

# Attach moves 100% to pay-as-you-use software pricing

Effective 1st March 2003, in a bold move to increase sales and re-engineer its business, Attach has stopped selling software for cash upfront. Attach has switched to monthly pay-as-you-use pricing, called the Attach Fast Track Plan, after trials in Australia, New Zealand and South Africa. Attach believes it is the first mid-range business software vendor in Australia to do this, but expects others to soon follow. Cash upfront pricing is not in anyones interest. The software industry should have dropped it years ago, said Mr Michael Rich, managing director of Attach.

We needed a new business model that was built to last for IT consultants, software developers and, most importantly, for customers. Under the Attach Fast Track Plan, the customers investment is just a few hundred dollars a month, compared to many thousands you otherwise have to pay with 15% or more software maintenance on top of this each year.

Cash upfront pricing stops businesses moving to better business software, putting them at a competitive disadvantage and holds back improvements in efficiency.

On the other hand, pay-as-you-use puts the onus on software developers to ensure their systems always deliver, which is also good news for the customer.

Under the Attach Fast Track Plan customers arent locked in. Their money isnt already spent. If they arent happy, or their business needs or technology totally change, they can end the payment after 12 months with just 60 days notice. There is even an initial 30 day cooling off period. Our trials showed this helps fast track businesses into better software, especially those with out-of-date mid-range packages, or if out growing home office / small office packages. This is who Attach is targeting.

The Attach Fast Track Plan includes the software, software maintenance and the database in the low easy to budget monthly payment. It is fully tax deductible, whereas as cash upfront is depreciated over several years. You can add functions at any time by adding to the monthly payment. The customer deals with Attach, not a finance company. No security or directors guarantees are required. It is off balance sheet and does not impact on the customers existing lines of credit.

Some people think paying cash is cheaper, but that is not the case anymore. When we talk to them, our success rate is close to 100%. The Attach Fast Track Plan is very much in the customers interest, said Mr David New, National Sales Manager at Attach. He gave two examples. For about \$120 per month a business using small office / home office software can install an Attach system: probably less than their mobile phone bill.

For about \$300 per month you can install a 5 user Attach system. Other comparable software is around \$13,000 upfront, plus probably another \$5,000 in extra costs like maintenance each year. The startling reality is these extra costs alone could exceed our Attach Fast Track Plan amount. Plus we offer an automatic document delivery and tracking service, called Alex, with the Attach Fast Track Plan. It lets users automatically deliver invoices, statements, purchase orders and remittance advices from their Attach system.

The monthly savings in staff time, stationery, printer and fax costs could easily cover the Attach Fast Track Plan amount. Every other benefit goes straight to the bottom line, added Mr New.

For IT consultants, our trials showed the Attach Fast Track Plan resulted in quicker and more sales, plus happier customers. This means more installation revenue, less unchargeable hours, plus recurring revenue: essential for moving IT consultants to a business model that is built to last. Attach is looking to list on the Australian Stock Exchange within the next 5 years, making shares available to staff, IT consultants and customers. But our business model had to change to even think about this. We believe the Attach Fast Track Plan will help achieve this goal. Our aim is to have 80% recurring revenue, added Mr Rich.

Background on Attach Software:

Attach started in Sydney in 1981. It was the first third party business software sold with IBM PCs. Today Attach has 70 staff and claims to be Australia and New Zealands top selling mid-range business software, with 15,000 sites installed and over 60,000 people using Attach software everyday.