



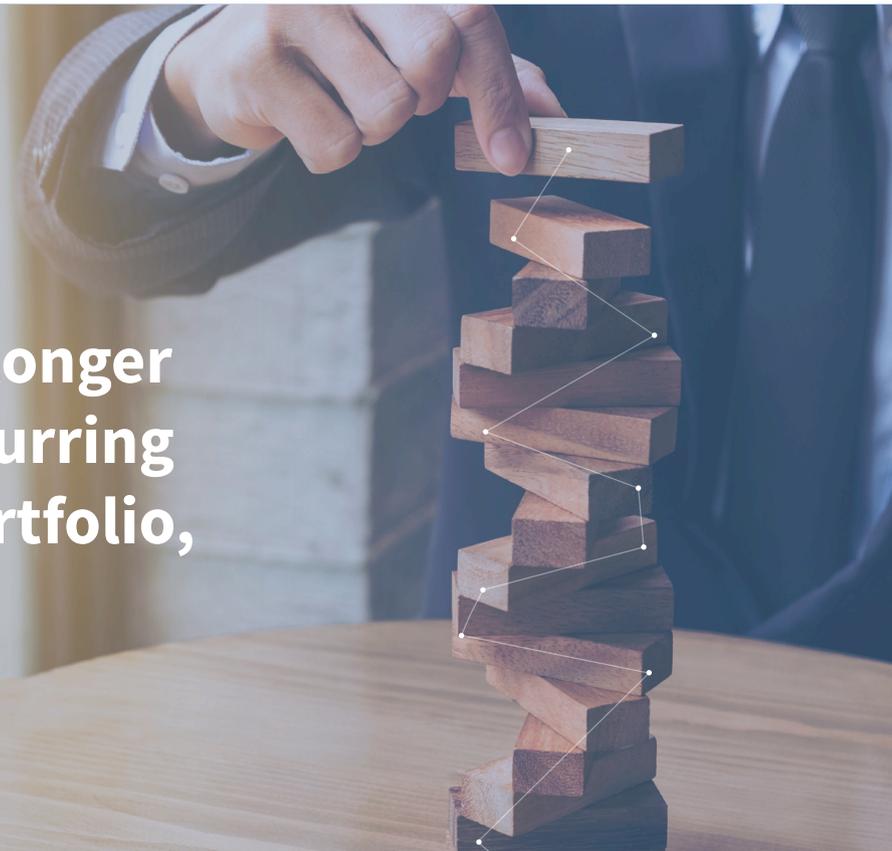
HOW TO INCREASE YOUR RMR WITH CLOUD ACCESS CONTROL



How to Increase Your RMR with Cloud Access Control

Many security integrators are looking for ways to increase RMR. It's no surprise since recurring services typically have a gross margin of more than 50 percent and increase the value of your business many times more than revenue from installation. In addition, as cloud-based subscriptions become the norm in both personal and professional activities, customers are increasingly asking for cloud access control.

The question is no longer whether to add recurring revenue to your portfolio, but how. RMR requires a different business model than your traditional five-door installation sale. Read on to learn how to grow your business through this profitable source of revenue.



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The first step toward a successful cloud RMR business is choosing products to offer. Look for companies whose products are simple to install, easy for customers to use, and evolve to keep up with changing technology. RMR contracts set up long-term relationships with your customers, so it's essential that you offer high-quality products that will satisfy your customers for years to come.

Vet manufacturers carefully to make sure they are cybersecure. In particular, you should look at the security of the server the manufacturer is using. Today a number of companies, such as Amazon and Microsoft, offer secure public clouds. Customers considering a cloud access control system will often ask about data protection, so be sure the manufacturer you choose uses bot monitoring, authentication, and encrypted storage and communications.

Manufacturers know that the transition to selling cloud can be hard for dealers who have built their business offering on-prem solutions. The best ones will help you hire the right salespeople and pay them in a way that maximizes the success of your business.

Ask manufacturers you are considering whether they provide sample compensation plans and job descriptions to get you started.

Incentivize Your Sales Team to Sell

Define Your Business Goals

Good compensation plans encourage salespeople to sell the things you want them to sell by aligning their incentives with your business goals. When creating a sales plan to increase your RMR, start by asking yourself what you are trying to achieve with your business.

Common goals for an RMR are program include:

- Booking as much RMR as possible
- Extending customer payments over time
- Signing longer contracts to lock in revenue
- Making sure customers are happy to drive renewals
- Selling more to existing customers to make up for attrition

You need to know what you are trying to achieve before you can create a sales culture to help you get there.

Hire Salespeople Who Know RMR

If your business has focused on selling on-prem solutions, asking people to pay every month may be out of your current sales team's comfort zone. That's natural for those who grew up selling high-dollar installation projects. But there is a new generation of buyers and sellers who are comfortable with and even prefer a subscription model.

While it may be tempting to hire people with security sales experience, your best bet is to look for salespeople who are familiar with the subscription economy. Those people tend to fall into one of two groups:

- They have experience selling service-oriented products, such as alarm systems, SaaS software, service contracts, or cell phones.
- They are early in their career and are comfortable with subscription services from using them their personal lives to stream movies and music.

Drive RMR Sales with Higher Commissions

Sales compensation plans should promote behaviors that help you reach your business goals for RMR. If you have always focused on large, on-premise installation projects, then it's likely that your sales commissions reward this type of sale. To grow RMR, you need to change your commission structure to incentivize your salespeople to make more, smaller sales. Otherwise, they will continue to chase higher-dollar installations over \$1,000 RMR sales, and your RMR won't grow.

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Most security integrators do not pay enough commission on recurring revenue to drive sales. To grow your RMR, you need to make commissions for RMR at least as attractive, and ideally more attractive, than selling traditional installation projects. Paying higher commission rates for RMR than you do for hardware and installation is the best way to get your salespeople to pay attention to RMR over traditional sales. Fortunately, you can afford to pay higher commissions on RMR, because one dollar of recurring revenue is 15 times as valuable to your business as a dollar of installation revenue.

There are many ways to pay out the RMR commission. Two common ways to pay your salespeople are:

- A one-time bonus at the time of sale of two to 12 times the monthly revenue; or
- An annuity paid out over the life of the contract.

Paying upfront for RMR is a strong motivator to your sales staff to sell RMR deals; however, it requires relatively deep pockets and may not be feasible for all businesses.

Don't Forget the "Service" in Subscription Service

In an RMR model, you are creating a long-term relationship between your business and your customers. To build loyalty, it's critical to provide great service long after the installation is complete. It's harder for customers to walk away when they have a positive personal relationship with your people. Take the time to assess whether your service hours and staffing are adequate for you to support the ongoing needs of your customers.

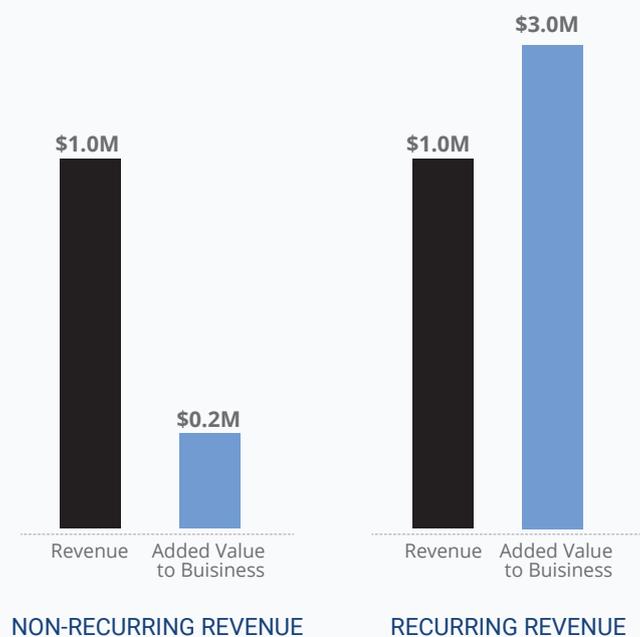
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Slow and Steady Wins the Race

Building an RMR business is like going on a diet. You have to be consistent and stick with it to be rewarded. Success doesn't happen overnight.

Your installed base needs to be built up over time to be profitable. Consider limiting the number of RMR customers you sign on at first, so you can work out the kinks in your process before expanding. If you're persistent and patient, adding RMR to your business will pay off in more revenue and a larger value when you sell or pass on your business.

RMR increases the valuation of your business 15 times as much as hardware and installation revenue.





Sample RMR Commission

Payout for a 4-door access control and video sale with 60 months of SaaS services at \$280 per month

CONTRACTED MONTHS

60

MONTHLY SERVICES CHARGE

\$280

TOTAL CONTRACT VALUE

\$16,800

COMMISSION RATE

8%

TOTAL COMMISSION PAID

\$1,344

About Brivo

Brivo is the original innovator of cloud-based physical security solutions for commercial buildings. Currently serving over 15 million users, Brivo offers a unified security platform including access control, mobile credentials, mobile administration, video surveillance, identity and visitor management, and elevator control. As a SaaS company, Brivo also offers a complete API platform service that empowers partners to build custom integrations and vertical market offerings. Our mission is to make the world a safer place by providing a subscription-based service for securing buildings using reliable, convenient, scalable, cyber-hardened technology.

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