

# PRECISION GUIDED SELLING:

## *Metaswitch Case Study*

**T***he sales game has changed.* The world has experienced a digital revolution, and now management priorities, customer needs and competitive advantages all change in real time.

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*Many customers are now more knowledgeable than the people selling to them.*

Traditional sales solutions – training, marketing, CRM products – just aren't cutting it anymore. Today's sales teams need a better way to sell: a fundamentally different way to sell, that enables them to take full control of the sales process.

That is exactly the conclusion Metaswitch came to when they realized a new approach to engaging with customers was necessary.

## Context:

Metaswitch is a privately held Communications Solution Provider. They are in the business of virtualizing communications networks for their customers through a full network software infrastructure and consulting solutions. Their customers include global Tier 1 and local phone companies, routing and switching OEM companies, and large enterprises such as hospital networks and government offices.

This story illuminates how Metaswitch implemented this new selling approach with one strategic account, resulting in a \$2.2 million win for the company.

## Background:

*The catalyst for change was a need to fulfill strategic initiatives that faced Bruce Hembree, VP, Global Sales. These included:*

- Year over year 20% growth pressure,
- Increase relevance of consistent messaging to strategic accounts,
- Increase win ratio and shorten sales cycle,
- Link Value Proposition messaging from Sales to Marketing to Product Management
- Adopt a consistent framework for Deal Management

Aggressive growth goals meant pressure to create a strong win ratio and a shortened sales cycle. It also meant a stronger more strategic message to existing and new accounts. Internally, Bruce's biggest driver was a more consistent, and streamlined, process for how his leader team managed deal approvals. *"That required our sales leaders to coach our sales team in a consistent way to ensure our sales strategy pulled through to the each and every deal, as well as find a tool to house that strategy and that could be easily used and accessed by our account managers. With pressure mounting, we knew we needed to "step up our game" to a new way of selling and negotiating with our customers,"* stated Bruce.

## The Solution:

*Metaswitch hired 5600blue, a global sales consultancy, to assist with relieving this pressure by implementing the Precision Guided Selling buy/sell approach, a solution that has three parts:*

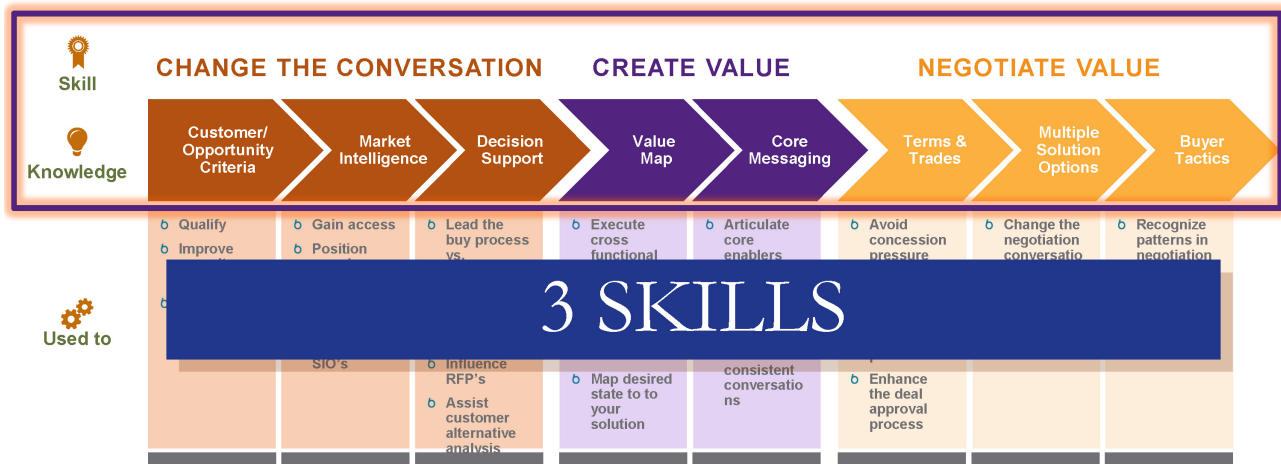
- Providing the sales team with real-time and customized market knowledge throughout every phase of the buy/sell approach.
- Supplying customized software technology that houses, distributes and updates this knowledge in consumable ways like; Word, PowerPoint and email formats to help the team craft compelling messaging.
- Delivering customized enablement through in-person sales training and a follow-up formal coaching program to help the learning stick.

5600blue worked for four months with a Metaswitch cross-functional leadership team to mine best practices, organize and then co-create all of the knowledge that exists in the software tool.

The real-time knowledge is mapped to the three main skills learned in the buy/sell approach: (1) change the conversation (2) create value and (3) negotiate value. The visual depicts the three skills and the buckets of data contained in each one. The story we'll weave will show how one Account Manager used this data, and tools, to turn in a successful deal for Metaswitch.

## RIGHT KNOWLEDGE, RIGHT TIME, RIGHT FORMAT

### Precision Guided Selling



## Metaswitch Account Manager and Customer Background:

What makes this story particularly compelling is that the Account Manager that Bruce chose to represent this success case was new to account management. Kevin Williams had 30+ years in the Telecom industry, had a MBA, was a previous business owner, and was steeped in operations, product marketing, and customer service experience. The one role he had never owned was account management. Bruce purposely set out to prove to his team that if Kevin could be successful using *Precision Guided Selling*, the rest of the sales organization could be just as successful.

Next up was to choose an account that might allow Metaswitch to break free from their typical tactical and commoditized position, and allow engagement at a higher level and affect real business issues. The telecommunications customer chosen was one of the largest US providers of emergency support services. This was a new account for Metaswitch. The customer was facing end of life technology and the compelling issue was to modernize their infrastructure and equipment in order to step into the future as a leading telecommunications company.

Starting off, using the *Precision Guided Selling* software, Kevin successfully compared his opportunity with ‘ideal customer criteria’ and got a green light to pursue. *“This list of criteria helps me know my salespeople are using a filter, via a drop down menu, which allows them to easily & consistently qualify their pursuit. Not all customers are created equal and given our resources are finite, this step is important to be sure they are focused on the right opportunity,”* says Bruce.

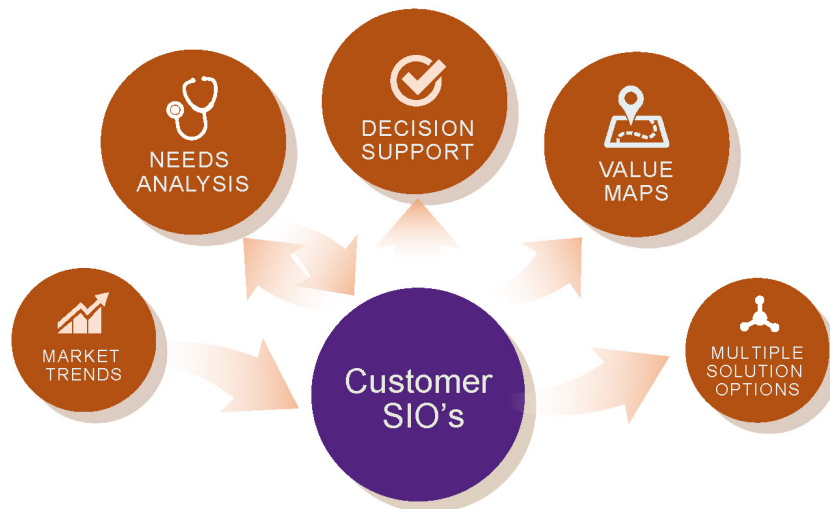
With the opportunity approved, now it was time to practice the first skill in the PGS process: **Change the Conversation.**

## A 3-Step Process

### 1. Change the Conversation

*At the center of the Precision Guided Selling process are the customer's value drivers.* More to the point, value drivers that are broken into three levels; **S**trategic goals, key **I**nitiatives, and **O**perational processes (SIOs). The three levels correlate to the various levels of stakeholders. For example; strategic goals are established by leadership at the executive level; key initiatives are put in place to fulfill those strategic goals by mid-level management; operational processes are put in place to achieve the initiatives by the operational/tactical team. All of the data in the *Precision Guided Selling* tool flows in and out of customer SIOs. The example chart below illustrates this.

#### CUSTOMER PRIORITIES: STRATEGY, INITIATIVES, OPS



Metaswitch had a history of selling to, and not getting past, the operational/tactical team. They needed ammunition to get higher in the customer's organization. Higher to the 'I' and 'S' level. The target executive in the customer's organization was the SVP of Network Systems and

a 25+ year company veteran. He gave Kevin a perfect opportunity to change the norm and use different messaging, messaging that would portray him as a consultant. It allowed Kevin to review significant current market trends that could negatively or positively effect this customer, and in turn, suggest the potential impact to the organization’s S, I, and O’s. Using templates in the *Precision Guided Selling* tool, Kevin customized a presentation outlining noteworthy telecommunication market trends and correlated them to the SIOs that the SVP of Network Ops *should* care about. This served two purposes; 1.) to move Kevin toward a trusted advisor role, and 2.) to give Kevin the opportunity to discuss and validate the SIO’s that were SPECIFIC to this customer. The slide below is taken from Kevin’s presentation:

**CHANGE THE CONVERSATION: MARKET TRENDS/STRATEGIC INITIATIVES**

- Present market trends to be seen as market analyst/consultant
- Confirm and further discover for Strategy, Initiatives, Operations
- PPT templates in tool are resource

**Significant Market Trends**

End of Life Network Infrastructure

- Risk of prolonged outages from lack of support
  - Vendors (Hardware & Software)
  - Skill Sets

Increased Consumer Mobility

- Higher dependence on reliable location services and Emergency Communications network stability

Increased Regulatory Reporting

- Comprehensive, Accurate, Reliable, and Timely data access and analysis is mandatory

**Impact on Strategic Initiatives**

Cost Effective Replacement

- Utilizing Carrier Grade platforms
- Position for future growth and functionality

Enhanced Network Functionality

- Ability to detect Loss of communication and re-establish connection

Seamless Functionality

- Leveraging common technology for both legacy network modernization and new contract opportunities.

Centralized Management and Diagnostics

- Common control and diagnostic Infrastructure
- Real-time data access and analysis



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*“This conversation set me up to conduct rounds of further discovery meetings because the customer felt I had piqued their interest enough to get invited back as a supplier who potentially could assist with their value drivers,”* said Kevin.

Understanding empirical research from 5600blue that proves our customers will choose us if we can prove we can **meet their SIOs with higher confidence and lower risk, then their alternative**, Kevin turned his attention toward analyzing the customer’s most likely alternative – Kevin’s competition. He got deep into Metaswitch areas of strengths compared to their top competitor. Kevin and his account team put themselves into the customer’s shoes and scoured areas of Metaswitch weakness and risks compared to that same competitor. In parallel, using the *Precision Guided Selling* tool and the help of the customized drop down menu, Kevin outlined what decision criteria was important to this customer in order to help them make a more holistic and thorough decision, again putting himself in the role of a trusted advisor.

This internal assessment helped Kevin and his team understand that the competitive

alternative would be less expensive, but it was clear that the Metaswitch solution was a better operational fit. Metaswitch architecture provided a more reliable network, and the operational focus positioned the customer to achieve a level of control and reporting that would be unattainable with the alternative. Kevin and team found benefits with tangible value that more than offset the additional capex expenses. The Metaswitch team now had targeted data for the customer to focus on, and it was time to demonstrate their knowledge of the customer's SIOs and how Metaswitch could enable those SIOs better than the alternative. This moves us to the second skill in the *Precision Guided Selling* framework: **Create Value**.

## 2. Create Value

Kevin chose to present this information via a 'Value Map'. A value map is a simple, one-page, crisp, clean visual that is easy to digest, easy to explain, and easy for the customer to circulate internally.

Using a Value Map template in the tool as the foundation, Kevin customized his presentation for his customer. Then using core messaging – also found in the customized knowledgebase tool - he scripted his presentation to be credible and well-rehearsed.

The value map is organized into (2) columns. The left side confirms the customer's SIOs, and the right side illuminates how Metaswitch can enable those SIOs, better than the alternative. *"This customer was very receptive to our value map and recapping their SIOs, particularly as they related to revamping their infrastructure and transforming their technology and their services. We represented Metaswitch as a partner in that transformation, with the knowledge and experience to ensure the success of that initiative,"* said Kevin.

But the deal was not sealed yet. The customer gave the green light for a proposal however given the historical precedents set with similar customers, this was the time when customer concession pressure would be in full force. Kevin and team turned to practicing the 3<sup>rd</sup> and last skill in the *Precision Guided Selling* process to gain courage, **Negotiate Value**.

## 3. Negotiate Value

Before a proposal could be constructed the team needed to continue to plan their strategy internally. Metaswitch concentrated on areas of high importance to the customer, and translated them into specific deal components. The team ranked those that were of high value to the customer and low cost to Metaswitch, and vice versa. This practice is known as preparing 'Trades'. Where possible, Kevin and team attempted to quantify the value of each of these components to further button up their preparation.

Ultimately, Kevin and team knew that trading for something of equal or greater value would expand the overall financial opportunity for everyone. This helped capture and protect Metaswitch value. In the *Precision Guided Selling* tool, there is a catalog of approved trades in a drop-down menu. This exercise jumpstarted the planning and allowed the team to quickly move beyond common products, services and terms in order to spend needed time on creative Trades.

The tool also helped organize the internal thinking. “*Before we were ready to present ideas to the customer, our goal was to expand the financial “pie” by adding in as many value-creating elements as possible,*” said Kevin.

The following **differentiated** creative Trades were on the short list for adding value:

1. Enhanced Functionality requiring custom development by Metaswitch. Metaswitch could agree to prototype the functionality for lab evaluation with production delivery dependent on a volume commitment.
2. Lab environment provided as a loaner at no cost, to be purchased with first production order.
3. Customer operational and implementation resources were scarce and Metaswitch could agree to supplement their resources with unmatched industry talent.
4. Metaswitch could agree to provide a detailed Voice Network Design to accelerate the initiative
5. Metaswitch could agree to predictability in future pricing of all products and services
6. And, rather than using one-time project discounts, Metaswitch could agree to a progressive discount schedule that increases discounts across all categories based on cumulative spend.

With this data confirmed through face-to-face customer meetings, Metaswitch was now ready to give the customer their requested proposal. However, true to the *Precision Guided Selling* framework and the 3<sup>rd</sup> skill: negotiate value, Kevin and team created not just one, but (3) options for the customer to consider.

## Differentiation Through Use of Multiple Solution Options

Rather than the standard take-it-or-leave-it proposal, Metaswitch put into practice what they had learned, Multiple Solution Options. These options outlined business relationships they could have with the telecom customer focused not on price, but on strategic solutions that would solve their business issues.

The multiple solution option concept helped the team structure, package and present value in the form of (3) choices. Each solution gets populated with the appropriate trades that create the packaged recipe. The concept also lends itself to a clean and concise format, and sends a flexible and creative message to customers operating in a business world where sales organization precedents – not to mention those of our competition – tend to offer the exact opposite, a quote.

Look at the chart below to see how this worked in practice.



# NEGOTIATE VALUE: MULTIPLE OPTIONS

|                            | Future Network Assurance                                                        | Full Network Modernization                                            | End-of-life Replacement                                               |
|----------------------------|---------------------------------------------------------------------------------|-----------------------------------------------------------------------|-----------------------------------------------------------------------|
| Deal components and Trades | Objective: secure resources for full future network scale and needs for 2 years | Objective: standardize platform and extend network control & analysis | Objective: replacement of core infrastructure that solves urgent need |
| Discount                   | Aggressive for Hardware, Software, Services, and Support                        | Enhanced Hardware & Service plus Services & Support                   | Minimal discount. Base Level Hardware & Software Support              |
| Hardware/ Software         | Full Legacy Replacement, & 12 NextGen sites commitment                          | Legacy Replacement, no commitment for future sites                    | Legacy Replacement (Core Only)                                        |
| Capacity                   | Full Network for two years                                                      | Legacy Network                                                        | Legacy Core                                                           |
| Support services           | 5 Years                                                                         | 5 Years                                                               | 4 Years                                                               |
| Professional services      | Design, Implementation, Training, Migrations                                    | Design, Implementation, Training, Migrations                          | Design, Implementation, Training, Migrations                          |
| Total                      | \$5.5M                                                                          | \$3.3M                                                                | \$0.8M                                                                |



Each option represents a bundled solution that addresses (3) different business issues of the customer. The message conveyed? The customer has choices of how they can work with Metaswitch. Each one is titled with an accompanying objective sentence to simply state the focus. The various deals components are mixed and matched under each creating a story of shared risk for the customer and Metaswitch. For example, ‘Future Network Assurance’ places the focus on fully securing their network over 2 years. It serves up a larger discount for the customer in return for their commitment to invest more heavily in a broader Metaswitch solution. ‘End of Life Replacement’ outlines the minimum investment for the customer and focuses on solving an immediate need to replace out of date technology. More specifically, the fees in each option are set by combining ALL variable deal components for that particular option. In other words, all components are intrinsically tied together. If the customer wants to negotiate one particular variable, then Metaswitch would reserve the right to adjust the other variables accordingly. Multiple options help to organize the customer’s thinking for them. *“The goal was to help the SVP of Network Ops, as well as the procurement, organize their thinking around what THEY wanted, while deftly guiding them to the decision that WE wanted,”* said Kevin.

Unlike in previous negotiations, the decisions to protect or concede individual pieces of value are now made systematically, not ad hoc. This was notable when the account’s purchasing contacts exerted concession pressure during the negotiation. Instead of panicking, or a knee jerk reaction, Kevin was ready to respond with prioritized trades thoughtfully prepared ahead of time by himself and team.

*“It’s not that we are being inflexible; on the contrary, we’re being logical and rational. Rather than setting ourselves up for a line item negotiation, we built three risk/reward packages meant to be taken in their entirety,” states Bruce. “On the messaging front, we don’t present the customer with “options A, B and C” or “options 1, 2 and 3” anymore. Instead, we name each option based on the problem it solves and the unique differentiated value it offers. We no longer get nervous about a customer cherry picking because we realize we get in trouble only when we give in to their demands. We now view cherry picking as another form of sensitivity analysis because that leads us to further, and often necessary, refined discovery about their prioritized needs. The end result is typically a co-created proposal that goes to contract.”*

The customer ultimately chose the 3<sup>rd</sup> option. *“While not the biggest revenue offer for us, it was completely acceptable,” says Kevin. “The options had already been approved internally, through our deal approval committee, so I felt good about the customer’s decision. I felt better about what happened next. Because we whet their appetite with an option that explained more functionality to modernize and assure their network for the future, they clearly had internal discussion about that because they came back 4 months later with another order totaling an additional \$1.4M!”*

A key outcome is the behavior change Kevin exhibited. Because he was thrilled with his success he now has the courage to use the framework with other customer opportunities. *“I am holding my team accountable for using the Precision Guided Selling process, however there is nothing like their own success that will fuel the flame to keep using it!”* states Bruce.

5600blue is the first ever vertically integrated consultancy that builds a best practice knowledge base, leverages our cloud based technology to house, distribute and update the knowledge as well as training, deal coaching and win/loss reviews to execute the Precision Guided Selling strategy at the deal level. For additional information, go to <http://www.5600blue.com>