



bsw leading swiss agencies

Guidelines for payments to digital agencies

Publication in cooperation with the IAB Switzerland



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The approach taken to payments to agencies for digital work differs in various ways from rules governing payments to advertising agencies. bsw leading swiss agencies, together with the IAB Switzerland, has put together a summary of the various payment options for digital agencies with a view to providing clients with an overview of the various models.

In this context, we consider a digital agency to be one that provides the majority of its services in the digital domain and is in a position to cover a large part of the digital value chain. This comprises an analysis of competitors, the definition of a “digital strategy” for clients and the conception and ultimate implementation of concrete measures, including creation, programming and publication. The respective agency may specialize in Web-based solutions, applications for smartphones or tablets, the planning and implementation of campaigns in digital media, etc.

In this context the guidelines apply first and foremost to digital communication agencies, i.e. agencies with services based primarily in the areas of digital marketing and communication. While certain payment principles and models also apply to more technically oriented service providers, the focus is not placed on these providers.

The guidelines include a summary of various models and typical hourly rates.

Payment model	Payment principle	Typical scenarios in practice
Service payment (based on hourly rates); also known as cost-plus pricing	<ul style="list-style-type: none"> - The agency charges its prices on the basis of work performed. Together with an invoice, the client typically receives a statement of the hours worked and the work carried out during this time. 	<ul style="list-style-type: none"> - Projects - Complex projects in which the workload is difficult to predict in advance. - Maintenance work on websites and systems with variable volume.
Service payments with a defined upper limit (based on hourly rates)	<ul style="list-style-type: none"> - The agency charges its prices on the basis of work performed. Together with an invoice, the client typically receives a statement of the work carried out. - The upper limit defines the maximum amount to be invoiced by the agency. - It must be recalculated if requirements change or challenges arise during the course of the project that could not have been foreseen by the client or the agency. 	<ul style="list-style-type: none"> - Well-defined projects with moderate complexity in which the workload is easy to predict in advance.
Retainer (flat monthly fee)	<ul style="list-style-type: none"> - Fixed monthly amount for covering a set scope of work. Typically calculated on an hourly basis, possibly also on the basis of teams/ fixed resources in the case of large retainers. - In this case the cost calculation is based on wage costs (e.g. for a team of three developers) plus agency overheads plus profit markup. - With larger volumes, retainers can be calculated with discounted hourly rates or lower overheads, based on the increased planning security enjoyed by the agency as a result. - A retainer arrangement typically involves a periodical review of the work involved in relation to the fee agreed. Should the retainer consistently prove to be too high or too low, the agency and the client must adjust the payment accordingly. 	<ul style="list-style-type: none"> - Agency-client relationships in large scopes of work such as the migration of a system. - Extensive maintenance, expansion and repair work on systems and platforms. - Ongoing editorial maintenance of platforms, including CMS management.

Payment model	Payment principle	Typical scenarios in practice
Performance-related payment	<ul style="list-style-type: none"> - Payments made to agency based (fully or generally only partly) on the success of the work carried out. - Performance-related payment calls for correct and technically measurable key performance indicators (KPIs). KPIs can include the number of visitors to a site, the number of clicks on advertising material, the number of fans on Facebook, the number of registrations for a service, the turnover generated in an e-shop, etc. 	<ul style="list-style-type: none"> - The success of measures can be determined with particular effectiveness in performance marketing and e-commerce. - Payments to partners in affiliate marketing are based exclusively on performance data.
Fixed price	<ul style="list-style-type: none"> - A fixed price is agreed for one or more deliverables. The agency calculates the deliverables internally, and offers them at a fixed price. The client pays the agreed price per deliverable. - Fees are calculated on a flat-rate basis with no hourly summary. - Fixed prices must be recalculated if requirements change or challenges arise during the course of the project that could not have been foreseen by the client or the agency. 	<ul style="list-style-type: none"> - Suitable for projects with clearly specifiable services.
Percentage fee	<ul style="list-style-type: none"> - Similarly to the classic agency approach, digital agencies can also charge on the basis of percentage fees – provided there is an appropriate basis for calculation, typically the media budget deployed. 	<ul style="list-style-type: none"> - Payment of consulting and/or concept services by percentage fee.
Menu-based pricing (variation on the fixed-price approach)	<ul style="list-style-type: none"> - In certain cases, digital communication can also include the production of highly standardized advertising material. Similarly to the creation of final artwork in the print domain, such online advertising material can also be invoiced on the basis of individual rates. 	<ul style="list-style-type: none"> - Standardisable advertising material and “digital assets” such as banners, newsletters with a fixed scope, microsites with a fixed scope.

Typical hourly rates for a digital agency based on seniority of staff:

Role	From	Standard *)	to
	CHF	CHF	CHF
Consulting/strategy			
Senior consulting/strategy	250	280	320
Consulting	220	250	280
Project management	200	220	240
Assistance	150	170	180
Creation and implementation			
Creative direction/CTO/head of strategy	280	300	350
Senior AD/strategist/UX specialist	250	280	320
Art director/copywriter/concept developer	220	250	280
Screen design	190	210	240
Senior software engineer	250	280	300
Software developer	200	220	240
Junior software developer	185	200	220
Production	170	190	210
Media			
Strategy	250	280	320
Consulting	220	250	280
Ad operations	200	220	240

* The recommended price is the standard rate, which is based on an average cost structure (staff training, location, services).

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