



MANAGED SERVICES PROVIDER GUIDE

START EXPLORING

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Welcome to the MSP Guide

A one-stop guide to researching, building, and growing a managed services provider offering.

In the pages that follow, you'll find a detailed definition of what makes an MSP, along with reasons to believe in the value of providing managed services as part of your business. You'll also get a helpful breakdown of the steps involved in creating your own managed services practice from square one. And once you get started, you'll learn how to further differentiate, promote, and expand the scope of your business.

Whether you're simply curious about what MSP is all about, or actively looking to take the next step in your journey, this guide—and the Microsoft Partner Network in full—is here to help. Microsoft believes in the power of partnership, and we look forward to celebrating your success.

WHAT IS A MANAGED SERVICES PROVIDER?

MORE THAN A VENDOR. A TRUSTED ADVISOR.

A managed services provider (MSP) delivers a set of services to clients, either proactively or as needed. For more than 20 years, large enterprises have relied on managed services businesses to manage information and customer workloads. Adding managed services to your business helps address your customers' needs by uncovering opportunities that provide long-term value with ongoing services and potentially IP. Additionally, adopting managed services is also an efficient way to stay up-to-date on technology, get access to necessary skills, and address a range of issues related to cost, quality of service, and risk.

What else makes an MSP? It's a premium quality service provided on an ongoing contractual basis, rather a cost-per-project. The best way to think of about managed services (and something you'll hear throughout this guide) is that it's a long-term investment—not only in your own business, but also in your clients' operations.





THE DEFINITION

Think of a managed services provider as a trusted advisor who has intimate knowledge of the objectives that customers are trying to achieve.

The true value of managed services is in the ownership of the end-to-end solutions that allow both you and your customers' businesses to thrive.

Keep in mind that being an MSP is not so much an exclusive business model, but rather a value-added offering that allows companies like yours to further wrap your expertise around your clients' businesses. You're not just a one-off vendor; you're a trusted advisor who can provide well-rounded solutions to your customers' needs.

Above all, the cornerstone of managed services is exactly what the name implies: services, provided as part of a long-term customer relationship. If you're looking to launch a managed services practice, your first step is to determine which services you want to offer. From providing basic cloud support to advanced security solutions, there is room for managed services in your business.



CLOUD MSPs: HOW ARE THEY DIFFERENT?

Cloud MSPs offer a new method of management, with a focus on scale, elasticity, and automation.

For CIOs, cloud represents a paradigm shift, because DevOps has completely changed the way applications are developed and maintained.

Device and data proliferation means customers want to—and can—do so much more with their IT assets, with the cloud providing the computing resources to do so.

A Cloud MSP helps customers transition to (and embrace) these new technologies by guiding them in all aspects of their cloud journey. From consulting to migrations to operations management, cloud MSPs show customers all the benefits that come with making the move to the cloud.





CLOUD MSPs: CAPABILITIES AND BUSINESS MODELS

As technology is woven more and more into the fabric of society, modern partners are taking a novel and innovative IT approach. Because the cloud has become a primary driver for business transformation. The cloud is here, and it's not just the early adoptors and “born in the cloud” solutions providers embracing the opportunity.



Successful Cloud MSPs differentiate themselves by building a practice around dev-ops, automation, and cloud-native application design. They use the best existing cloud features while designing new solutions in order to meet their customers' unique business demands. Essentially, they serve as a one-stop-shop for customers by providing a common support, provisioning and billing experience—all with a flexible PAYG business model. They don't see their managed services practice as separate from hosting, SI, resale, or app design business streams. Instead, they incorporate all of these valuable services as a unified managed services offering to their customers.

Cloud MSPs represent the pivot from traditional to more contemporary, cloud-based managed services, aligning with the four pillars of a modern partner:

DIFFERENTIATE TO STAND OUT

Cloud MSPs empower partners to pursue a specialized strategy and create IP services to differentiate your business.

MODERNIZE SALES AND MARKETING

Cloud MSPs utilize digital marketing and build a scalable sales engine to enhance go-to-market strategy.

OPTIMIZE OPERATIONS

Cloud MSPs allow you to get the most from your people, process, tools and tracking to improve your operational health.

DELIVER CUSTOMER LIFETIME VALUE

You've worked hard to land your customers. Cloud MSPs help you become a trusted advisor and keep them for life.

WHY MANAGED SERVICES?



THE BUSINESS MODEL.

Managed Services gives partners the opportunity to own their customer relationships end-to-end. When you're fully engaged in your customers' businesses, you'll inevitably turn up new opportunities you may not have discovered as a project-based vendor. That's a great way to set yourself (and your customers) up for long-term success and generate consistently positive returns on both sides of the equation.

While the idea of adding managed services to your business may seem daunting—and it is a major shift—it's important to note the evidence and opportunities to educate your clients when it comes to making that shift. While there may be benefits to businesses in which vendors are called in on a per-project basis, providing proactive services under a long-term contract is inherently more sustainable than relying on a break-and-fix business.

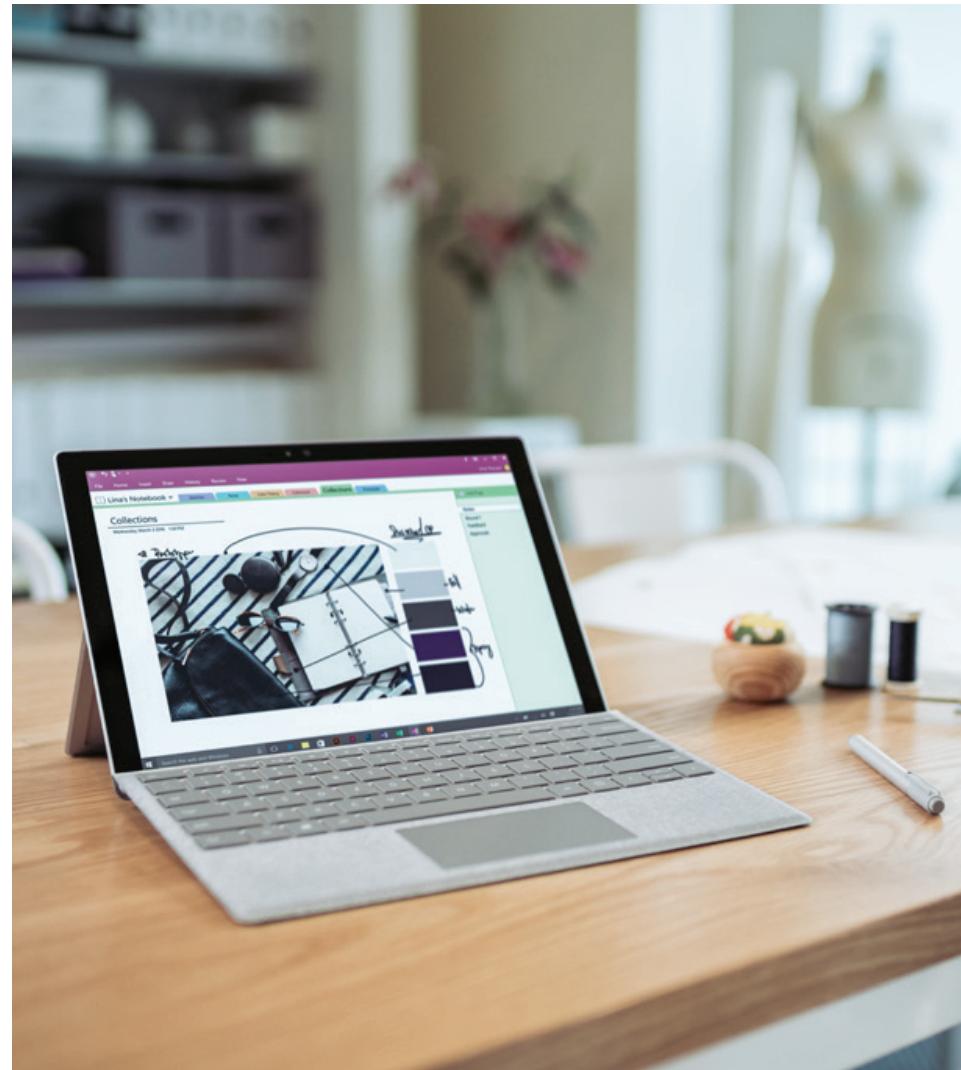


WHY MANAGED SERVICES?

Ultimately, customers are looking for added value for their businesses, and managed services provide it.

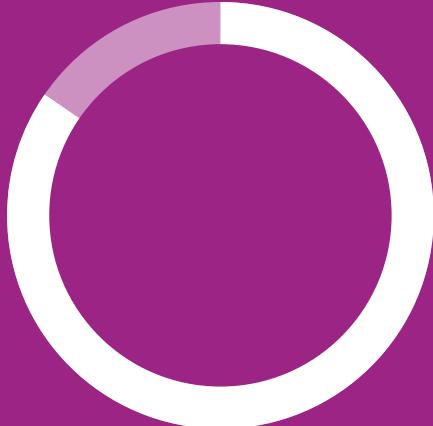
Here's how:

- Managed services are easier to budget, with predictable monthly charges instead of unplanned and potentially massive charges after a major outage
- Managed services help reduce costly on-site visits and troubleshooting time. Automating that process frees up your business—and your customers' businesses—to address bigger issues
- Developing a strategy for routine monitoring and management is much more effective than reacting only when things break



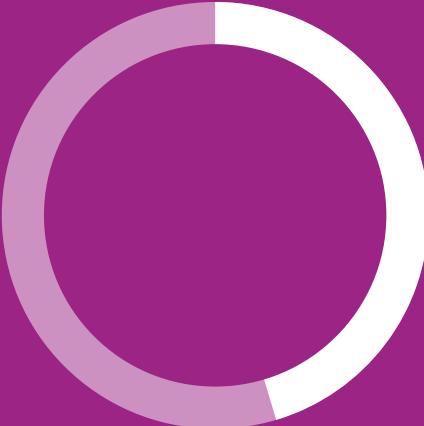


PROOF POINTS ON PROFITABILITY



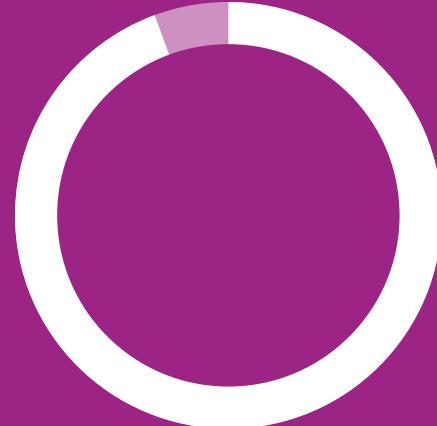
86%

of all Microsoft partners are satisfied with the profitability they achieve when partnering with Microsoft versus Google (83%), Amazon (79%), or Salesforce (83%).



43%

On average, all Microsoft partners derive margins of roughly 43%. These margins are 19% higher than the next-closest competitor. Microsoft Gold partners are even more successful, typically deriving average margins of 48%.



96%

Office 365 is a major driver of Microsoft partner opportunity and profitability which sets Microsoft apart from competitors. 96% of partners are satisfied with Office 365 profitability.

HOW DO I BUILD AN MSP PRACTICE?



STEP-BY-STEP

To learn how to build a managed services practice, follow these steps:

1. Conduct market research and engage customers
2. Define your services
3. Create your business plan
4. Evaluate tools
5. Set up pricing models
6. Go to market
7. Marketing and sales enablement
8. Differentiate your offerings
9. Nurture the business
10. Differentiate your IP

STEP ONE

Conduct market research and engage customers

"Are you interested in managed services?"

It might seem obvious, but this step often goes overlooked: talk to your existing customers and gauge their interest in managed services. Learn everything you can about their businesses, future virtualization and cloud initiatives, interest in cloud solutions, and need for an alternative to break-and-fix support.

Identify your top 10 customers, then get their feedback and internalize it. Figure out what their biggest pain points are in regard to support, security, infrastructure management, etc. Identify where they get—and if at all possible, how much they pay—for their current services. This customer data will prove invaluable in validating your assumptions as you put together a business plan.

Read and internalize as much market research as you can by talking to industry analysts from Structure Research, Gartner, Forrester, and 451 Research. Additionally, talk to peers who are offering managed services. See if they have come out with any reports on cloud managed services or pertinent industry trends—especially in your region or market.





STEP TWO



Define your services

What services should I offer?

The next phase of building a sound business plan requires some introspection. Start with an inventory of your existing skills and competencies. Do you already do assessments? Migrations? Do you run a support help desk? Are you an expert at System Center and other similar management tools? Do you have familiarity with DevOps tools such as Chef and Puppet, or scripting tools such as PowerShell?

While thinking about what managed services you'll offer customers, the first step is to separate "must-haves" from "nice-to-haves." According to our research, mature MSPs typically offer three-to-five distinct functions or services. They start with the "must-have" services and gradually add other functions, eventually building an offering that makes them a true differentiator.

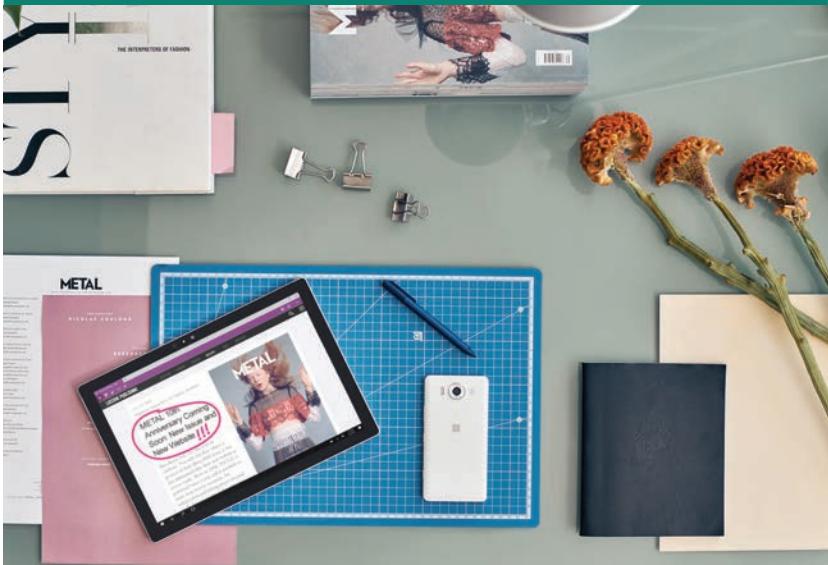
For example, if you already provide consulting, think about building your practice around assessments, migrations, or application design. Then add in basic 24/7 support capabilities. On the other hand, if you are already providing 24/7 support and service management for your hosted infrastructure, you can differentiate by extending your IT services management systems to integrate with Azure—creating a unique, specialized, and superior support experience.



STEP THREE

Create your business plan

What's the bottom line?



You've determined your customers' interest in managed services. Now it's time to crunch some numbers and see if managed services is financially right for you.

Develop a detailed profit and loss (P&L) analysis and an exhaustive business plan. Your business plan should include at least the following components:

- Detailed pricing strategy, including average revenue per customer and projected growth rates
- Start-up costs, i.e., the total cost from ideation to actual launch with live users
- Total operating expenses, including people (staffing and training), processes (new methods and practices), and tools
- Detailed breakeven and ROI analysis

Once you've composed your business plan, construct an ROI business that spans 1–5 years and determine which type suits your risk profile and return expectations. Best practice businesses involve building both a bottom-up and top-down view of your practice, using one to question the assumptions in the other. Both methods should converge with realistic and pragmatic assumptions.



STEP THREE

Create your business plan

How much should I charge?

Now you need to figure out how much to charge and how you'll bill your customers. First, decide the optimal pricing model you want to start with: prepaid or pay-as-you-go? Flat fee or variable? Do you intend to charge per VM/node, per app, or per user? Or do you intend to keep it 100% variable and charge as a percentage of underlying cloud spend? Determine the pricing structure that works best for you, your practice, and your customers.

Most MSPs choose variable pricing tiers. Once you've locked on the levels, tier structure, and methods of pricing, decide your underlying SKUs and align pricing with the service offering you've decided to develop.

Consider this best practice for determining the optimum pricing: Don't rely on market research alone. Sometimes the correct course of action is to simply ask your customers what will suit them the best, and how much they are willing to pay.

Be sure to factor in changes in seller compensation with the new cloud pricing. With a prepaid contract, sellers typically are paid based on the number of commitments or licenses they sell. Conversely, pay-as-you-go contracts reward sellers based on the amounts of services customers use (usually per month).





STEP FOUR

Evaluate tools

In order to develop a strong managed services practice, you and your team need to have deep expertise in a variety of management and security tools. As an MSP, you can either choose Microsoft tools, as well as tools developed by Microsoft's technology partners (ISVs), or both.

"BEST OF BREED" TOOLING

The most common approach to tooling is to use the best tool for each function your practice will offer, such as assessments, deployments, support, monitoring, migration, etc. This approach provides more options for your customers, while helping you differentiate your offerings with specialized tooling. For example, you can use TrendMicro for virus protection, Barracuda Networks for web application firewall, Alertlogic for alerting and threat analytics, and Symantec for data loss prevention. While each tool does something different, they're all security and endpoint protection tools.

One of the drawbacks to the "best of breed" approach, however, is that it requires MSPs to have strong in-house training expertise and the skills required to rapidly integrate new tooling. Additionally, these systems often don't "talk" to each other or to a central management console, creating extra work on the integration front.





STEP FOUR

Evaluate tools

CONSIDER A CENTRAL MANAGEMENT PLATFORM

To ease these communication and interoperability complications, many MSPs use a central management platform—typically a CMDB/ITSM suite with a central management console. Most management functions, e.g. application discovery, remote monitoring, provisioning, billing, invoicing, backup, support, ticketing, etc. are provided by the central ITSM tool or via plug-ins. Tools such as ConnectWise and Autotask both serve as popular service automation solutions and each support CSP.

The most sophisticated MSPs develop their own management consoles. While not feasible for everyone—especially if your practice is just getting started—this method allows for a high degree of customization and almost ensures seamless integration with a customer's system. Often, these MSPs can charge a premium for custom consoles, as customized development of this nature represents unique IP.

PRICING AND LICENSING

Our research shows partners use, on average, 13 different tools to deliver cloud-based managed services. Some MSPs manage as many as 30 vendor relationships—including the tools used for their on-premises management needs.

While determining which tools work best for your business, you can choose from two licensing options:

- Bring Your Own License (BYOL)
- OR
- Purchase via CSP

In both cases, you also have two pricing options from which to choose:

- Purchase directly and deploy on behalf of your customer. This allows you to pass on the associated costs to your customer as part of the overall solution price
- Let the customer handle the purchasing while you manage the deployment and administration



STEP FIVE

Set up pricing models

What level of service can I offer?

FOUNDATION	ADVANCED	PREMIER
<ul style="list-style-type: none">Basic IT operations management (Patching, configuration etc.)24/7 monitoringMonthly health reports & dashboards24/7 help desk	<ul style="list-style-type: none">Advanced level IT operations management including performance monitoring24/7 monitoring and alertingDaily health reports & dashboardsBackup with recovery SLAs24/7 help desk with aggressive response SLAs	<ul style="list-style-type: none">Advanced level IT operations management including performance monitoring24/7 monitoring and alertingCustom real-time health reports & dashboardsBackup and DR with recovery/failover SLAs24/7 help desk with aggressive response SLAsBilling management and cost optimizationDedicated account management

Most MSPs price their offerings in tiered bundles—including a base tier, a middle tier, and an advanced tier. Keep in mind advanced tiers aren't just about premium support SLAs and better account management. They also include access to special tooling and support around performance optimization, endpoint protection, and budget management.

The table above is an example of a tiered pricing model. These services can be charged in different ways—per user, per device, per instance, per app, or simply a fixed fee—and all are valid pricing models. The choice depends on the nature of the managed services as well as your customers' willingness to pay.

STEP SIX



Go to market

Launch the offer with live users. Drive profitability by growing your internal sales and marketing engine. Ensure continued success by pivoting when market trends shift and competition increases. Continue the Microsoft partnership.

The Microsoft Partner Network makes it easy for you to find professional, personalized marketing resources that will help you efficiently bring your managed services to market. Save time, save money and get the right tools and support you'll need to get your products and solutions in front of the right customers.



STEP SEVEN



Marketing & sales enablement

Marketing and sales enablement are intrinsically linked. Marketing— inbound and outbound—is about increasing awareness and generating leads. Sales enablement is about training the sales force on the new messaging and positioning so they can pursue those leads, including opportunities within an existing customer base.

Even if you intend to launch a managed services offering with a subset of sellers, it's important to have a readiness plan in place for your core solution sellers and technical sellers. When prepared with the proper materials, they'll be able to effectively answer customer questions on the new offerings.



STEP SEVEN SMART PARTNER MARKETING

Identify how cloud customers make buying decisions

Today's customer is educated, with broad access to information about digital and cloud-based solutions. It's vital to understand the most impactful ways to engage customers along the buying journey.



GET BASIC MARKETING TOOLS IN PLACE

Start with a simple website that focuses on customer pains, and how you can solve them. Then create a marketing profile to help Microsoft connect you with customers.

BUILD UP ENGAGING CONTENT

Your content should be differentiated, focused on the customer journey, relevant, accessible and timely. You should understand the basics of blogging to help build relationships with potential customers. Then, educate your customers with web content, blogs, demos, and marketing material from Microsoft's Partner Marketing center.

CHECK YOUR MARKETING READINESS

To help you start down the right marketing path, we've developed a simple assessment that helps us gauge your business' level of marketing maturity.

MARKETING RECOMMENDATIONS

Our tiered marketing recommendations are beneficial whether your company is starting out, attempting to grow your brand profile or integrating process, technology and data management.

DEMAND GENERATION ESSENTIAL TRAINING

No matter your level of marketing maturity, our partner programming includes valuable educational content that's designed to teach you how to drive lead generation.

STEP EIGHT

Differentiate your offerings

Based on our research, MSPs differentiate in multiple ways. Here's a brief breakdown:

“

We have heard that challenge over and over again, from so many customers that we really decided to develop IP around it. We were the first one in the market.

CEO, US Based SI turned MSP

IAAS VS. PAAS

While most MSPs start with IaaS and build up offerings such as cloud application management, backup, and infrastructure management, they often find a differentiating niche in managing PaaS services—especially for cloud-native applications.

SUPPORT AS A DIFFERENTIATOR

Knowing that technical support is one of the most important services expected from MSPs, partners differentiate through superior SLAs for response time, resolution time, and application uptime.

WORKLOAD TYPE

Mobile app development, ecommerce, digital websites, media services, ERP, and CRM are examples of workloads being used by MSPs to differentiate themselves.

SPECIFIC INDUSTRIES

Healthcare, financial services, and the public sector are three common verticals that can be challenging when it comes to building service offers around them. If you choose to specialize in heavily regulated industries such as these, you can benefit from Azure's compliance certifications.

SECURITY

Most MSPs offer basic firewall and anti-virus services. Consider specializing in log analytics, alerting, intrusion detection, and threat analytics to differentiate your practice in the fragmented security space.



STEP NINE

Nurture the business

What can we do better?

Congratulations. Your MSP business is officially up and running. Now what? As a new MSP, you need to constantly evaluate and build on your service offerings by listening to customer feedback, analyzing market trends, and responding to shifts in product maturity cycles.

Increased technology adoption.

Most MSPs launch a “minimal viable offering” and continue to evolve their product lines over time. Some obvious technology areas of investments are automation/DevOps, advanced analytics, and deep security offerings. Others foray into application design and development services. An important area of differentiation is to move into cloud-native application design and management—focusing on containers and microservices. Use the MSP offering grid on Page 21 as a checklist to determine your next level of investments.



STEP NINE

Nurture the business



Continued hiring and training.

The average Cloud MSP grows by 120% in the first year, and breaks even within 6-9 months after launching. This aggressive growth demands aggressive hiring—especially with sales and technical staff often growing by 3–4x in the first year.

Executive sponsorship and review.

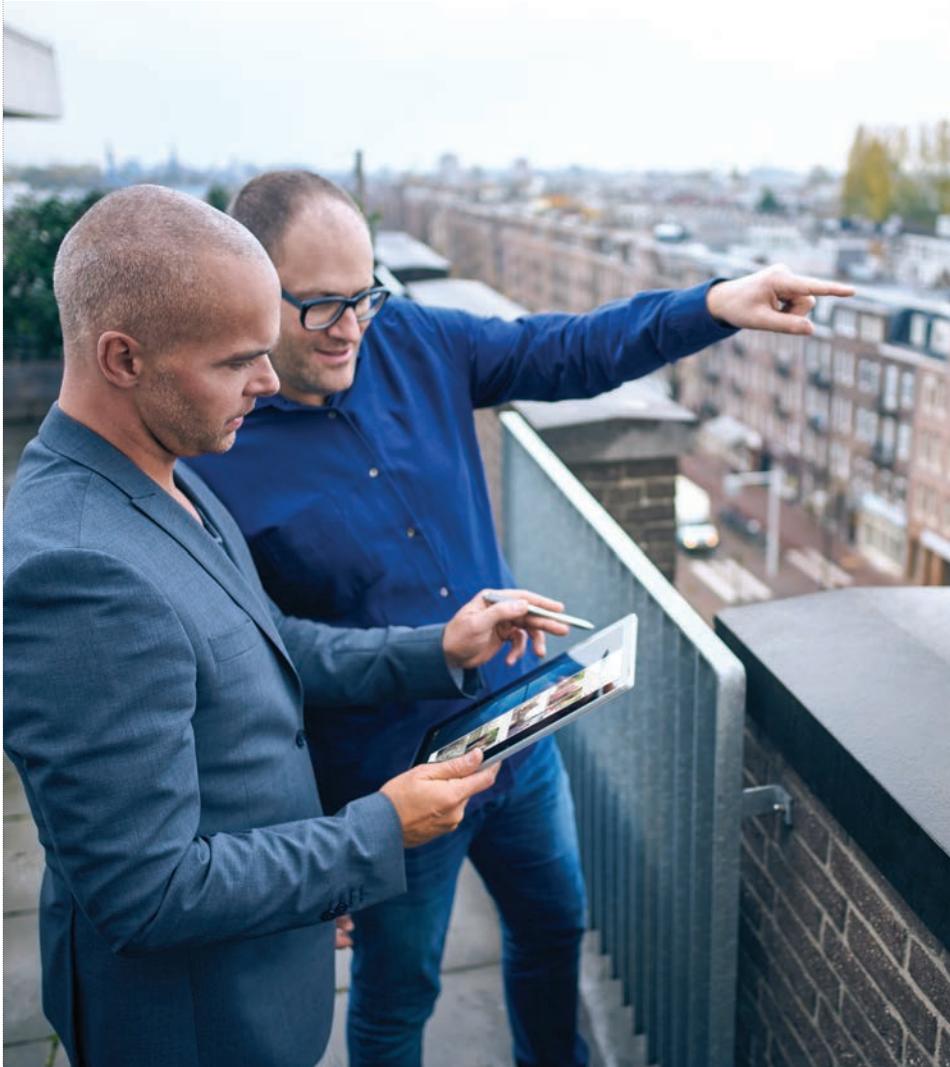
The venture into managed services presents a major transformation imperative for most organizations—requiring significant change management and adaptability. It's important to have a C-level executive sponsor for the transformation program, even after the launch of the business.

A few best practices to keep in mind:

- Treat the managed services business as a separate business unit/revenue stream with its own P&L. As such, it should be tracked separately from the rest of the business in all executive reviews
- Define key success metrics and closely track them in every leadership review. The metrics should be a combination of revenue and adoption statistics.
- Closely track upsell and cross-sell opportunities with other business streams. Answer questions such as "How many professional service deployments are converting to managed services?" or "How many operations projects started with an assessment?"



STEP NINE



Nurture the business

Hiring: What skills do I need?

One of the most important functions of your managed services practice will be supporting customers once their applications and data are firmly in the cloud or sitting in a hybrid deployment. No matter how well a cloud or hybrid environment is planned, provisioned, operated or monitored, problems will arise, and those problems will need to be remedied.

It's your job as an MSP to support to your customers as they deal with outages, breaches, inefficiencies, and other productivity-sucking scenarios. MSPs need to consider the level of support that makes sense for their practice—in terms of resources and revenue—as well as what makes sense to the customers they serve.

Just as your relationship with the customer changes completely when providing managed services, so does your hiring process. When hiring MSP staff, your company should be looking for solution-providers, not just problem-solvers.

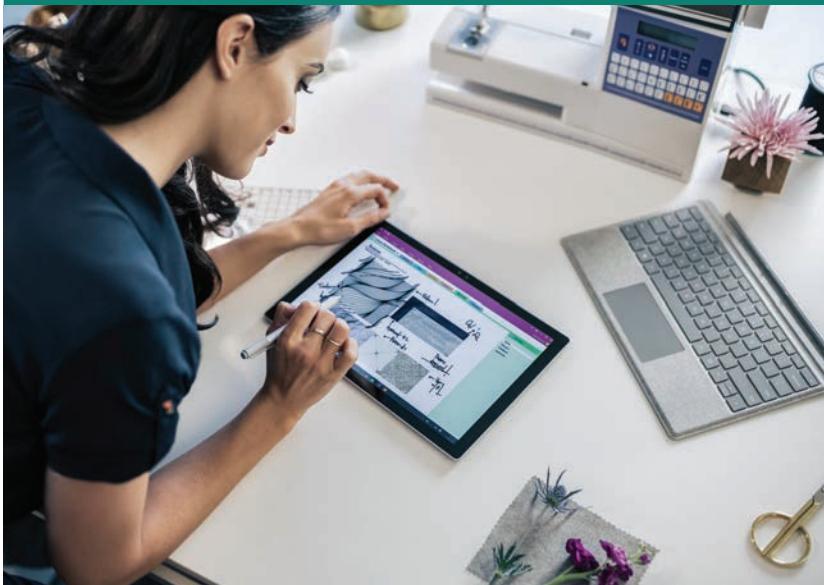
This is not a traditional selling-a-license-then-moving-on-to-the-next-job scenario. Look for employees who know how to build long-term, sustainable relationships with customers, instead of simply looking to fix what's broken and move on.

As an MSP, your focus is no longer on simply finding and selling project work; your staff needs to develop customer relationships and offer tailor-made solutions to help them succeed.



STEP TEN

Differentiate your IP



It's been said moving core infrastructure to the cloud is low-hanging fruit. That's the good news. The bad news? That fruit is hanging low for everyone in the game—including traditional outsourcers that have a big head start in providing these services.

Partners can add more value when they consider their customers' "outcome" goals (uptime, availability, speed) or how the infrastructure is actually being used. Remember that the higher you move your customers in the Microsoft cloud ecosystem, the better experience they're likely to have. For example, if you provide a turnkey solution for customers to easily access the additional services they need—such as monitoring servers, data backup, capacity management, and cost optimization—your customers will see immediate benefits. Making this happen can be as easy as finding another ecosystem partner's products and including them in your solution. And when customers have an outstanding experience, you can charge a premium price that reflects that value.

The bottom line on IP.

- Understand what your customers' uses and goals are for their new cloud infrastructure.
- Design a managed service that adds value based on these goals. Some partners offer IT-department-as-a-service, while others provide custom application-development-as-a-service. Don't limit yourself!
- Consider adding other ecosystem partners' products to add value.

WHAT DOES AN MANAGED SERVICES PRACTICE COST?



Source: Microsoft survey of Cloud MSPs, N=50

The numbers on this page represent the cost to set up a minimally-viable managed services practice that can support 5-10 mid-sized production customers at launch. The numbers are representative for an organization with US-based employees. This information should be used for illustrative and educational purposes only.





HOW TO GROW A MANAGED SERVICES BUSINESS WITH MICROSOFT SOLUTIONS

GO FURTHER. GROW FASTER.

After starting to build your managed services business, what comes next? How do you continue to grow your practice? Well, the most valuable part of a managed services business is right there in the name. Services. We've got a number of solutions and products to help your business optimize its services and better embrace the challenges of the changing landscape. Take full advantage of our products and programs to better develop, market and sell solutions that can increase the profitability of your business.



WHICH MICROSOFT SOLUTIONS ARE AVAILABLE TO MSPs?

There are many to choose from, of course. Here are just a few of the solutions currently in high demand from customers:



Office 365

- A full suite of desktop and mobile apps, email, file storage and sharing, and video conferencing features
- Plans available for businesses of any size, from single-user start-ups to global enterprises



OneDrive

- Makes it easy to manage and share documents from anywhere, on any device, and collaborate in real time
- Enterprise-grade security safeguards content and complies with industry standards



Windows

- Windows 10 is the most secure, stable, and powerful Windows ever
- Enterprise-grade security and control, now available as a flexible, pay-as-you-go subscription



Azure

- Open source, so you can use the skills you already have and the tools you already know
- Enterprise-grade security, privacy, transparency, and disaster recovery



Dynamics 365

- Unifies CRM and ERP capabilities into applications that work seamlessly together across sales, customer service, field service, operations, financials, marketing, and project service automation
- Allows you to start with what you need, then add applications as your business grows



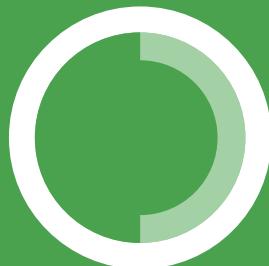
OPPORTUNITIES FOR MANAGED SERVICES PROVIDERS

INTRODUCTION

One of the biggest opportunities for partners is to help customers not only understand the superior functionality of cloud offerings, but also transition to managing their production workloads in the public cloud. Whether your primary business is IT consulting, systems integration, managed IT services, or data center hosting, cloud-based managed services offer a new, higher-margin business line that can deliver a stable, steady stream of recurring revenue.

LIFTING THE CURTAIN ON CLOUD SOLUTIONS

By 2020,
IDC forecasts
cloud spending
will exceed
\$500B.



1.5X

Those partners grow 1.5 times
as fast as their competitors.



2X

Microsoft partners who embrace the cloud—driving at least 50% of their business through the cloud—are twice as profitable.



1.8X

Those partners see 1.8 times as much recurring revenue, i.e., the annuities received as customers continue their cloud subscriptions.

On-prem partners

receive roughly \$3 for every dollar of Microsoft products they sell, while cloud partners receive nearly \$6 for every dollar sold.

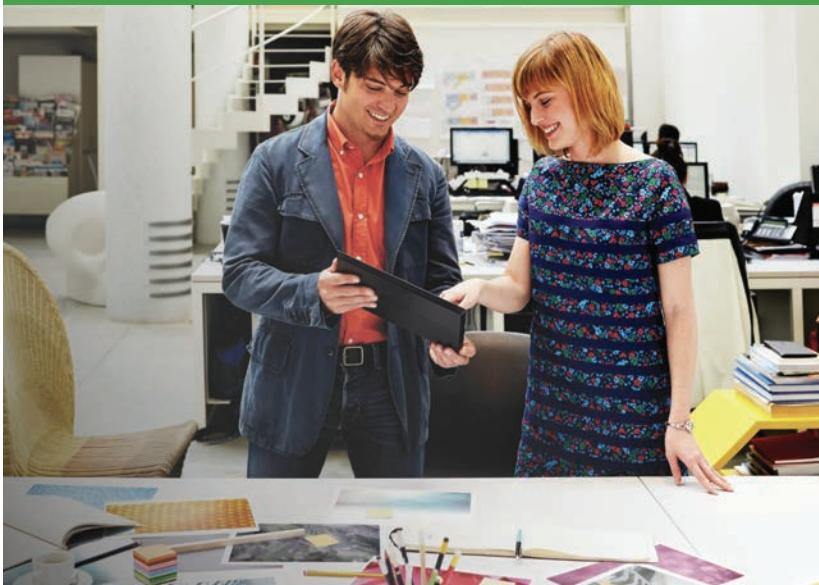
Increased revenue

leads to increased opportunity—for expanding both managed services and IP.



CASE STUDY: BitTitan

BitTitan and the Modern Service Provider



It's no secret the business computing services sector is undergoing tremendous change.

For decades, the status quo has been on-premises installations of business hardware and software, along with an IT staff to manage it.

Even at companies large enough to afford dedicated IT staff, the local expertise runs only so deep. When complex problems arise, it's not unusual for in-house departments to rely on outside (translation: expensive) consulting services.

For smaller companies, the problems are magnified. Imagine, for example, a community medical practice: four physicians, a handful of nurses, and a few technicians and office assistants. Even a relatively minor issue, such as a misbehaving copy machine, can become a major one when there's nobody around to solve it. They rely on a break-and-fix system, with services usually provided by a local "IT guy."

The status quo described here is clumsy, inconsistent, and inefficient. There's no continuity of service, and little or no opportunity for the problem-solver to offer any preventative solutions. Once the customer's immediate problem is solved, it's back to business as usual.

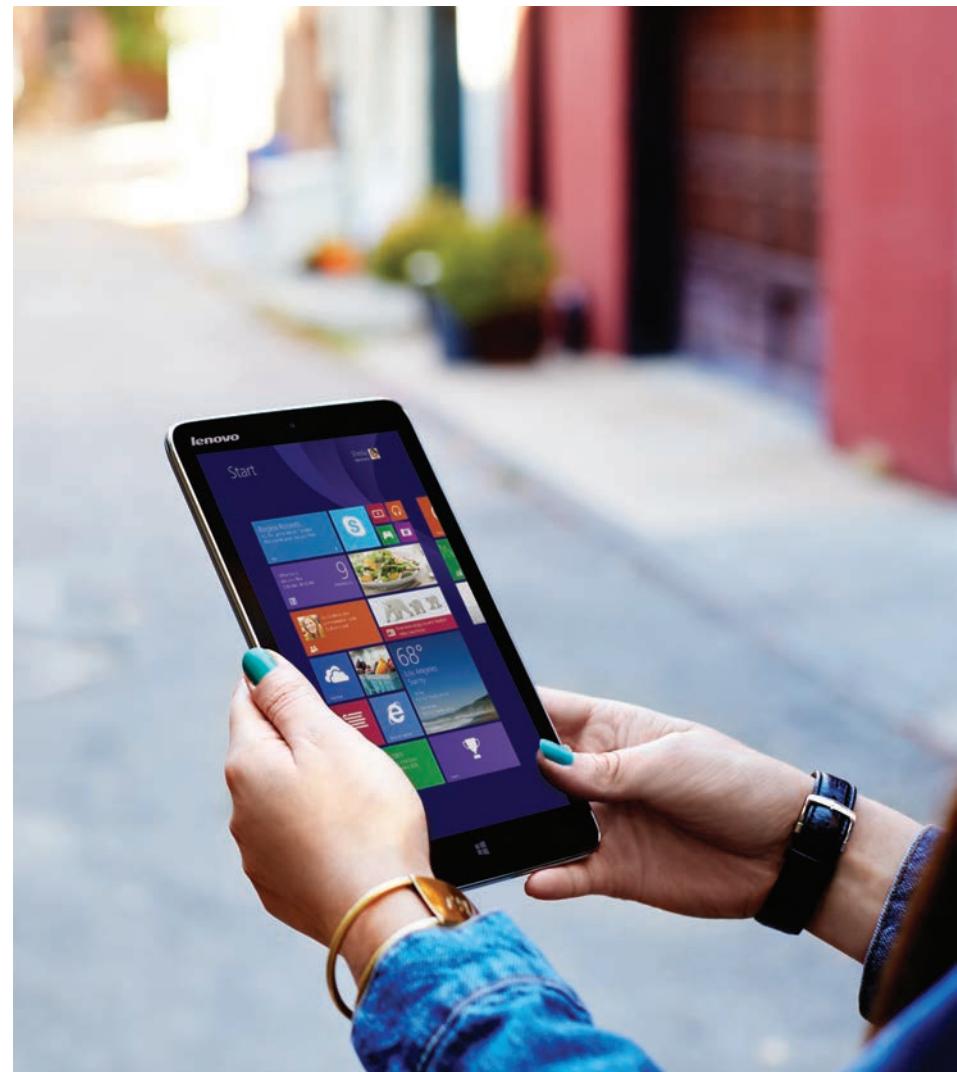
CASE STUDY: BitTitan

But there's a better way. The cloud-computing revolution has opened an enormous chance to abandon the status quo and develop an entirely new IT service opportunity.

Enter BitTitan and its managed service provider platform, MSPComplete, which allows a system integrator to seamlessly transition from problem-solver to full-fledged managed services provider (MSP).

BitTitan defines itself as a "Cloud Services Enablement Provider," focused on implementing the next level of managed services and cloud capabilities to ensure its customers (Microsoft Partners/ITSPs) thrive in this new ecosystem.

BitTitan understood its business was about more than changing up offerings; it's about changing the processes that define a business. The company is now one of best Cloud Services Enablement Provider in the industry—providing tools, education and software to enable customer transition to managed services and beyond.





CASE STUDY: BitTitan

Challenges faced by managed service providers

Traditional IT service providers will struggle across every area of their business.



Selling cloud services requires additional training and specialization that can be time-consuming and costly.



Sales-focused partners lack professional service resources required to provide successful onboarding experience.



System integrators must transform themselves to support the on-going needs of their customers.



Many organizations will need to create new sales team structure and compensation plans to keep pace.



Expanding technical capabilities beyond 1 or 2 specialties (i.e. email) requires a major investment.



Lack of process and infrastructure makes managed service delivery difficult to provide.

THE CLOUD SOLUTION PROVIDER OPPORTUNITY





THE CLOUD SOLUTION PROVIDER (CSP) PROGRAM

INTRODUCTION

CSP provides growth and profit opportunities for all types of partners. There are two ways to participate: Direct and Indirect.

“

With CSP, we have the opportunity to be a trusted advisor in a whole new manner where we can get back to the customer again and again. This has transformed our business with new revenue and service models.

Finn Krushol, CEO, CloudPeople

Selling in CSP helps you transform your business in a way that drives deeper customer engagement, greater profitability and an annuity-based revenue stream. Working within CSP, you can combine high-margin service offerings with Microsoft cloud products and have the ability to provide customer support and billing.

Microsoft partners in CSP can offer managed services not just for Azure, but for all Microsoft cloud services products—including Office 365, EMS, and Dynamics CRM online. These differentiators make it clear that cloud implementation with Microsoft can benefit your business in a big way: you'll not only deepen your customer relationships by unlocking new opportunities, but also develop a more consistent revenue stream than what you'd see in a project-based model.





DIRECT MODEL

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CSP has been a huge business for us. I genuinely give advice to any partner out there that's thinking about it to go ahead and do it. One of the main reasons is that it creates this monthly revenue that is just continually coming in. And again, it's a great story for the client because the client doesn't have to pay for things that they're not using.

Mark Haddad, SADA Systems



What is a direct model?

The direct model requires a robust infrastructure to enable end-to-end ownership of the customer relationship.

Is the direct model right for me?

The CSP direct model is great if you have the necessary infrastructure in place. If your business meets the requirements in the checklist below, you're probably ready to go.

REQUIREMENT CHECKLIST:

1. Services business model
2. Customer support infrastructure
3. Customer billing and invoicing capabilities
4. Ability to scale



INDIRECT MODEL

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Our business chose the indirect route because we were hungry. We wanted to go quick and fast and get into that market and start delivering cloud solutions. It was less investment for us, it meant we'd get to the market quicker, and we decided to embrace that model. We wanted to bring it into an IT as a service model that we could deliver in a flexible monthly—if not daily—model then, as well. And that's what we did.

Eamon Moore, EMIT Solutions

What is an indirect model?

The indirect model offers the opportunity to work with partners who can provide the tools and resources necessary to manage your customer relationship. Under the Indirect model, you purchase from an indirect provider who can collaborate with you for customer support and billing.

Who is the indirect model for?

This model is great for partners who would like to focus on strengthening their cloud service offerings and invest more gradually in support and billing capabilities.

THE FIVE KEY QUESTIONS EVERY PARTNER SHOULD ASK:

1. How do I differentiate myself using CSP?
2. How do I add value to drive more revenue and profitability when building on top of Microsoft services?
3. How do I handle billing since I'm handling those annuities?
4. How do I handle support because you are responsible for that part of the equation?
5. How can I participate?