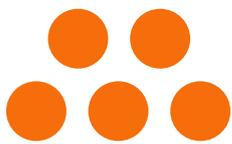
And more than a quarter rate it as a matter of survival.



49%

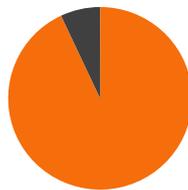
A significant number of enterprise buyers expect wide-scale transformation of business processes enabled by new technology tools & platforms in the next two years.

A transition to the cloud is powering this digital transformation, and will become a crucial step for all businesses.



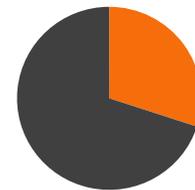
5x

Cloud growth is growing significantly faster than the broader IT industry.



93%

The majority of organisations are using at least one cloud service.



30%

Close to a third expect more than half of their IT services to be cloud-based in the next three years.

\$98 billion

Spending on public cloud services will reach \$98 billion in 2016.

This is changing the way IT resellers and vendors do business, as customers expect flexible services and payment options.



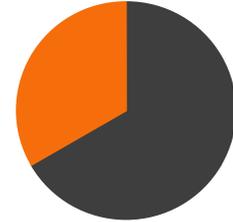
No.1

The No. 1 attribute when evaluating an IT service provider is 'flexibility to accommodate change', followed by staying up-to-date with new technology and innovation.



75%

Most CFOs are now actively involved in making IT decisions for their companies.



1/3

More than a third of channel partners believe IT experts need to offer a range of services including integration, customisation and managed services.

Businesses across all sectors are increasing their operational IT budgets, with financial services, retail and healthcare leading the way.



FINANCE



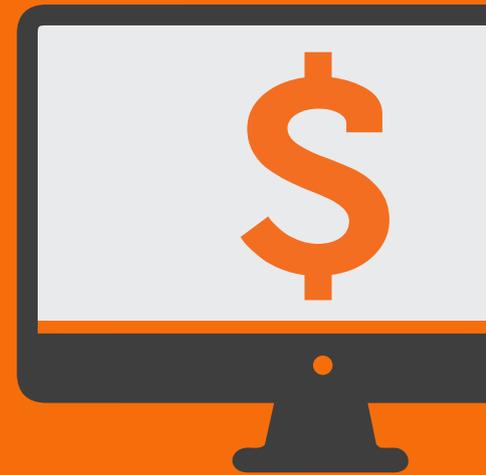
RETAIL



HEALTHCARE



The Evolving Challenges of Financing IT



As a forward-thinking reseller you've recognised the need to embrace this shift in customer demand. You're exploring ways to adapt your services and help clients move to the cloud more easily but, without the right finance solutions in place, the transition to flexible payment structures can be complex and costly. Here are the main challenges your business faces in this shift to the cloud:



Flexible Contracts

Resellers are adapting to the demand for 'IT as a service' but subscription-based contracts can be complex to navigate when you're also managing traditional contracts and infrastructure procurement. Your customers still require hardware but they prefer ongoing payment models. As businesses scale and grow, they're also looking for flexible solutions that can be upgraded or scaled down as needed, such as per-user contracts. But this type of agreement makes it easy for customers to cancel altogether; leaving you out of pocket if you've bought equipment.



Fierce Competition

Purchasing shared infrastructure seems like an attractive idea on one level, because it allows you to offer customers a 'pay as you go' model, but it isn't a feasible option for smaller resellers. With customers paying monthly or quarterly, you won't make the sunk cost back for years and your business is exposed if they cancel their contracts. Tier-one service providers and larger resellers with greater resources are using economies of scale to force smaller players out of the game by offering better deals.



Managed Services

Resellers are now under pressure to provide more than just IT hardware and software, as customers expect IT to be delivered as a service under their same monthly contracts. When you're being paid on an ongoing contract, your business is increasingly expected to provide regular solutions, upgrades or maintenance when something goes wrong. This places additional strain on reseller resources.

Making Sense of Vendor Financing

With so many customers asking for new flexible payment arrangements, many resellers are turning to vendors that are willing to supply infrastructure at a low monthly cost. While these terms often look attractive at face value, the relatively low rate of finance is worth closer scrutiny. This is because major technology vendors often take a position on the contract to reduce the cost of monthly payments, which means there's residual value left at the end of the agreed term.

Before you agree to a vendor financing agreement, it's crucial to ask questions about the contract beyond the payment terms, to avoid any surprises and offer customers the best options at the end of the lease.

Consider these questions:

- Is the vendor taking a position on the contract?
- Who will own the equipment at the end of the agreement?
- Who is responsible for the customer relationship?
- What will happen if the customer wants to purchase their infrastructure?
- How much will be owed at the end of the contract?
- What are the implications if the client wants to add to the existing infrastructure?
- Who controls the contract and products offered within the contract?

Confirming these details at the outset of an agreement will expose any hidden risks and help you to decide on the best solution for both your business and your customers.

NEXTGEN Payment Solutions

Orbus can help you finance your offering and acquire any necessary infrastructure, to offer customers the payment solutions they're looking for without the risk to your business. You can manage all your customers' IT solutions in a single flexible contract, no matter what combination of products you're providing. Orbus payment solutions cover:

- **Hardware**
- **Software**
- **Licensing**
- **Services**

Partnering with Orbus will allow you to offer a subscription-based payment model for clients, while still receiving the contract income up front. Customers can scale, upgrade or downgrade any of their IT services as needed, all within the one agreement. Under a managed services model, you will interact consistently with customers rather than only at the beginning and end of a contract. Your sales team will receive the same commission on the IT purchase as they would otherwise, while protecting and maximising their margins in the long run. At the end of the contract you'll have an option to purchase the equipment but will owe nothing to vendor partners.

Here are some of the major benefits of this arrangement for your business and customers:



Scalable Solutions

Allow customers to pay for what they need and scale as their requirements change. Under traditional leasing contracts, any variation to infrastructure requires a new contract – even if it's simply providing a new employee with a laptop. With a flexible operating lease, your customers can manage all their IT services in one 'pay as you go' contract. This provides more flexibility as they upgrade, cancel or outsource IT services in line with their business needs.



Competitive Advantage

Offering flexible payment options will give you a competitive edge over other resellers who require upfront payments. Customers are actively seeking out operating leases or 'per user' payments, rather than committing to costly upfront purchases. To foster positive customer relationships, it's crucial to offer a variety of payment solutions that help you meet their needs, positioning you as a valuable partner in their digital transformation journey.



Customisable Contracts

With flexible payment options, you can have an outcome-based discussion with your customers about how to meet their specific IT needs. Payment solutions are then structured around business requirements, rather than just offering standard monthly or quarterly options. This also helps clients move to the cloud gradually. If they have equipment that is still being paid off or depreciated, you can build this into a new contract that also includes new cloud solutions.



Immediate Revenue

With a third party financing the lease, you won't be faced with the challenge of paying upfront for infrastructure. Rather than waiting for clients to make payments in order to be compensated for initial funding, you'll receive the contract income from a third-party financier upfront, allowing your sales team to make a commission. Collection from the client is then arranged on an ongoing basis depending on their agreement.



Neutral Partner

It can be tempting to finance infrastructure through a vendor offering a cheaper contract in return for taking a position on the equipment. But at the end of the contract, you're left with an amount owing to the vendor and they still own the hardware. With a neutral third-party partner like Orbus, you can offer customers a leasing option to cover a mixture of hardware, software and services, without the risk to the client relationship or additional payment at the end of the lease.



Customer Relationship

Your customer relationships will be strengthened as the credit burden is lifted. Instead of having to constantly chase customers for payments, you can focus on delivering valuable business outcomes. An ongoing payment structure makes it easier to have a transparent discussion about project scope based on the services they will receive each month or quarter. You also have a reason to nurture the relationship continuously, rather than waiting until the end of a contract to speak with a client about upgrades.



How to Identify an Opportunity

No matter what industry they're in, every one of your customers is at some stage of a journey to the cloud. If your business doesn't provide relevant solutions, you're at risk of losing them to competitors. Offering flexible payment solutions will help customers achieve their most important outcomes, no matter what stage of the transition they're at. This checklist will allow you to identify the customers most suited to a subscription model and the specific requirements you can help them with:

- 1 Do you have customers looking to shift IT investment from capital expenditure to operating expenditure? Are they asking about regular billing options?
- 2 Are your customers feeling pressure from their CFO or CEO to move towards cloud-based models and enable digital transformation within the business?
- 3 Do your customers have budget constraints that lead them to push back on proposed deals until a later date?
- 4 Are your customers expecting you to offer managed services and other solutions, rather than simply providing IT equipment?
- 5 Do you have customers who want to move some of their business operations to the cloud but still have internal infrastructure to manage?
- 6 Do you have customers who are making a gradual move to the cloud but don't want different payment structures for internal and outsourced IT services?
- 7 Are any of your customers delaying their transition to the cloud because they're still paying off existing assets?

About ORBUS

Orbus provides a range of innovative and flexible payment solutions that enable the cloud and subscription economy. To succeed in today's highly competitive environment, resellers need a financial services partner that understands the technology sector and can provide strategic advice and offer relevant products. Orbus solutions are suited to all organisations, from small businesses to large enterprises or government agencies.

Orbus can provide 100% financing on hardware, software, cloud and hosted services as well as certain soft costs. Our flexible solutions can be multi-vendor, and customers have the ability to add additional software and hardware as needed, without the hassle of setting up a new contract. In most cases agreements can remain between your business and Orbus without disclosing to end-users.

Orbus is a wholly owned subsidiary of NEXTGEN Distribution Pty Ltd.

NEXTGEN reinventing distribution.

Get in Touch

Contact us today to arrange a hands-on workshop and learn how modern payment solutions will help you differentiate your business and generate sales.

Call: James Walters, 0404 114 862

Email: james.walters@nextgendistribution.com.au



orbis³ | 