

Closing 'as-a-service' deals with finance

A channel leader's guide





Contents

IT consumption models are changing fast. Not every customer is looking for everything 'as-a-service', but an increasing number now are. In the device space, for example, IDC say 73% of businesses who anticipate deploying PC as-a-service plan to fully transition to this model within three years. It's not just PCs. Software, storage, platforms, DR and more are all moving to on-demand, subscription-based models in the cloud. For partners, the as-a-service model offers considerable opportunity. But structuring the financial deals can be complex. Here, we look at the issues and explore how Ingram Micro Financial Solutions can help.



The enabling role of finance



By John Mayer
Global VP Ingram Micro
Financial Solutions

Finance is the core-enabler of your go-to-market strategy, helping you win deals, break new markets, expand operations and in this new world of everything as-a-service, is capable of more closely aligning your propositions with evolving customer needs.

At the same time, finance can be complex, with impenetrable small print and onerous conditions that turn positive pricing into longer-term pain. Truth is, very few partners and end-users haven't been burned at some point by badly structured deals.

In my mind, the only role of finance is to help partners to deploy and pay for solutions that map to the customer's need. All too often though, it's seen as an opportunity to make money.

While a certain level of return on investment is inevitable as a cost of service, this rarely aligns to the needs and wants of the partner community. Indeed, if profit is the primary motive for provision, finance quickly becomes a necessary evil that leads to poor outcomes and sours the customer relationship.

Cards on the table time: many IT finance companies have made a good living from giving partners bad deals.

But there's really no reason for this status quo to continue. If providers strip out the surprises and badly hidden agendas and shift the focus from profit to delivering a 'service' then finance can become an integral part of your value proposition and a strategic enabler for success.

As you'll see in this piece, that's exactly what we're doing here at Ingram Micro Financial Solutions (IMFS). Our whole operating model is predicated on keeping partners growing – so we can increase the volume of distribution services we offer and grow ourselves. If we can get you the best through-life deals, build the right pricing models, and offer an expert voice that helps you innovate your service delivery, then everyone wins. We're quite open about this, and it makes us unique in the market.

Responding to the challenges of today

The wind of change is blowing furiously through the IT world. Today's major hyperscale players (AWS, Azure, etc.) are leading the charge to cloud and offering ample opportunities for enterprises to reduce physical infrastructure and to buy what they need, when they need it, as-a-service. It's not just about the high-performance enterprise workloads, of course. The mid-market is benefiting from a vast range of business and productivity apps that have made their homes in the cloud.



Closing 'as-a-service' deals with finance

There are a host of operational questions to consider first: like how to identify the business case for change, how to finance the move when the direction is set, and how to reduce exposure to cost overruns.

Then we have all the technical issues of maintaining business as usual while migrating from legacy systems – and decisions need to be made about what to do with all the now-obsolete on-premise kit. Can it be monetised through an IT Asset Disposition (ITAD) or resale facility?

Let's also remember that while services, storage and compute may be going virtual, there's a huge amount of equipment that won't. Hardware and device sales here aren't going away, but more and more end-users are looking to buy through an as-a-service model. And that is a change.



Cloud is just one shift in many, of course. Increasingly, we're seeing end user organisations looking to get out of the IT business altogether. This is particularly true at the SMB end of the market and offers major consult, service and maintenance opportunities for partners – although even larger national and global organizations are looking to get out of their datacentres and offload business as usual tasks to expert partners.

You can download our **Future Leadership guide** to explore this opportunity in more detail.





A question of definition

When it comes to conversations around cloud, outsourcing or as-a-service models of delivery, there's no set definition. Ask ten customers what 'as-a-service' means to them and you'll get ten different answers. Ask the resellers and chances are you'll get the same number of answers again.

The risk of confusion is clear – which means that meeting customer expectations becomes a challenge in its own right. At one end of the spectrum, the job may be a major deployment of enterprise-class hardware and software with up-front consultancy, pre-sales solution design and ongoing

services. On the other it could be several hundred laptops and related software licences.

As a result, there's a whole universe of partners trying to figure out how to adjust their financing models and go to market strategies so they're aligned to the needs and wants of end-customers. Back in the day, it used to be that you bought hardware/software and financed it with a lease or a loan. The two were separate. Now, customers want a combined solution, increasingly delivered as-a-service, and it's not always an easy thing to do.



The evolving role of finance in an as-a-service world

As customers look for as-a-service consumption and payment models, the interconnected nature of IT services and finance creates a raft of issues behind the scenes. As partners, you just need the industry to come up with a solution – let's take a look at why it's struggling to do so.



Closing 'as-a-service' deals with finance

The first point to note is that traditional IT funders (banks, finance houses, etc.) are not used to managing the as-a-service model, and struggle to mitigate it on their own records. On the OEM side, vendors have to think about how they recognise as-a-service revenue and are having to change their accounting processes to do so. Partners are having to do the same thing, of course.

This is massively complex for all stakeholders and, as we touched on in the introduction, there's a tendency for the funding sector to put profit above partnership. Not only that, changing the existing models of many financial institutions is a bit like turning an oil tanker around at sea – it takes time. And because funders don't always understand this new world, they're increasingly liable to say 'no'.

COVID is playing a role here too. Those businesses old enough to have gone through the financial crash of 2007/08 have learned from this experience and tapped their credit lines at the beginning of the pandemic to maintain cash reserves. But what looked like a short term 'v-shaped' period of instability has become something else entirely.

With so much uncertainty, partners are naturally reluctant to use their cash reserves and are rightly looking to the industry to come up with creative financial plays. They need customised finance solutions that not only help them align to the needs of customers but also offer significant protection for their business too. It's a big ask.



CHANNEL OPINIONS: EXPERIENCES FROM COAL FACE

Delivering the right as-a-service options



By Paul Forkgen
Chief Executive Officer
at HybrIT Services

“HybrIT is a solution-led managed service provider. 80% of our business is service based – either upfront consultancy or ongoing managed services. As a customer-led business, we are increasingly developing an as-a-service model that incorporates both equipment and services. We offer a menu of services and are working on a calculator model to make this as simple as possible for customers. But it can be difficult.

While we have our main menu items, there are a huge amount of side dishes that make it difficult to offer an off-the-shelf, standard cost for service delivery. Also, every customer has a different interpretation of what as-a-service means to them. They know they want it, they're just not actually sure how they want it to work.

This is complicated by the changes in hardware costs - the prices that our

distributor can get from vendors varies based on a whole range of factors including the deals available and the deal registrations we have in place.

But often one of the biggest issues is that customers change their minds as we go through the process. That means we need to be agile enough to deliver accurate as-a-service pricing models quickly. Ultimately, it's about giving clients the right options, and there are a lot of them.

We work incredibly closely with Ingram Micro to make this a simpler and more manageable process. Typically, I will be working with the customer to discuss their options – some that include services, some that include devices, etc – and discuss those with our IMFS business development analyst who comes back with options, ideas and suggestions. Crucially, a close relationship allows us to give the

customer the right choices without overcomplicating the pricing – which is guaranteed to put customers off.

Ultimately though, this is more than the finance or even the technology. The guidance we get from Ingram is part and parcel of supporting our wider consultancy engagement with the client.

When it comes to delivering solutions as-a-service, we are really giving businesses the tools they need to deliver against their goals – helping them become more agile and better able to address future challenges. It is a strategic conversation, not a procurement one. And working closely with Ingram means we can structure the right deals to make it happen.”

The Ingram Micro approach

Ingram Micro Financial Solutions has invested millions in building relationships with funding organisations across the world, and bringing experts together from the capital markets, asset management and IT sectors for a single purpose – to help partners sell more and sell more often.

Put it another way, we're a consultancy and service business like so many of our reseller partners – and our solutions are tailored to deliver on the objectives of those customers on a local, national or international level.

Consultancy is at the heart of our ability to build the right deal structures for partners in today's as-a-service world – one that is alien to many traditional funding providers and can be complex and confusing for customers. If we can use our experience, our panel of funders and our on-the-ground deal support to make it easier for you to sell, and to say yes more often, then we all win.





We're not in it for the money like so many others, and we've got your best interests at heart. Because when you grow, we grow.

Visit the Ingram Micro Financial Solutions [portal](#) to see how we can help partners structure the right deals for today's as-a-service economy.

Meet the team

When we team-up no one can stop us



Matt Sanderson
SVP & MD UK & Ireland

Matt has had a long and distinguished career at Ingram Micro since joining in 1994, holding senior leadership roles at a country and regional level in both EMEA and APAC since 2010. Having successfully managed some major turnaround projects over that period, Matt returned to lead the UK & Ireland operation in mid-2016 and joined the Ingram Micro Global Leadership team in 2019.



Raj Pandya
Director, Speciality Solutions

Raj began his career at Ingram Micro in 2012 to establish and lead the PRO AV business unit, in 2014 he assumed the role of Head of Europe for PRO AV. Raj came back to the UK in 2016 to lead the volume commercial division. In 2017 was appointed Director of Specialty Solutions. Raj holds a BA in Business and Finance and has previously held various leadership positions within Sony UK.



Mike Farrah
Director, Core Solutions

Mike joined Ingram Micro in 1998 as a Sales Manager. He moved to the Commercial function in 1999 and has held a number of roles of increasing responsibility across different disciplines including purchasing, product management, marketing and vendor management. Mike holds a BA and BPI in Town Planning from The University of Manchester.



Gary Lomas
UK Sales Director

With 3 decades of experience in IT, Gary is an experienced Sales Professional who brings a wealth of knowledge and technical prowess to Ingram's partner community. Joining Ingram in 2020, he has a proven track record of developing trust-based, long standing relationships with customers, vendors and partners at all levels. Prior to joining Ingram Gary held leadership roles within Logicalis for the past 7 years.

Meet the team

When we team-up no one can stop us



Julian Thompson

Director, Advanced Solutions

Julian first joined Ingram Micro in 1995 as an Account Manager. Julian was instrumental in supporting the launch of Ingram Micro's Advanced Solutions division in 2013, assuming the role of Director of Advanced Solutions. Thompson holds a BSC in Psychology and Law.



Scott Murphy

Director Cloud UCC & Cyber Security

Scott joined Ingram in 2017, bringing 20 years of enterprise technology IT Channel expertise. He's responsible for the strategy and execution of high growth technologies. In this role he leads the teams to drive value to channel partners, through innovative initiatives and programmes.



Bhavesh Patel

IoT & AI Solutions and Services

Bhavesh is a multi-disciplined Global Executive, having held Senior Leadership roles across EMEA, APAC, LATAM and SA. His last major role was the implementation of a successful start-up in Manufacturing of Mobile Devices and Accessories for Carriers, Retailer and Enterprise markets. Having left Ingram Micro 2 years ago to pursue his passion for solution engineering in the IoT/AI space helping start-ups, Bhavesh has now returned to Ingram Micro to head up the newly created IoT and AI Solution and Services business unit.



Stuart Hayes

Business Development Executive
Ingram Micro Financial Solutions

Stuart has built his career in channel led IT finance and leasing and has over twenty-five years' experience in this sector. Joining Ingram Micro in September 2018 he quickly established IMFS in the channel as the go-to finance provider for our partners. He is passionate about finding the right solution for all parties and takes a professional consultative approach to problem solving and solution presentation, always driving to deliver the best customer experience.

For further information and to find out how we can help you grow your business call us now on **0371 973 3000**

Or visit uk-new.ingrammicro.com

You may also be interested in...

“Driving partner success in today’s new normal”

The first paper in our Channel Leaders’ Guide series exploring the issues and opportunities of the changing face of the channel.

[Click here](#) to read it first.

