



# Business Outsourcing

## Why Use Business Outsourcing?

Version 1.1

September 15th, 2008



Business outsourcing works as an extension of your own organization supplying sales, marketing, lead generation, consulting and other services to increase your sales revenues while lowering your total cost of sales. Outsourcing to an experienced team of business professionals that focus solely on your products and technology needs while understanding your market segment, sales goals and competition gives you the jump-start to increase your time to market. Bring about brand recognition and, most importantly, additional revenue .

**Just think about it**, combining the cumulative knowledge of an excellent sales and marketing team dedicated just to you:

- Each with a minimum of 15+ years of sales and marketing experience with a huge list of contacts
- Each sales person has significant experience in closing large scale deals
- Each very familiar with selling software solutions and in working with technology companies

Business outsourcing also offers you many strategic and tactical benefits such as Ability to setup business operations in new markets faster

- Ability to setup business operations in new markets faster
- Lower total costs of sales
- Enhanced support to resellers and partners
- Advantages of 24/7 business operations in a global economy
- Faster response to leads and competition

A business outsourcing team that is integrated into your own corporate with weekly reporting .

**Our Partnership methodology** for achieving results is done through:

1. **Study:** in depth understanding of your sales plan, markets, customers, products and the competition precedes every sales engagement .
2. **Business Plan:** Analysis with a priority plan for short and long-term results based on business conditions .
3. **Training**
4. **Lead generation**
5. **Sales Execution:** we will ensure that our staff is productive from the moment they are deployed.
6. **Monitoring:** We will review performance on a weekly basis and share our findings with you.

**In summary, you get a business outsourcing team that is integrated into your own corporate with weekly metrics and reporting**

### If you are a technology company, consider business outsourcing when

- You have a short go-to-market window
- You need to rapidly scale up your sales operations
- You need to test waters in new markets
- You need sales expansion initiatives
- You need to gain access to sales staff with expertise in specific domains or areas
- To increase the effectiveness of your sales teams
- To support your resellers in pre-sales, implementation and other activities

## Options Comparison

The following table is a comparison of business outsourcing to hiring you own team and to hiring a distributor (company that base their profit on commission only):

Category	Hired Employees	Hired Distributor/VAR	Business Outsourcing
<b>Cost (retainer or salary)</b>	Operation with 3 sales people exceeds 500K in the first year	Low retainer and high commission	Less than \$200K annually
<b>Commission</b>	Lowest	Highest—can be as high as 50%	Medium—typical charge is 10% for sales
<b>Attention</b>	Highest—Dedicated personnel working out of your local offices or remotely with close management supervision	Lowest (one of many) – Distributors carry many products and will only push the products that are the easiest to sell	Medium-High – We will act as you sales arm with a dedicated team giving you our full attention. Our own internal management will share reports, results and feedback.
<b>Infrastructure</b>	There is a need for office space or home office supplies and expenses. In addition, benefits such as life, health etc...	No cost	No cost
<b>Market Message</b>	Highest—Investment in local resources	Low—Your product is one of many offered which may not communicate as having an investment in the local market	High—a business outsourcing team will communicate and represent your company message as if you had a local office
<b>Quality of Sales</b>	The “killer” sales people will likely give you good results and be able to close good deals but you need to pay very high salaries/ commissions to retain them. . The old 80/20 rule (80% of your business is brought in by 20% of the sales force). Most sales people are	Typically want to close the business fast and care less about the quality of the agreement with you. This is the only way they are paid.	Work on a retainer with a commitment to a long lasting partnership.. We make sure we close quality and profitable deals for you utilizing our selected team from the best in the market.
<b>Quality of Marketing</b>	Sales people are always focusing on closing sales and in many cases do not invest enough time in investigating new opportunities or understanding changing market trends	A distributor would keep less updated with trends and would only focus on fast closing deals with less analysis of the market	Our extensive marketing expertise keeps you abreast of new trends, new opportunities and competition. We are not only your sales force but also your eyes and ears in this territory.



**M-Agine Consulting**

## Cost of Direct Sales

The following calculation demonstrates the comparative costs of a sales person with 10 years experience in selling technology products and solutions in the USA :

**Additional costs are:**

Item	3 Years Sales Experience	10 Years Sales Experience	15 Years Sales Experience	Local VP Sales
Gross Annual Pay:	\$75,000	\$100,000	\$130,000	\$150,000
Employment Taxes @15%	\$11,250	\$15,000	\$19,500	\$22,500
Infrastructure Overhead and Benefits:	\$26,250	\$35,000	\$45,500	\$52,500
<b>Total Annual costs for a Sales Person:</b>	<b>\$112,500</b>	<b>\$150,000</b>	<b>\$195,000</b>	<b>\$225,000</b>

The typical hiring process time is about 3 months with hiring costs of approximately \$50,000 per person. In addition, the average training time and ramp up for a new sales person is 3 months and with another 3 months to build leads towards a full pipeline.

## Conclusion

If a company wants to build a new sales team in a new territory, it will take 6 months to get a person productive and generating new business. In that period, you could spend \$100,000 to \$120,000 per person and around \$600,000 for a team of three people in the first year. These costs are without factoring in any benefits or commissions. Adding these factors would bring the annual cost could range from \$600,000 to \$1,000,000 .

## Cost of Outsourced Sales

Depending on the type of plan for outsourcing sales, a company could pay one of the following:

Lead Management and appointment setting (a team of 3 sales people with 15+ years of experience and contacts)	\$6,000 per month*
Sales Execution (a team of 3 sales people with 15+ years of experience)	\$15,000 per month*

\* additional success based commission will apply

**In total, the savings from sales outsourcing could be close to \$500,000 annually with a much faster time to market, and quicker revenue generation**