Define Your Solution

This guide accompanies the broader Cloud Practice Development Playbooks. For more information on these playbooks or to download the full versions, please visit **aka.ms/practiceplaybooks**

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Define and Design the Solution Offer

Defining Your Value Proposition

Your value proposition is what gets customers excited to do business with you. It enables them to match their needs with your services — ideally, in a way that differentiates you from the competition.

Microsoft has created a streamlined process for defining your value proposition as a part of the Microsoft Partner Crossover program. In short, defining your value proposition amounts to building a single phrase from these components:

FOR...	Customers, companies, decisions makers
WHO...	Needs or problems to solve
OUR SOLUTION...	Short phrase that describes the solution
DOES/INCLUDES...	What is the solution (seen by the customer)
AND ENABLES TO...	Benefits for the customers
UNLIKE...	Direct and indirect competition
THANKS TO...	Killer feature / Company top strength

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FOR: Define the target audience of your value proposition. Who would see the value? These are the profiles of your target customers and companies, and the decision makers within those companies. Try to make these definitions succinct and precise but avoid making them too generic. For example, you might say, "Companies between 50 to 100 employees," instead of just "SMB". Also, note that the customer may have as many as three different roles. The customer can be the one who uses your service, the one who decides on selecting your services, and the one who pays for your service. Sometimes all three roles are owned by one person, but sometimes the roles are spread across two or three people.

WHO: Describe the specific business process you want to help. This is the customer's need. Examples of this include, "improve sales conversation rate," or "spend less time getting to sales insights."

OUR SOLUTION: Describe the solution you are offering to your customer. It is critical that this is simple to understand and succinct. The easier it is for prospects to understand your solution, the faster you will sell it, and the lower your cost of sales will be. For example, "A full dashboard service to provide your topmost business indicators in real-time." In defining your solution, avoid being too generic (e.g., "a service to increase your productivity") or too feature-centric (e.g., "an HTML5 dashboard powered by AJAX").

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DOES/INCLUDES: Describe the features as the customer sees them, not as you have designed them. For example, "a globally accessible solution with advanced collaboration features" as opposed to "a digital workplace that powers the experience with external compute in datacenters hosted in 23 regions." Focus on the most important features and use terms that your customers are familiar with from their particular industry.

AND ENABLES: Highlight the benefits of your solution. For an emerging market, the benefit should highlight the process improvement. For a mature market, consider highlighting the competitive advantage it provides the customer. For example, "no upfront investment", "free up your IT resources to focus on your core business," and "flexible and scalable solution that grows with your business."

UNLIKE: Describe what the competition is doing and why your solution is the best one. For example, "undisputed leader in TPC-H performance," or "a fraction of the cost of most standard analytic solutions with the fastest learning curve."

THANKS TO: Describe the "killer feature," or that one tangible argument a customer can use to justify the purchase of your product that does not apply to any of your competitors. Examples of such differentiators include: "delivered via a Microsoft Gold Certified Partner in cloud," or "the only solution to operate 100-percent in-country."

HERE IS AN EXAMPLE OF A COMPLETED VALUE PROPOSITION PHRASE:

FOR...	Companies between 50–100 employees, Business services/Fast growing, CEO/MD/CFO
WHO...	Make sure their team is equipped with the right IT equipment, Focus on their core business
OUR SOLUTION...	All-in Digital Workplace service for employee
DOES/INCLUDES...	IT device, O365, integration, training, support for 79$/m/user
AND ENABLES TO...	No upfront charge, one-stop-shopping, evolution
UNLIKE...	Buying fragmented solutions with a big upfront fee to buy the equipment and fund integration services
THANKS TO...	Exclusive 24/7 services / Microsoft Gold Certification

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Take the time to create your one-phrase value proposition; it sits at the core for your solution offer.

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Define Your Solution Offer

A solution offer is how you package your value proposition.

You determine what it is you think customers will buy and balance that with how selling that offer is good for your business. The key here is to think through this offer in advance of a customer need.

Most service providers sell using a demand-based approach. That means they are like the clothes tailor who makes every clothing article on-demand and custom to each individual customer need. What you want to do is evolve this into an offer-based approach. In contrast to the tailor, in the offer-based approach, you have an inventory of jackets you can offer to customers that meets their needs directly or with minimal adjustment. To switch from a demand-based approach to an offer-based approach, it is critical to think of your services as a product. This solution offer includes the unique value you have defined in your value proposition, the services included, and the way you price the benefits available to your customer. The key is that this solution offer is a standard offering — it is the same offer you can make to every customer.

Why is the way you package a solution offer important? First, because most customers are now shopping for their solutions and making significant decisions before they even talk to a salesperson. A well-defined solution offer can turn a lead into a qualified prospect, or even a customer, without any active intervention on your part. A lack of a solution offer, wherein the lead needs to talk to a

salesperson first, may mean the customer keeps searching and gravitates towards vendors that do provide a solution offer that meets the customer needs. Second, this packaging is important because the potential market for tailor-made offers is significantly smaller (e.g., 10% of the market) than those for ready-made offers (which may represent 90% of the market). Third, by packaging your solution offer in advance, it means your pre-sale effort is done exactly once — you don't need to repeat it for every prospect. Fourth, because statistics show that the average gross margins for packaged IP (like those that capture in a well-defined solution offer) can take project services margins from 15% to over 45%.

Services Offered

Project services lead IT revenue and are the most commonly offered solutions to customers across all four cloud-based practices.

IP Services are the least commonly offered to customers; nearly half do not offer IP services across all 4 practices.

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Vertical Offerings

## Consider Verticalizing Your Solution Offer

Through our research we found that a key best practice among top performing partners is that they are targeting industries or verticals as a part of their go to market strategy. The following are examples of these types of specialization:

- Vertical specialization: manufacturing, banking, retail
- Functional process specialization: accounting, human resources, marketing campaign management
- Technology specialization: systems management, analytics, enterprise resource planning

Think about it this way, if there is lack of differentiation in the market owing to approaches like verticalization, then price becomes primary differentiator between you and your competition. This can erode your margins and trap you in a business they can't afford to invest in as prices race to the bottom to win customers.

Once you have a identified a primary vertical or set of verticals to focus on, it will be important for you to establish your company as an expert in your the selected areas. This can be achieved through the hiring of subject matter experts, attendance and participation in industry events and online forums, blogging about the chosen topic, sharing customers stories oriented to each vertical and creating content that speaks to the specific needs of customers in each vertical. You can also focus on a specific technology or be known as an early adopter and technology leader. But the real value comes from IP or expertise in an industry, vertical or business process. The combination of adding IP to a vertical or business process expertise makes that advantage even more powerful. For additional ideas see the Differentiate to Stand Out eBook.

2018 Top 10 Vertical Industries Worldwide Commercial IT Spending ($B)
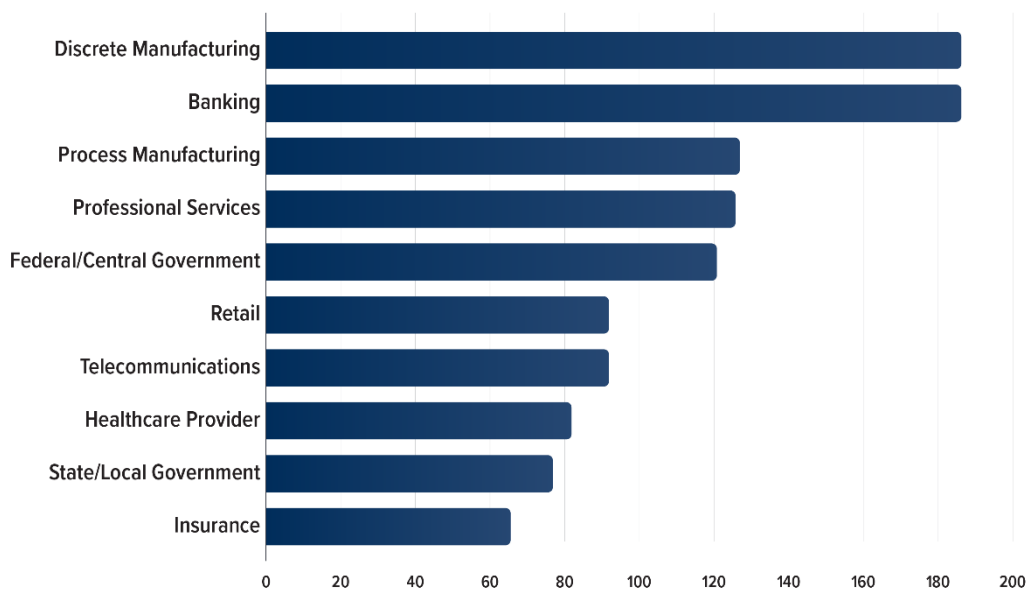
Source: IDC Worldwide Semiannual ICT Spending Guide: Industry and Company Size, H2 2017

Our research with partners suggest mastering one specialization before adding additional ones. We understand that it is easy to be distracted, by saying "yes" to every request, and by diversifying into too many offerings. But in the long run, it is better to say "no" to those projects that are outside of your focus. Partners have shown benefit from having a strict focus on one key solution and growing by expanding one vertical at a time.

Identify Partnership Opportunities

Partner to Partner

Facilitate growth opportunities and fill solution and talent gaps through partnerships

Learning how to develop successful partnerships with others in the Microsoft Partner ecosystem can drive efficiencies, revenue and profits. Digital transformation is changing the way partners approach their marketplaces. It requires the delivery of integrated solutions to address unique customer needs, the capacity to scale and reduce the cost of selling into new markets.

Partnering together successfully starts with defining your value as a business and your goals. That means answering questions such as: What's your mission statement regarding partnerships? How will your partners benefit from and monetize the solutions you provide? What gaps do you have in your offerings that could be filled by strategic partners? What steps do you need to take to engage with partners in a structured way?

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PARTNER-TO-PARTNER SUCCESS FORMULA

To help our partners capture these opportunities, Microsoft has collected the strategies, best practices, and resources for successful partner-to-partner (P2P) collaboration. The partnering success formula is a three-stage framework for establishing and managing effective partnerships:

See the full partnering success formula here: https://aka.ms/p2pguide.

- **Ready –** At this stage you are laying the groundwork for P2P success, defining the value of a partner and your value as a strategic partner. This is where you assess your investment, value chain, solution and talent gaps, and go-to-market partnering plan.
- **Connect –** This is where you identify and win strategic partners, go to market together and effectively manage the partnership. You'll get more granular at this stage on how to sell and close deals, with an understanding of how you will review the business.
- **Grow –** Maximizing the partner opportunity means constantly pushing for better results and seeking new and better partnerships to drive deeper penetration in your existing customer base and expand the customer base with joint offerings and investments. You're executing joint marketing strategies to expand market reach, generate leads, and increase customer loyalty and retention.

THE ISV + CHANNEL-BASED MSP COMBINATION

With a little help from a channel-based MSP, an ISV partner can earn greater reach for its IP solutions. Likewise, a partnership with an ISV can lead to an expanded partner channel for channel-based MSPs. Some partner combinations meld together well to create success. To help you find the right mix, here's a partner recipe for success we know works.

ACCELERATING DIGITAL TRANSFORMATION

The pace of change impacts how you partner and add value. New business models, subscription pricing, and resource gaps make partnering essential to scale and respond to these conditions. Microsoft has linked up its network of partners, making it possible to access the greater partner ecosystem, reduce the cost of selling, increase efficiency and solution delivery, and drive profits.

See the Partner-to-Partner Playbook for more details.