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Use Case

HEWLETT PACKARD ENTERPRISE: WIN-BACK SERVICE INCREASES SALES WITH MAINTENANCE AND SUPPORT CONTRACTS

In the past, renewing service and maintenance contracts in the volume business area has posed a challenge for the Hewlett Packard Enterprise (HPE) technology group for a number of reasons.

These fixed service packages, which typically have a value of less than 1,000 euros, are highly standardised fixed-term contracts. An end customer will often purchase several of these packages with different expiration dates through a number of channel partners, who in turn purchase their goods from various distributors. Furthermore, the initial registration of service packs often lacks in contract information quality. The name or address of the customer may be incorrect or not recorded at all, the expiry date of the contract not correctly stated, or the contractual relationships with the manufacturer and the distribution channel are unclear.

For the channel, managing these small contracts poses a major challenge despite the high level of automation provided by HPE. The overhead required for them to track, process and renew these fragmented and low value contracts prevents it being a commercially viable activity in most cases. As a result, service and maintenance contracts are not renewed, although the channel partners are reminded of the upcoming renewal 180 days before it expires. The hardware then remains either unprotected or is serviced by third parties (Third-Party Maintenance, TPM) who are not authorised by HPE. Even if the contracts are small and of little value in themselves, they represent a considerable overall sales potential which HPE and the channel have thus far lost.

HPE was therefore looking for a way to win back (rescue), expired service pack contracts but without generating any channel conflict. HPE selected Support Warehouse, a specialist in win-back of expired contracts. Founded in the UK in 2005, the company has been part of the Annuity Management Group since 2017 and currently employs some 60 people. The service provider works with HPE in over 12 markets, including UK&I, France, the Netherlands, Belgium, Canada and the USA. Due to a specially devel-

oped Inside Sales IT system, Support Warehouse is in a position to manage raw contract data very efficiently, to clean it and start win-back campaigns immediately with a highly qualified sales team on the day the contract expires.

Upon expiry of the contract, the end customer first receives a renewal reminder email and is prompted to renew the contract with their channel partner or another reseller authorised by HPE (including SWH). Following the renewal reminder, another automated contract entitlement check is performed. If the contract is still not renewed, an SWH account manager will contact the customer by phone to inform them about their renewal options. In the course of this conversation, the account manager checks the customer's support requirements and also checks whether there is other HPE equipment with no contract coverage (so-called naked boxes). This allows Support Warehouse to include identified naked boxes in addition to expired contracts in their renewal quotes (SWH can only quote services renewals at-list prices).

Approximately 40 percent of all customers won back by SWH buy their contract renewal with their existing channel partner following the SWH reminder email. This makes SWH one of the largest lead generation providers for the channel. With won-back customers that have directly renewed through SWH on average, up to 30 percent naked boxes are un-covered and included in the renewal. For the customer, this reminder service means more security and protection for their valuable hardware, while manufacturers and channels benefit from additional sales.

For HPE and its channel partners, Support Warehouse was able to win back more than 100,000 contract renewals over the past twelve years and achieve incremental sales of nearly 160 million US dollars. In addition to this, there are the renewals, which were ultimately concluded by the channel partner, but whose win-back was initiated by SWH's reminder service.

Customer background:

Hewlett Packard Enterprise (HPE) was formed in 2015 from the division of the Hewlett Packard (HP) technology group. The company sells information technology for business customers and has over 100,000 employees and an annual turnover of more than 40 billion dollars.

Challenge:

HPE offers standardised service and maintenance contracts (service fixed packs) for SMBs that HPE primarily addresses via the channel. Some of these are only a few hundred euros, making their renewal unattractive for the channel, as the management of these very small contracts is complex and prone to error. As a result, these contracts often remained unmaintained and simply expired after the fixed term. HPE, or its predecessor HP, was therefore looking for a way to win back and sustainably manage small-volume contracts without causing channel conflicts.

Solution:

HP commissioned the service-only renewal expert Support Warehouse (SWH) to design a win back program for such high-volume contracts. Support Warehouse developed a reminder and rescue service for this purpose, in which the end customer is reminded of their renewal when a contract is due to expire. The customer is then prompted to contact their channel partner or another authorised HPE reseller. If they don't, SWH becomes directly active during the rescue service. This means that business and margins remain in the channel, while the complex renewal management is handled by Support Warehouse.

Results:

HP/HPE was able to win-back over 100,000 contracts with an order value of almost 160 million dollars over a period of twelve years through the reminder service. Forty percent of the customers won back by Support Warehouse signed a contract renewal with their channel partner, and nearly 30 percent of the customers directly won back by SWH were also able to include unprotected or no longer protected hardware ("naked boxes") in their maintenance and support service.

About Support Warehouse

Based in Ilkley, UK, SWH has established itself over the last 14 years as a leading specialist in contract rescue management. The company operates in 12 countries and ensures that end customers receive uninterrupted service coverage. SWH supports approx. 9,500 HPE end customers in their renewal management. Since 2017 Support Warehouse (SWH) is part of the Annuity Management Group. For more information, see **www.supportwarehouse.com**

About the Annuity Management Group

The Annuity Management Group specialises in revenue lifecycle management and customer success management solutions for technology providers. As a highly specialised service provider for recurring revenues ("annuities"), Annuity Management AG offers its customers end-to-end solutions for the optimal management of their service revenues.
For more information, see **www.annuity-management.com**
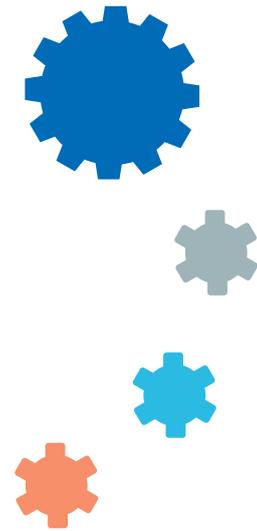
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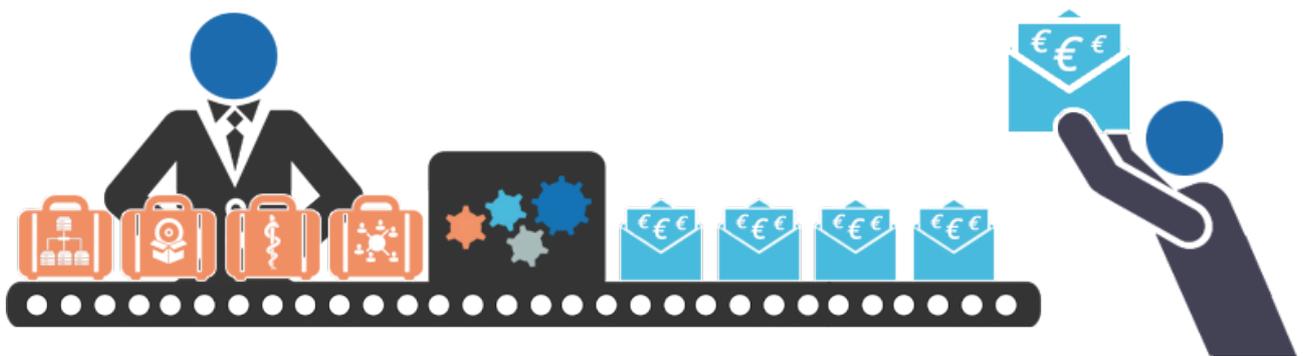
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