



INSIGHT BRIEF · FIELD SERVICE

Service Agreements: Recurring Revenue That Actually Recurs

Why service agreements stabilize a field service business, where contract profitability hides, and the systems needed to keep scheduled work from slipping.

Break-fix revenue arrives when something breaks. Agreement revenue arrives on schedule, which is why service businesses with strong contract bases are steadier, easier to staff, and worth more.

But an agreement is a promise with a schedule attached, and the operational question is whether your systems can keep hundreds of small promises without anyone carrying them in their head.

The economics, briefly

- Predictable revenue smooths payroll through slow seasons
- Scheduled visits fill route gaps that idle trucks would leave
- Agreement customers call you first for billable extras
- Equipment history accumulates, making every future visit faster

Where contract profitability hides

Most shops know their agreement revenue. Far fewer know agreement cost, because visits, parts, and travel land in general service costs with no contract attached.

Without per-contract costing, the book contains winners subsidizing losers, and renewals get priced by feel. The fix is structural: every visit and part coded to the agreement it serves, so each contract shows its own margin.

Keeping the schedule without heroics

- Agreements generate their own work orders on schedule, automatically
- Due and overdue visits visible on one screen, not in a binder
- Seasonal load balanced in advance, not discovered in the busy month
- Missed visits surfaced and rescheduled, because a skipped visit is a refund risk and a renewal risk

Renewal signals worth watching

- Visits delivered vs. promised, per contract, trailing twelve months
- Response times on the customer's billable calls
- Contract margin trend: erosion often precedes a hard renewal conversation
- Equipment age on covered assets: aging fleets change the pricing math



Questions about any of this?

Summit Business Systems has been implementing ERP for Ontario businesses since 1991. We are an Acumatica Gold-Certified Partner based in Barrie, working with construction, field service, distribution, and professional services companies across the province. If you want a second opinion on anything in this insight brief, we give straight answers.

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