



# CREATE RECURRING MONTHLY REVENUE

By Adding Cloud-based Access  
Control to Your Solution Portfolio



# Create Recurring Monthly Revenue (RMR)

## Offer Cloud-based Access Control for Commercial Buildings

When you think of your current revenue, (cash coming in), how much of it is a 1x revenue? If it's not 1X or more, you have to constantly find new jobs to keep payments coming in. Wouldn't life be easier if there was a known monthly stream of cash coming in from recurring monthly payments? Think how much easier would it be to manage your business, make payroll and manage cashflow for your business.

To make this a reality, security firms, tech integrators and building contractors need to increase RMR. It's no surprise since recurring services typically have a [gross margin of more than 50 percent](#), according to a report from Bain & Company.\* These increase the value of your business many times more than revenue from installation. In addition, recurring revenue is also a way to protect your business from recession, inflation and other economic fluctuations. 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.

**"The question is no longer whether to add recurring revenue to your portfolio, but how."**

Kerstin Demko | VP of Marketing | Brivo

\*<https://www.opexengine.com/more-focus-on-saas-gross-margins-in-2020/>



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 without requiring them to sign a long term contract--which more and more customers don't want to be contractually obligated. 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 the manufacturer is using. Today, 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.

Software and hardware business leaders today know that the transition to selling cloud solutions can prove challenging. Resellers who are experts in selling on-prem solutions have to rethink and retool their approach. Choose a manufacturer that will help you get started by helping to hire the right sales people, pay them in a way that maximizes the success of your business and provide sample compensation plans and share sample job descriptions.

Top manufacturers should provide you with tools and templates to help your business adapt to this new model and be there to assist with the transition.

## Incentivize Your Sales Team to Sell

### Define Your Business Goals

Good compensation plans encourage salespeople to sell what you want them to sell. They align seller incentives with the goals of the business. When creating a sales plan to increase your RMR, start by asking yourself what you are trying to achieve. Common business goals for launching RMR programs are:

- 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
- Create customer lifecycle management campaigns to upsell and cross-sell additional goods and services to your base

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

**To grow RMR, you need to change your commission structure to incentivize your salespeople to make more sales**

## Hire Salespeople Who Know Subscription services or SaaS

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's tempting to hire sellers with sales backgrounds, your best bet is sellers who know the subscription economy. Those people tend to fall into one of two groups:

- They have experience selling services like alarm systems, SaaS software, or cell phones
- They are early in their careers and used to consuming subscription services like streaming music and movies

## 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 make more sales that provide value over time. Otherwise, they will continue to chase higher-dollar installations over \$1,000 RMR sales, and your RMR won't grow.

When changing sales models, companies underestimate the importance of changing commissions. The most frequent miscalculation is paying too little commission on RMR. You have to motivate your sellers. Make RMR commissions at least as attractive as commissions on traditional installation projects. Even better, pay higher commission rates for RMR. That's the best way to get your salespeople to change their behavior. The good news is that you can afford to pay higher commissions on RMR. Every dollar of RMR is 15 times more valuable than a dollar of revenue from installation.\* 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 for your sales staff to sell RMR deals. But it does need an upfront investment that may not be workable for all businesses.

**Pay higher commission rates for RMR. That's the best way to get your salespeople to change their behavior**

\*<https://getvaluescout.com/recurring-revenue-leads-to-higher-valuation-multiples/>

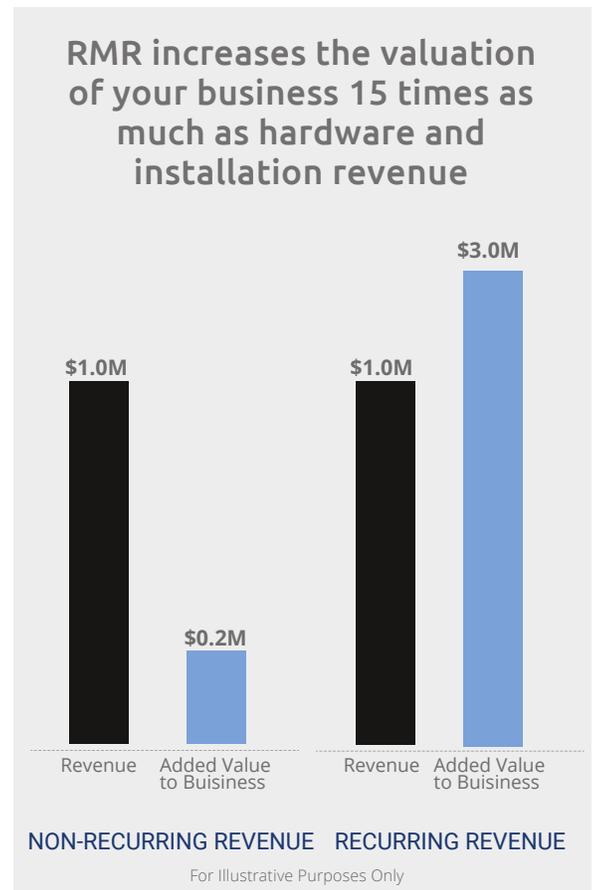
## Don't Forget the "Service" in Subscription Service

The RMR model creates long-term relationships between your business and your customers. In a long-term business relationship, it's not enough to provide an expert installation. You must provide great service over time. It's harder for customers to walk away when they have positive relationships with your people. Take the time to assess whether your service hours are optimal. And check that your staffing is adequate to support the ongoing needs of your customers.

## The RMR model creates long-term relationships between your business and your customers

## Slow and Steady Wins the Race

Building an RMR business you have to be consistent and stick with it to reap the rewards. Success doesn't happen overnight. You need to build up an installed base over time to be profitable. At the start, consider limiting the number of RMR customers you sign. This will let you work out the kinks in your process before expanding. Be persistent and committed. Adding RMR to your business will pay off in more revenue and a larger value when you sell or pass on your business.



## Building an RMR business you have to be consistent in your training in order to see results



## 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

## WHY BRIVO

Brivo, Inc., created the cloud-based access control and smart spaces technology category over 20 years ago and remains the global leader serving commercial real estate, multifamily residential and large distributed enterprises. The company's comprehensive product ecosystem and open API provide businesses with powerful digital tools to increase security automation, elevate employee and tenant experience, and improve the safety of all people and assets in the built environment. Brivo's building access platform is now the digital foundation for the largest collection of customer facilities in the world, occupying over 300 million square feet across 42 countries. Learn more at [www.Brivo.com](http://www.Brivo.com)

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