

Rate Increases & RMR

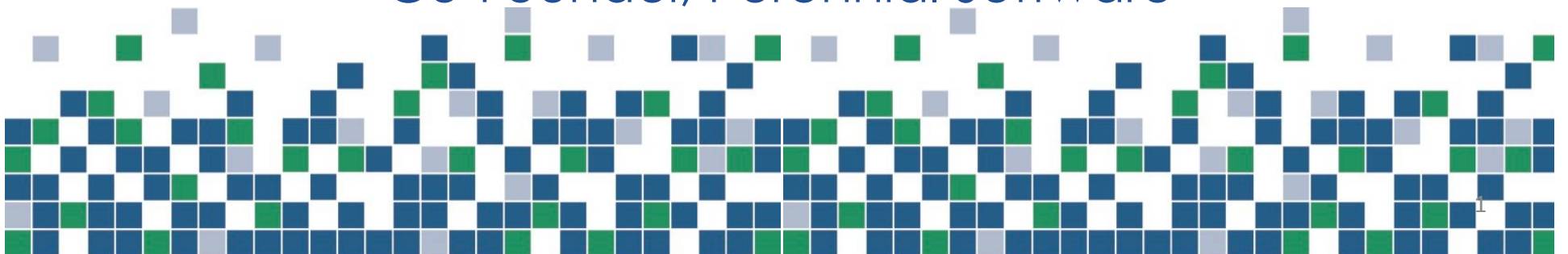
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Rate Increases

- Two types of companies
 - ✧ Those that do rate increases
 - ✧ Those that are _____

Why or Why Not

- What are the reasons to NOT do Rate Increases?
- Why should we do rate increases?

The Economics

\$100,000.00	60	\$6,000,000.00	36	\$3,600,000.00	\$9,600,000.00
100,000.00	12	1,200,000.00			
103,000.00	12	1,236,000.00			
106,090.00	12	1,273,080.00			
109,272.70	12	1,311,272.40			
112,550.88	12	<u>1,350,610.57</u>			
		6,370,962.97	36	\$4,051,831.72	\$10,422,794.69
				Diff	\$822,794.69

Rate Increase Plan

- How Often
 - ✧ Rolling or Annual
- Contract Terms and Conditions
- Percentage vs. Fixed Amount
- Increase by Recurring Service
- Notifications to Customers
- Rolling it Back

What is RMR Management

- Everything you need to do to Achieve your RMR Goals
 - ✧ Growth, Profitability, Valuation, Creation Costs
- RMR Business Practices
 - ✧ Cycle/Recurring Invoices
 - ✧ Invoice Delivery – Mail, Email, Web
 - ✧ EFT Processes – CC's and ACH
 - ✧ Payments
 - ✧ Collections
 - ✧ Attrition Management

Let's discuss data...

Two Types of Data...

1 – Quantitative

Numerical Data

2 – Qualitative

Non-Numerical Data

Quantitative Data

RMR Reporting...

1. RMR in Force
2. RMR Changes
3. Creation Multiples

RMR in Force

RMR 12 Month Roll-Forward Report													Sandbox	
Invoice Item	8/31/2011	9/30/2011	10/31/2011	11/30/2011	12/31/2011	1/31/2012	2/29/2012	3/31/2012	4/30/2012	5/31/2012	6/30/2012	7/31/2012	8/31/2012	Annual Growth
Actvicity Fee	263	263	263	263	293	312	346	354	354	354	354	354	379	44.07%
		0.00%	0.00%	0.00%	11.40%	6.48%	10.89%	2.31%	0.00%	0.00%	0.00%	0.00%	7.06%	
Alarm Services	973	973	1,023	1,028	1,028	1,110	1,120	1,125	1,175	1,175	1,180	1,180	1,180	21.20%
		0.00%	5.14%	0.49%	0.00%	7.91%	0.90%	0.45%	4.45%	0.00%	0.43%	0.00%	0.00%	
BA Lease	3,484	3,534	3,559	3,559	3,709	3,119	3,279	3,323	3,323	3,333	3,333	3,333	3,283	-5.79%
		1.44%	0.71%	0.00%	4.21%	-15.92%	5.13%	1.34%	0.00%	0.30%	0.00%	0.00%	-1.50%	
CCTV Lease	1,575	1,575	1,575	1,575	1,575	1,775	1,775	1,775	1,775	1,775	1,775	1,775	1,825	15.87%
		0.00%	0.00%	0.00%	0.00%	12.70%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	2.82%	
Extended Warranty	100	100	165	165	165	165	166	166	166	166	166	181	181	81.00%
		0.00%	65.00%	0.00%	0.00%	0.00%	0.61%	0.00%	0.00%	0.00%	0.00%	9.04%	0.00%	
FA Lease	502	502	502	557	557	658	658	658	658	658	658	658	658	31.08%
		0.00%	0.00%	10.96%	0.00%	18.14%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	
Inspection	553	553	553	653	653	805	805	816	816	816	816	874	874	58.05%
		0.00%	0.00%	18.08%	0.00%	23.23%	0.00%	1.37%	0.00%	0.00%	0.00%	7.15%	0.00%	
Mon-dlr	150	150	910	960	960	918	931	921	936	927	913	923	923	514.73%
		0.00%	506.40%	5.49%	0.00%	-4.37%	1.36%	-1.07%	1.63%	-0.96%	-1.51%	1.10%	0.00%	
Monitoring	2,378	2,578	2,693	2,698	2,698	2,801	2,814	2,759	2,830	2,830	2,879	3,019	3,064	28.81%
		8.41%	4.46%	0.19%	0.00%	3.82%	0.46%	-1.97%	2.57%	0.00%	1.73%	4.86%	1.49%	

RMR Changes

RMR Monthly Detail Report							Sandbox
From 12/31/2011 - 01/31/2012							
Invoice Item	Customer #	Alarm Account	Site Name	Freq	Effective	Created	RMR Amount
Activity Fee							117.73
New Job							
10011	X-1001	Bill Frank		Q	01/30/2012	01/05/2012	100.00
							\$100.00
Accounting Correction							
10032	10032	Faybrick, Don		M	01/01/2012	12/20/2011	44.00
10011	5645646456456	Bill Frank		M	01/01/2012	01/13/2012	50.00
							\$94.00
Rate Increase							
5550000-5	B1-1245	ABC Master Account		M	01/01/2012	11/15/2011	(175.00)
							(\$175.00)
							\$19.00
							\$136.73
Alarm Services							993.23
Rate Increase							
10060	1234-4587	Acme Company		Q	01/01/2012	09/27/2011	5.00
10032	10032	Faybrick, Don		M	01/01/2012	12/09/2011	0.50
10002	34234233	Janet Jackson		M	01/28/2012	12/09/2011	0.40
10002	34234233	Janet Jackson		M	01/28/2012	12/09/2011	0.40
							\$6.30
Add Service							
10032	10032	Faybrick, Don		M	01/01/2012	08/30/2011	50.00
10080	10080	Greg Peninger		M	01/01/2012	01/25/2012	25.00
							\$75.00
							\$81.30
							\$1,074.53

Creation Multiple

Installation Revenues	35,000.00
Costs	
Labor	22,000.00
Materials	23,000.00
Sales & Marketing	30,000.00
Total Costs	<u>75,000.00</u>
Installation Margin	<u><u>(40,000.00)</u></u>
New RMR Generated	<u>2,995.00</u>
Creation Multiple	<u>13.36</u>

Qualitative Data

“Non Measurable Data”

- ✓ *Reputation*
- ✓ *Brand Image*
- ✓ *Customers Feelings*

Attributes

A quality of characteristic inherent in or ascribed to someone or something

Attributes

- Profitability
- Stickiness
- Valuable
- Sellable
- Age
- Customer Segmentation
- Enforceable
- Liability Managed
- Appreciated (by the customer)
- Appreciated (by the company)
- Scalable
- Compliant
- Upgradable
- Usable
- Current
- Maintainable
- Value Creation
- Value Realization
- Competitive Advantage
- Market Dominance

How do your attributes
impact your Quantitative
Analysis?

What are you not seeing
because you are seeing
what you are seeing?