

# Enabling Accurate, Useful Benchmark Comparisons



The Service Leadership Index<sup>®</sup>  
Predominant Business Models<sup>™</sup>

# Why Predominant Business Models?

Billable utilization is the key to Solution Provider profitability.



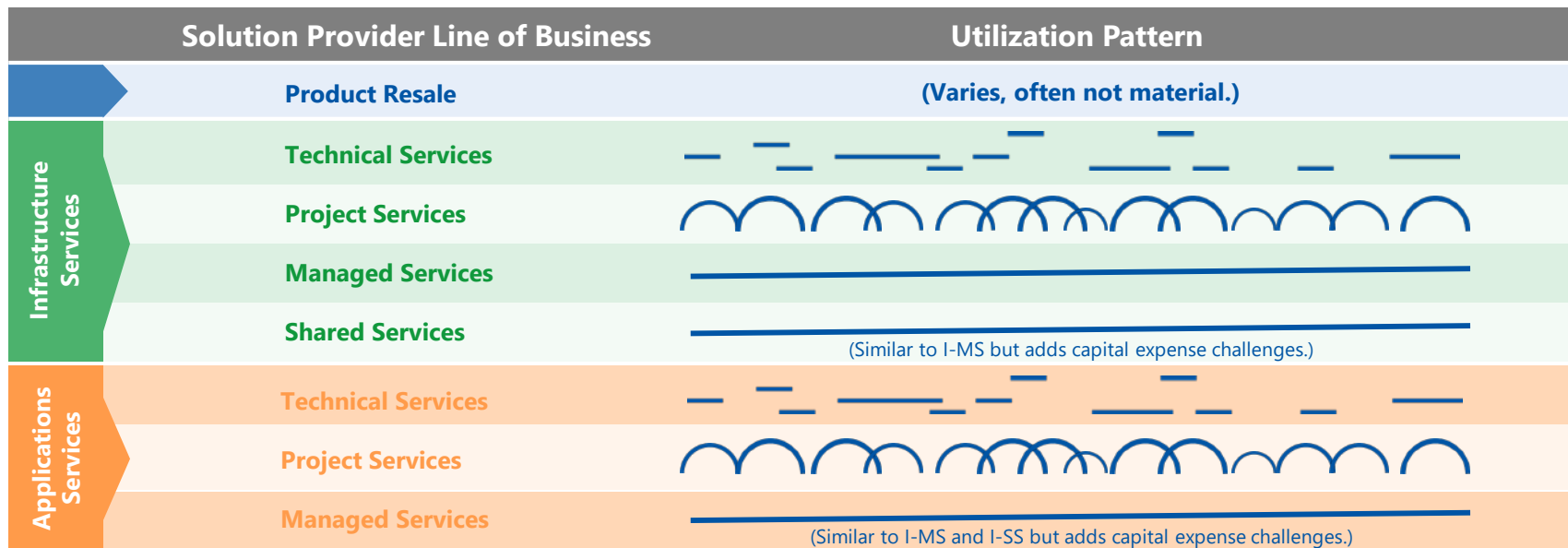
Different services have different utilization characteristics which result in different business cultures and best practices — different S-L Predominant Business Models (PBMs).



Once you have identified the Predominant Business Model™, you can fairly compare results and identify appropriate best practices.

***Predominant Business Models enable accurate benchmarks, making it possible to determine which management techniques produce the best results.***

# Distinct Technical Labor Utilization Patterns



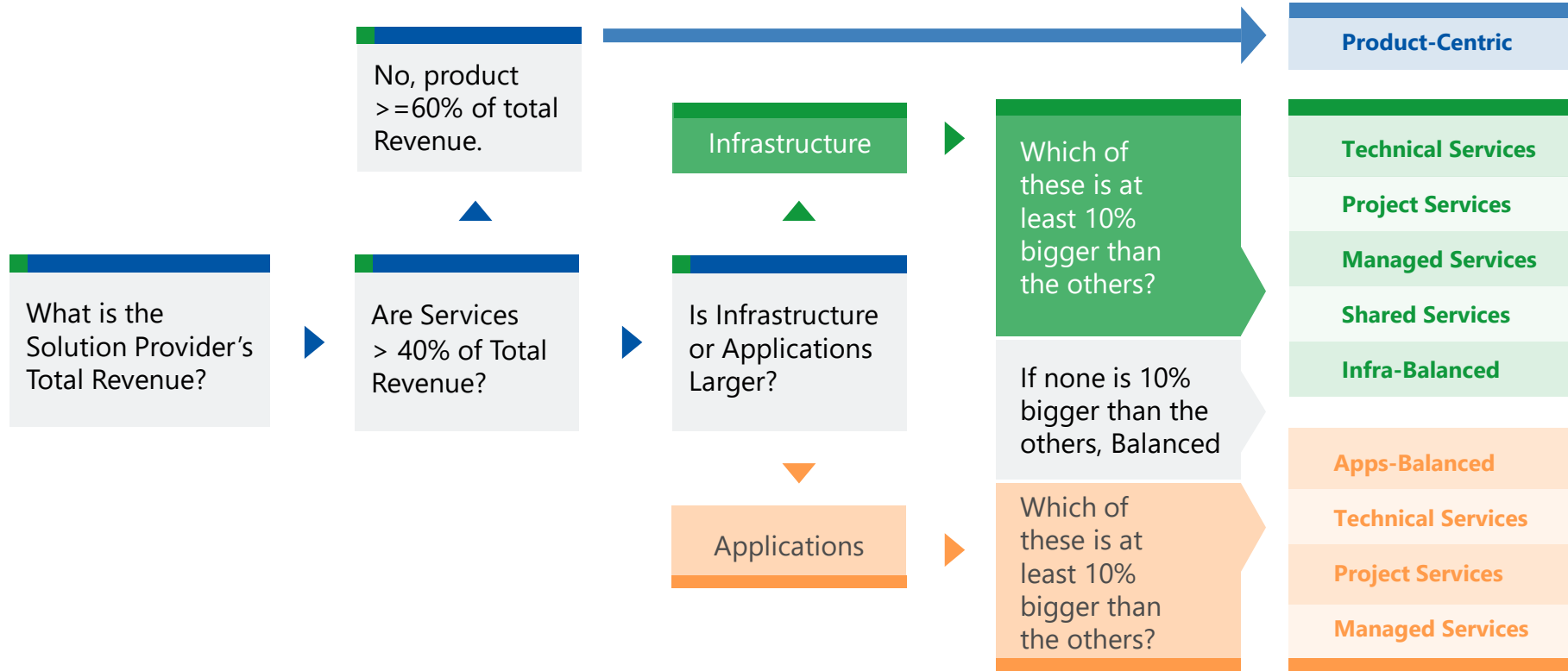
*Each line of business responds to distinct best practices, which are either ineffective or counterproductive in the others.*

*Each also has different profit potential, and different stock valuation multiples in the marketplace.*

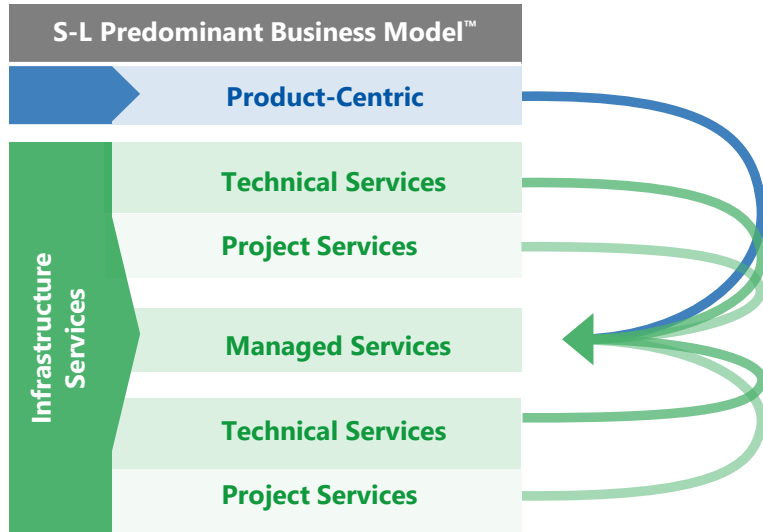
# 10 Predominant Business Models

S-L Predominant Business Model™		Business Culture
Infrastructure Services	<b>Product-Centric</b>	Attaining product volume commitments paramount. Services margin sometimes sacrificed to win/keep product deals.
	<b>Technical Services</b>	Ad hoc time & material services, staff augmentation, block time, and other billable hour services where efficiency is not directly rewarded.
	<b>Project Services</b>	The engagement is defined by a scope of work with a clear beginning and ending, and the SP is committed to a successful implementation.
	<b>Managed Services</b>	Services which are strictly billed on a scalable (unit based) flat fee and governed by a service level agreement. Efficiency yields higher GM%\$
	<b>Shared Services</b>	Managed Services in which the SP makes a capital investment in equipment which is then fractionally leased to customers: data center, hosting, etc.
	<b>Infra-Balanced</b>	This business model applies when the SP does most or all of the above and none are materially bigger than the other.
Applications Services	<b>Apps-Balanced</b>	This business model applies when the SP does most or all of the below and none are materially bigger than the other.
	<b>Technical Services</b>	Ad hoc times & material services, staff augmentation, training, documentation, and other billable services; efficiency not directly rewarded.
	<b>Project Services</b>	The engagement is defined by a scope of work with a beginning and ending, and the SP is committed to a successful construction or implementation.
	<b>Managed Services</b>	Software-as-a-Service (SaaS) in which the SP owns the Software.

# Identifying Your Predominant Business Model



# Your Path to Your Next PBM

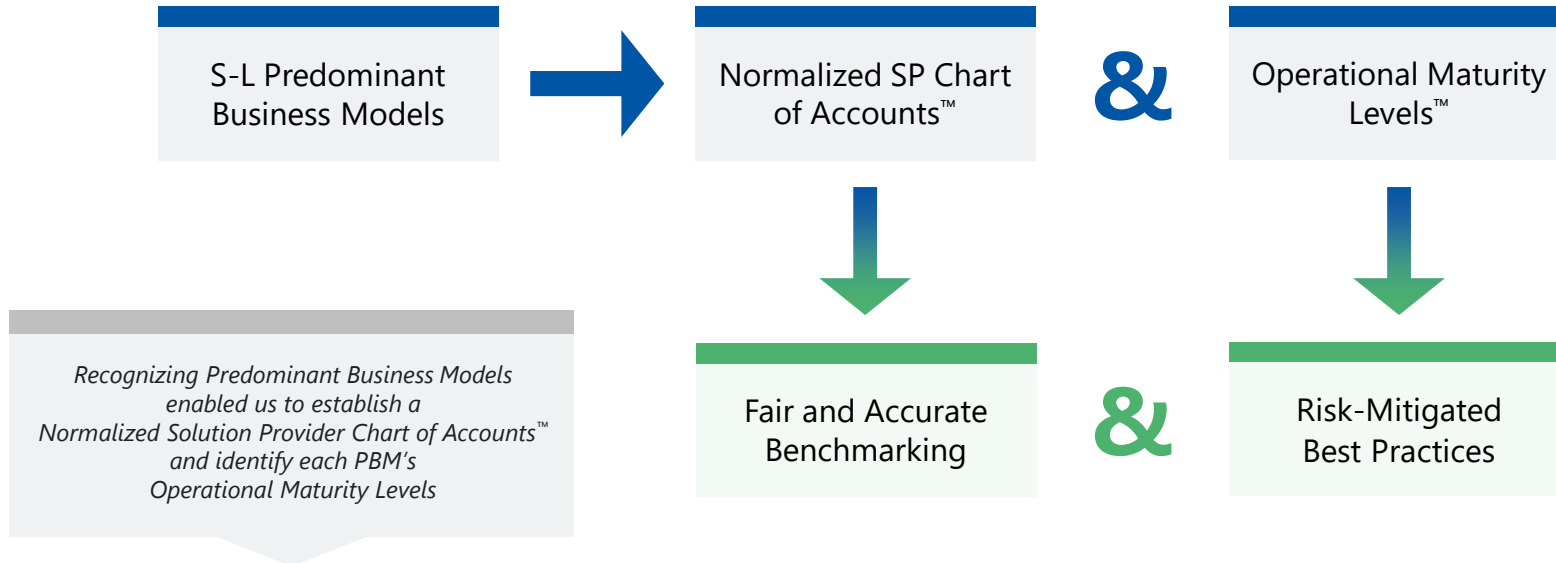


## Your Starting Point Determines Your Path to Your Desired PBM

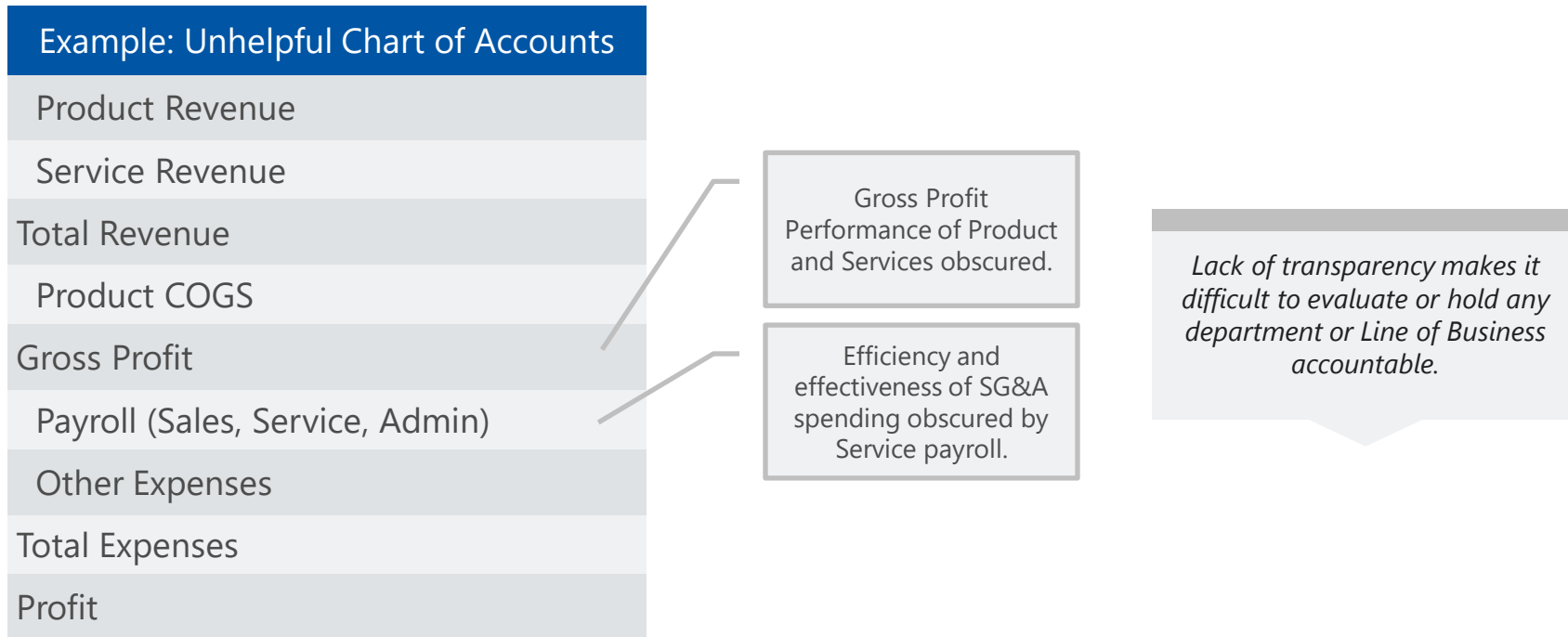
### For example:

- Most Infrastructure-Centric Solution Providers are pursuing a path to the Managed Services Predominant Business Model (PBM).
- Their starting PBM determines the path they take, and the best practices they require.
- Even two Solution Providers starting with the same PBM, will take differing amounts of time and have different levels of success.

# Enabling True Comparison and Risk-Mitigated Improvement



# Typical SP Chart of Accounts (CoA)





# Normalized SP Chart of Accounts (NSPCoA)

## Normalized SP Chart of Accounts™

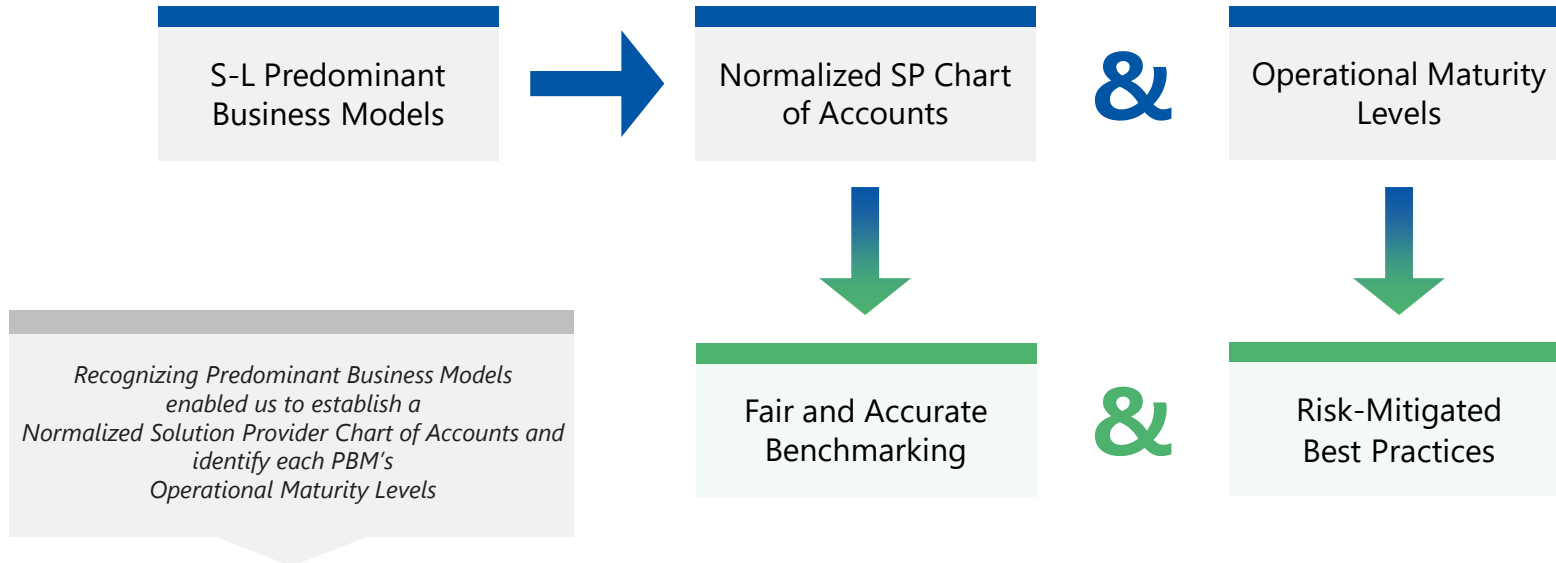
Product Revenue
Service A Revenue
Service B Revenue
Total Revenue
Product COGS
Service A COGS (payroll, etc.)
Service B COGS (payroll, etc.)
Total COGS
Product Gross Profit
Service A Gross Profit
Service B Gross Profit
Total Gross Profit
Sales & Marketing Expense
Other Expenses
Total Expenses
Profit

Gross Profit  
Performance of Product  
and each Services LOB  
now visible.

Efficiency and  
effectiveness of Sales  
and G&A spending now  
visible.

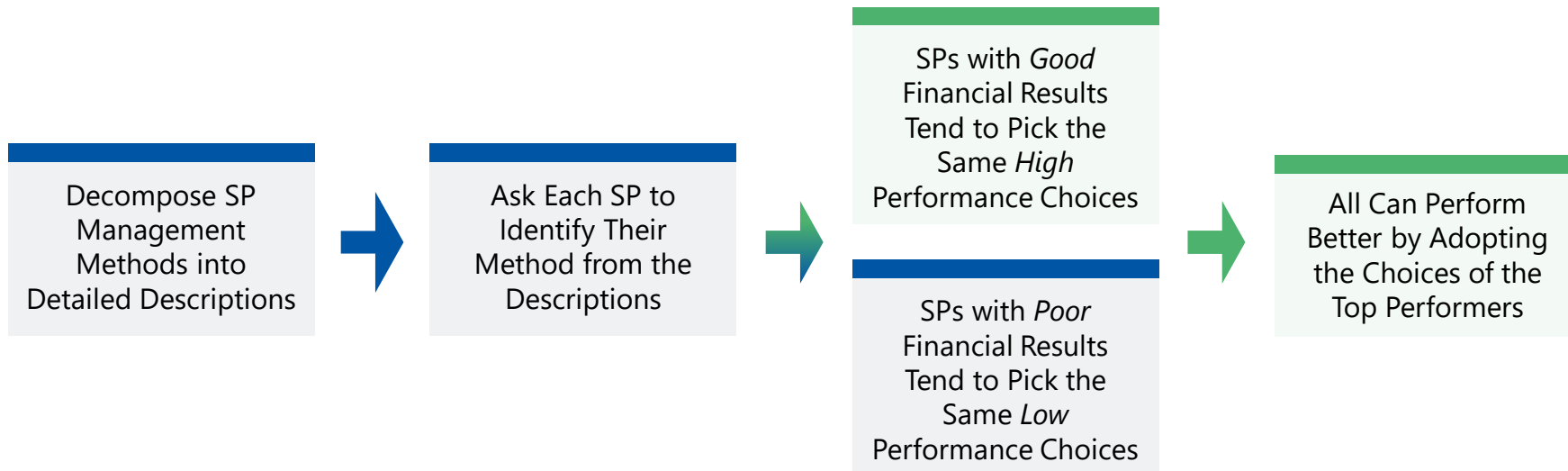
*Each department and Line of  
Business can now be fairly  
evaluated and held accountable.*

# Enabling True Comparison and Risk-Mitigated Improvement



# Operational Maturity Levels

*The first objective benchmark of Solution Provider management methods and practices.*



# About Service Leadership, Inc.



Advisor to leading global IT vendors and distributors on channel sales product and services strategies and partner enablement.



The leading IT Solution Provider consultancy, enabling owners and executives to drive shareholder value. Publisher of the Service Leadership Index® financial benchmark service, and SLIQ™, the Operational Maturity Level™ progression system.

