Microsoft Business Applications

Practice Development Playbook

Microsoft

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About this Playbook

This playbook is intended for the business and technical leadership of companies that are exploring or growing a Microsoft Business Applications practice.

Objectives

The goal of this playbook is to help new or existing Microsoft partners develop offerings around Microsoft Business Applications, whether as a foundation to a new Microsoft Business Applications practice or a way to accelerate the growth of an existing Microsoft Business Applications or Microsoft Dynamics practice. The contents will help you plan for and build a new practice area quickly and with minimal risk, using experiences and best practices gathered from Microsoft Business Applications partners of all sizes from around the world.

For the business focused individuals in your organization, this playbook provides valuable resources for driving new revenue opportunities, developing strategies for marketing, selling, and lead capture, and building deeper and longer-term engagements with your customers through potential new one time and recurring services offerings.

For the technical individuals in your organization, the playbook offers guidance on a number of topics that range from the skills your technical team members will need, to resources you can use to accelerate learning. It also identifies key opportunities for both your technical delivery teams and your product development teams to focus on to ensure your business practice expands and grows.

CONTRIBUTING PARTNERS	
Avtex	Sable 37
EBECS	Soppris – Matt
Hitachi	Sunrise John Pense
Power Objects	Velrada

NOTE: Many Microsoft Dynamics partners have assisted in the creation of this playbook, offering practical examples of best practices and recommendations. These are instructive examples and not meant to be exclusive.

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Partner Practice Development Framework

The partner practice development framework defines how to take a business application practice from concept to growth in five stages. It is the foundation of this playbook, and each phase of the framework is covered in a dedicated chapter.

Define Strategy	Define your offer, benchmark your practice, and identify required resources.
Hire & Train	Hire talent, train resources, and complete certifications.
Operationalize	Prepare for launch with systems, tools, and process in place.
Go to Market & Close Deals	Execute your sales and marketing strategy to find your first customers, and close deals with winning proposals.
Optimize & Grow	Collect feedback, identify expansion opportunities, optimize your practice, grow partnerships, and refine your offer.

The Opportunity in Business Applications

Digital services are transforming the way businesses operate. Organizations can easily empower employees with information to make them more successful, personalized customer experiences can influence buying behaviors like never before, and billions of connected devices can help redefine control of business processes.

Organizations embracing digital transformation generate an average of $100 million (or 8%) more operating income each year than those who lag behind.

So, it's comes as little surprise that 86% of CEO's believe that technology will change their business more than any other trend in the next 5 years (PWC CEO Survey).

But digital transformation is not simply about technology — it's a business strategy that requires leaders to re-envision existing business models and embrace a different way of bringing together people, data, and processes to create value for their customers and capture new opportunities for their organizations.

Digital transformation impacts how you:

- Engage your customers
- Empower your employees
- Optimize your operations
- Transform your products

Intelligent business applications are the enabler of Digital Transformation. They provide the means for organizations to grow, evolve and meet the changing needs of customers, as well as capture new business opportunities.

Gartner identified Intelligent Apps and Analytics as one of the top technology trends for 2018, second only to AI.

Gartner predicts that new intelligent solutions will change the way people interact with systems and transform the way they work. By 2022, 70% of customer interactions will involve an emerging technology such as machine learning applications, chatbots or mobile messaging, up from 15% in 2018."

Data is the new currency

This significant demand for intelligent business applications as the core driver of transformation is primarily caused by the vast amounts of data relating to people (employees), products (operations and telemetry) and customer (signals) we have available. Data is everywhere and is driving a dramatic change to our business environment with three dominant themes emerging:

CUSTOMER ENGAGEMENT IS EVOLVING

- Everyone is mobile, and they want to access more information, quicker.
- People trust opinions from their friends and peers more than they trust brands.
- It's easier than ever to switch to a competitor.
- 57% of the purchase decision is complete before a customer even calls a supplier. (CEB)
- 67% of the buyer's journey is now done digitally. (SiriusDecisions)
- By 2020, customer experience will overtake price and product as the key brand differentiator. (Walker Information)

PRODUCTIVITY IS CRITICAL FOR BUSINESSES TO SCALE

- Resources are limited; productivity is the way to scale.
- 40% of a worker's productive time is lost when switching tasks. (APA.org)
- Productivity tools can be embedded directly into business processes to save time and increase productivity.
- IHS predicts 80 billion connected IoT devices in operation by 2025. (IHS)

A NEW SPEED OF BUSINESS

- New technology is not only enabling new business models, it's doing so at a much faster rate than ever before.
- People and processes need to respond quickly to changes in the market.

Why Microsoft?

There are many business application providers in the marketplace today. What makes a practice based on the Microsoft platform, a compelling proposition for partners?

For many of our partners, the breadth and flexibility of the Microsoft platform – spanning workplace productivity and business intelligence solutions as well as IoT, AI, data and cloud platforms, enables them to address complex, customized business scenarios better than off-the-shelf applications.

This translates not only to higher customer satisfaction and a "stickier" solution that offers the potential of a longer-term relationship with the customer. It also means a broader range of revenue opportunities in deployment services, custom IP development, and managed services than a practice focused on deploying off-the-shelf solutions typically provides.

DIFFERENTIATORS

Microsoft Business Applications enable you to create market-leading solutions that uniquely meet the business needs of your customers using an innovative platform for modern, unified, adaptable, and intelligent applications. Our solutions help you:

Lead with Innovation

- **Modular approach** helps you take advantage of multiple entry points and solve business problems without requiring the customer to do a full replacement of existing technologies
- **Common data service and built-in AI and business intelligence** increase customer satisfaction and ease of use
- **Integration with powerful Microsoft technologies** like LinkedIn, Office 365, and Azure improve business productivity, insights, security, and application development

Build on your strengths

- **Take full advantage of your expertise** in Microsoft integration and industry solutions
- **Lower the risk of launching new solutions and services** by leveraging strong stable of Microsoft incentives and resources

Broaden your reach

- **Reach more potential customers** with Microsoft's sales engines
- **Gain access to new markets** with extensive peer-to-peer partner ecosystem combined with industry-leading sales and go-to-market support
- **Derive more value from long-term relationships** enabled by solutions that lend themselves to "stair step" sales

Driving Revenue with Microsoft Business Applications

You have multiple opportunities to drive revenue by selling and deploying Microsoft Business Applications. These include reselling Microsoft software licenses, monetizing your vertical domain expertise in the form of customized industry applications, and providing related deployment services. Increasingly there is an opportunity today to offer specialized value-add consulting services and digital transformation guidance and consulting.

To exploit these opportunities, it is helpful to understand the high-level process for delivering business solutions. The high-level process is as follows:

ENVISION BUSINESS IMPROVEMENT

The first revenue opportunity available to you is to help your customers envision what is possible. Define where they can see the most potential for cost savings or greatest opportunities for increased revenue from improving their current business processes. They are busy running their business and do not know the benefits and gains possible from leveraging technology as a competitive differentiator. You are experts in technology and can help your customers define a vision of what cloud tranformation can mean in terms of business impact and customer perspective.

Help them create a roadmap where business applications become an essential part of their daily operations. Explain the significant benefits they can reap as a result in investing in business applications, a cloud strategy, and improved processes.

IMPLEMENT BUSINESS PROCESS IMPROVEMENT

The second revenue opportunity is in helping your customers map their current inefficient, manual, or inconsistent business processes and define new, improved ,and optimized processes which reduce their costs and increase their ability to better serve their customers, leading to increased revenue.

DEPLOY THE BUSINESS SOLUTION

The third revenue opportunity comes from helping customers get their business solution into production. Your services should NOT stop at helping implement the solution. The real opportunity lies in helping with change management, optimization, and identifying the next broken business process that can benefit from improvement.

In speaking with partners, we found that generating revenue from business applications does not just stem from traditional, increasingly commoditized technical services such as customization, configuration, integration, and technical support, but from leveraging industry specific business process knowledge and expertise. Adding value to customers today requires not only being experts in technology, but also specializing and focusing on understanding the unique and specific issues, challenges, and business processes within a specific vertical industry. Value comes from learning how to optimize these unique business process across multiple environments over and over again.

EXTEND AND EXPAND THE BREADTH OF THE SOLUTION

Once you have deployed an initial solution in one area of the customer's business, the next opportunity includes leveraging this success and proven return on investment to identify and target the next obvious and logical business process or workload area to automate or optimize.

Providing post deployment optimization services are critical and will allow you to measure, monitor, and ensure you provide value to the customer. Optimization is critical to increase stickiness and reduce churn rates.

Additional license revenue is possible in this stage as you can leverage and resell targeted ISV products to solve additional workload-related problems or sell your own proprietary solutions designed to fill the gap.

The next generation of service opportunities include moving beyond improving operating inefficiencies, cutting costs, or simply automating manual processes. Expand the vision from collecting and reporting on historical data and instead focus on gaining intelligence and knowledge. Significant add-on opportunities lie in event-based marketing, social listening, predictive sales and marketing analytics, and intelligent customer behavior forecasting.

Define Your Strategy

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Top 5 things to do

Here are the top 5 things you should absolutely do when defining your business practice strategy.

- ☑ Design your solution offer
- ☑ Identify the products you will need
- ☑ Understand the roles you need to staff
- ☑ Define your pricing strategy
- ☑ Develop your engagement process

Define Your Practice Focus

Through your Microsoft business application practice, you can help your customers by creating and deploying innovative business solutions that reduce costs, streamline business processes, scale and grow their business, better meet customer demands, attract and keep talent, offer high quality service, and gain a competitive advantage in their industry.

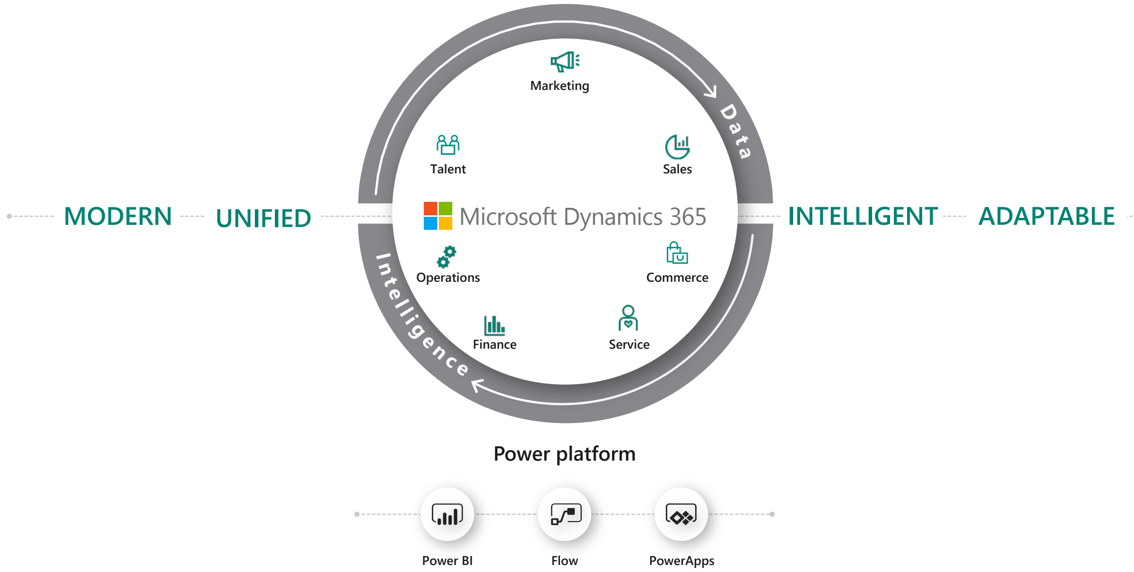
In order to compete effectively in the business application market today, partners need to choose an area of specialty and core competency, identifying key target market segments to focus on in which they have a competitive advantage.

The barriers to entry to a business application practice are high in terms of skills and expertise. Customers are increasingly seeking out a technology partner that has deep knowledge in not only technology, but also their specific industry or in resolving their specific business issue. A crucial factor to success in the business applications market is to have deep domain expertise. Gaining this expertise requires focus and competency building.

Choose a Practice area

Microsoft Business Applications allow you to provide adaptable, scalable solutions that help customers digitally transform their processes – and create new potential revenue streams. Dynamic, cloud-based solutions make it easier to efficiently deliver the customized solutions that businesses need. Regardless of which practice area you focus on, all products in the Microsoft Business Application portfolio feature:

- **Integration with existing Microsoft applications:** Microsoft makes it easier to enter new markets using Microsoft development and management tools that you and your customers already know – including products in the Microsoft Business Applications ecosystem, Office, Cortana, Azure, and more.
- **Extensibility:** Modular, highly customizable apps built on a unified platform of common data services, AI, and business intelligence help you differentiate your offerings.
- **Power of the Microsoft cloud:** The industry's most trusted cloud, with more than 70 security compliance certifications, and more regions that any other cloud provider.



Because our solutions are modular, you can choose easily align your solution to the needs of your customer – without forcing them to implementation timelines required by monolithic ERP or CRM solutions. Microsoft Business Applications include:

Dynamics 365 Business Central	Take your SMB clients beyond the basics of accounting software with an all-in-one, easy-to-use business management solution that helps connect their business and enables smarter decision-making.
Dynamics 365 for Customer Service	Help your clients earn customers for life with built-in intelligence that delivers faster, more personalized service and adds value to every interaction across all channels.
Dynamics 365 for Field Service	Empower your clients to deliver seamless, end-to-end service experiences. Use built-in intelligence to resolve service issues before they occur, reduce operational costs, and deliver positive on-site experiences.
Dynamics 365 for Finance and Operations	Enable clients to adapt quickly to changing market demands and drive business growth by unifying global financials and operations for faster, more informed decisions.
Dynamics 365 for Marketing	Transform the way clients find and nurture more sales-ready leads by moving beyond basic email marketing. Connect sales and marketing, automate processes, and make smarter decisions to maximize their marketing ROI.
Dynamics 365 for Retail	Empower retail clients to create exceptional, insightful shopping experiences with unified digital, in-store, and back office operations that personalize customer engagement and increase employee productivity.
Dynamics 365 for Sales	Move clients beyond sales force automation (SFA) to better understand customer needs, engage more effectively, and win more deals.
Dynamics 365 for Talent	Give HR teams and people managers the tools they need to land, develop, and retain top candidates.
Microsoft Power Platform	Empower customers to build innovative and visually stunning apps that drive business results using one connected app platform.

When determining what Microsoft Business Applications practice to develop, it is important to focus on an area that leverages your internal expertise while also targeting a business pain that will translate well across your target market. Some of the biggest opportunities for partners are around solving the following challenges.

ERP MODERNIZATION

There are many existing Microsoft Dynamics AX customers and customers with legacy ERP systems or homegrown applications who are looking to modernize and to move to the cloud. Their existing on-premises systems have limited flexibility to add new features without expensive, time consuming custom coding and big infrastructure investments that can make them slow to respond to market opportunities. Deploying system-wide updates and maintenance is expensive for these solutions, which can create system vulnerabilities and increase organizational security risk.

Microsoft Dynamics for Finance & Operations provides an exceptional opportunity to solve problems associated with legacy ERP systems. Comprehensive, highly adaptable technology helps people make smarter decisions, redesign business processes, and fuel business growth.

Key ERP Modernization Capabilities	Customer Benefits
• **Data migration** for Dynamics AX 2009 and 2012 R2 customers • **Data upgrade** for Dynamics AX 2012 R3 customers • **Unify data from across the organization** in the cloud • Leverage **role-based dashboards** that deliver robust financial intelligence and embedded real-time analytics • **Optimize manufacturing operations** and inventory flows with advanced warehouse and logistics management • **New end-user experience** and **out-of-the-box functionality** • Greater **platform elasticity** and **deployment flexibility** • **Actionable intelligence** driven by artificial intelligence and machine learning	• **Flexible deployment options** through the cloud. Easy to add and distribute new capabilities faster with lower investment. • **Easily expand into new markets** by copying an existing company system as a template to setup a new company. • **Easily integrate and onboard** newly acquired businesses. • **Eliminate hardware costs** and get predictable implementations across the organization to reduce the cost of maintaining data centers. • **Free up team** to focus on more strategic work (opposed to managing hardware). • **Ensure security and compliance** with built-in HA/DR capabilities, unified data, and easily deployed updates. • **Greater visibility into operations** with faster reporting.

ERP SURROUND AND REPLACE

Customers can have legacy ERP systems like SAP or Oracle deployed broadly that don't meet specific business requirements of subsidiaries or departments. In these cases, a line of business may be looking for a specific solution – such as expense invoicing in finance or shop floor operations in manufacturing plants – that is simply not possible, or too complex or costly, to implement with the established vendor solution. Building out new required features in these systems can be a lengthy process requiring custom coding, and data is often disconnected and difficult to access. Organizations may also face the added challenge of legacy systems coming to the end of their product support lifecycle.

Customers using another ERP system can leverage Microsoft Dynamics 365 as a "second-tier ERP" to run specific workloads, helping to make their systems more efficient, flexible, scalable, and secure. Implementing this tiered approach will reduce the time and cost of custom development by using and adapting our built-in services and functionality.

ERP Surround and Replace Use Cases	Customer Benefits
• Adding new capabilities to existing ERP • Consolidating consumer applications • Deploying mobile expense reporting applications • Expanding into new markets or geos • Adding new sites or offices • Phased migration to the cloud • Consolidating or replacing an aging system • Acquiring a new business or merging units • Divesting a business unit or subsidiary • Adding sales force automation capabilities • Consolidating case management applications • Meeting regulatory requirements	• Add value through new capabilities and reduction of customization needs. • Become more nimble and adaptable to change with modern system. • Consolidate multiple systems and workloads into a single cloud-based system that connects to the Core ERP system. • Simplify systems operations and management and reduce storage costs with data consolidation. • Eliminate hardware and management costs. Convert CAPEX to OPEX and improve cash flow. • Ensure that the latest features and security updates are always installed. • Eliminate the need for maintaining unsupported, end-of-life products.

MODERN STORE EXPERIENCE

Retail customers are looking for ways to improve their customer purchasing experience. A lack of integrated systems gives them limited ability to offer a cohesive experience for receiving or fulfilling orders across multiple channels. Cross-sell and up-sell opportunities are missed without tools to make intelligent product recommendations, and complex, hard-to-use systems limit customer face time. For inventory management, lack of unified data means limited visibility into availability and poor forecasting.

By modernizing their in-store experience, partners can provide clients with a way to overcome these business challenges. Dynamics 365 for Retail enables partners to offer personal, seamless, and differentiated digital and in-store experiences. It improves retail performance by providing the flexibility and choice that customers want, along with advanced analytics for personalized product recommendations and inventory optimization.

Key Modern Store Experience Capabilities	Customer Benefits
• **Unified solution with a single commerce engine**; retailers can provide true **omni-channel support** to customers, receiving and fulfilling orders on nearly any channel. • **Product recommendation engine** and advanced analytics tools help provide personalized product recommendations. • **Consumer history data** allows you to identify products and services that meet customer needs pre-purchase and offer support before they ask. • **Easy-to-use POS**, integrations with familiar tools—like Office 365—and role-based dashboards help streamline operations and improve collaboration. • **Automation and business intelligence dashboards** that manage reports, scheduling, time tracking, and sales help improve operations. • **Centralized store management and multi-site warehouse management** make it easier to manage inventory, while advanced analytics improve demand forecasting. • **Inventory management** enables data-driven decisions for optimizing merchandising, inventory, and fulfillment.	• **Foster brand loyalty** by enabling frictionless, omni-channel customer experiences. • **Increase conversion rates** with personalized, powerful customer engagement tools. • **Simplify daily store operations** by easily managing shifts, reports, inventory and more in a single app with role-tailored layouts. • **Strengthen strategic planning and merchandizing** with cross-channel analytics and optimized pricing and promotions. • **Build a more cost-effective, collaborative supply chain** through integrated inventory and supply chain management. • **Unify business processes across channels** to gain a holistic understanding of customer activity and increase marketing ROI.

RELATIONSHIP SELLING

Businesses are looking to build stronger, more holistic customer/seller relationships by bringing together data from multiple sources, with the intelligence necessary to make sense of it all. Sellers often miss key decision-makers or influencers when they focus on a single champion, which can delay or lose deals. At the same time, it is extremely hard to maintain and manage personal relationships with all buyers at scale. Without providing consistent insights over time, sellers can also be perceived as adding little value, which can erode trust and credibility.

Microsoft Business Applications can foster stronger relationships with buyers through authentic and personal engagement . Relationship Selling unifies data from multiple sources – including Dynamics 365 for Sales, LinkedIn Sales Navigator, and Dynamics 365 AI for Sales – to empower modern sellers to find the right decision-makers, offer recommendations based on actual customer needs, and build personalized one-on-one relationships at scale.

Key Relationship Selling Capabilities	Customer Benefits
• **Predictive lead scoring** identifies leads that are most likely to convert. • **LinkedIn Sales Navigator integration** allows you to go deeper into the buying team's structure and build multiple relationships. • **Identification of key decision-makers** from over 500 million LinkedIn members with guidance on the best way to reach buyers, including introductions from colleagues. • A **data-driven relationship health score** provides insight into relationship strength. • **Data from social sources**—including LinkedIn—helps pinpoint buyer interests and create personalized content. • **Data synchronization** across Sales Navigator, Dynamics 365, and Office 365 provides a single view of the buyer. • **Recommended next best actions** based on customer interaction data to help build relationships	• **Get a single view of the buyer** with unified data from across multiple data sources, including LinkedIn, customer engagement data points, and productivity data from Office 365. • **Focus on the right customers** with predictive lead scoring. • **Identify the right buyers** and team members who have existing relationships with prospects through LinkedIn. • **Get suggestions for relevant content** based on what your buyers are sharing and discussing on social media. • **Transform sales and streamline your sales processes** with AI-based insights, embedded email intelligence and tracking, and recommended next best actions.

MODERN SALES PRODUCTIVITY

Many customers are looking for ways to manage small or simple sales teams and modernize their existing sales processes to increase seller productivity. Without a solution in place, they find that sellers have little insight into which leads they should focus on or how to approach new accounts. Sales reps are too busy with day-to-day tasks and not spending enough time meeting with customers. Because sellers lack visibility into customer accounts, sales interactions are not personalized, leading to poor customer experience and engagement.

Microsoft Dynamics 365 for Sales enables sellers to spend less time on busy work and more time with customers, leading to more deals, higher revenue, and happier customers. By seamlessly connecting sales force automation with Office 365 and LinkedIn, sales reps can better manage leads, accelerate deals with immersive opportunity management, and increase collaboration and productivity.

Key Modern Sales Productivity Capabilities	Customer Benefits
• **Predictive lead scoring** helps sellers identify the leads that are most likely to convert. • **LinkedIn Sales Navigator integration** goes deeper into the buying team's structure to build multiple relationships. • **Actionable insights** like lead score and pipeline health built with intelligent, AI-driven analytics help improve close rates. • **Integrations with familiar tools**—including Office 365—unifies data through the cloud and makes it easier to close business. • **Seller collaboration on sales documents** and the ability to stay connected to deal conversations makes selling more efficient. • **Unified customer profiles** and "next best action" guidance in the role-based dashboard help sellers provide better, more personal experiences for their customers. • **Holistic view of the customer's interaction history** provides context and knowledge necessary to personalize every interaction with buyers.	• Provide sellers with **actionable insights** like lead score and relationship health based on intelligence. • **Strengthen relationships** by helping sellers be relevant with up to the moment data and insights from Office 365, LinkedIn, and Dynamics 365. • **Optimize productivity** by transforming from data entry to guiding sellers to the next best action to take with the customer. • Prioritize your pipeline and **accelerate success** with real-time analytics and predictive intelligence. • **Onboard new sellers** and motivate everyone on your team to achieve goals with gamification.

CONNECTED FIELD SERVICE

Businesses are looking for ways to provide clients with more efficient, on-time customer experiences. With artificial intelligence and IoT, field service can become more innovative and offer new business models that move it from a cost center to a profit center. Field service techs relying on less modern solutions find they often lack the tools and information necessary to meet customer demands and have no ability to provide customer visibility into the process. This results in poor customer satisfaction.

Microsoft Dynamics 365 for Field Service enables businesses to move from reactive to proactive by detecting, troubleshooting, and resolving issues so a technician is only dispatched when necessary. By leveraging advanced analytics, machine learning, and IoT, organizations can move from a costly break-fix model to a never-fail service model.

Key Connected Field Service Capabilities	Customer Benefits
• **Resource scheduling optimization:** Automatically assign work to the best resource while optimizing travel time and other objectives to fit in the most appointments per day. • **Mobile field enablement:** Provide service technicians with complete customer insight, real-time guidance, and cross-team collaboration. • **Smart Scheduling:** Improve first time fix rates by matching job requirements to a technician's skills, availability, location, and parts inventory. • **Predictive service:** Detect, troubleshoot, and resolve issues remotely so a technician is dispatched only when necessary by leveraging Field Service and Azure IoT.	• **Keep customers informed** with real-time technician tracking and updates to ensure a positive interaction at every step. • **Improve resource productivity** by providing technicians with 360-degree customer view, real-time guidance, and cross-team collaboration from a mobile app. • **Proactively detect, troubleshoot, and resolve issues** remotely so a technician is dispatched only when necessary. • **Enable new, service-based revenue models** to help drive business growth.

MODERNIZE CUSTOMER SERVICE

Improving customer service agent productivity will lead to lower operational costs, faster resolution times, fewer escalations, and quicker onboarding, all while improving customer satisfaction. Unfortunately, existing customer service solutions lack a unified experience across channels, which creates inconsistent experiences. Agents don't have the visibility and context they need to resolve issues quickly and provide highly personalized, relevant service.

Microsoft Dynamics 365 for Customer Service helps build brand loyalty and advocacy by delivering effortless service experiences. Customers and agents are provided with the tools they need to ensure quick, accurate resolutions every time. Customers can connect anytime, anywhere on the channel of their choice and convenience. A single agent interface, driven by automation and AI, provides access to all the information necessary to drive a highly personalized experience.

Key Modernize Customer Service Capabilities	Customer Benefits
• **Omni-channel engagement** for end-to-end, effortless customer service engagements through any channel and using any device. • **Improve productivity with a single agent interface** that Integrates and automates across Dynamics 365, legacy, and other third-party applications and data sources. • Intelligent automation dynamically **guides agents to the right actions** by surfacing relevant information exactly at the point of need. • **Automate resolution** and free up your agents to work on high-value interactions.	• **Customers can engage with support how they want**, when they want, and they can get answers faster. • **Agents can provide better, more personalized customer service**, as well as deliver continuity of care across multiple customer interactions. • **Average handle time is reduced**, while first-contact resolution rates are increased. • **Customers get their issues resolved faster**, reducing the number of escalations.

CONNECTED SALES AND MARKETING

When basic email marketing is no longer generating enough qualified leads, customers seek a marketing automation solution that can align sales and marketing operations and turn prospects into business relationships. Many organizations still have sales and marketing operating separately, with multiple, disconnected systems that create inefficiencies and information silos. In this environment, the organization is unable to provide personalized messaging and offers at scale, as it lacks the necessary insights to understand customer value or track campaign and sales effectiveness.

Microsoft Dynamics 365 for Marketing and Dynamics 365 for Sales work together to deliver seamless, more personalized buying experiences for customers, improving relationships and increasing revenue. This connected lead management allows sellers and marketers to better nurture leads by developing personalized experiences at scale, providing greater continuity during lead hand-off between marketing and sales, and leveraging intelligent analytics to turn more prospects into paying customers.

Key Connected Sales and Marketing Capabilities	Customer Benefits
• **Share one source of information** about contacts, leads, and customers to deliver consistent results across the buyer's journey with Microsoft Dynamics 365 for Sales. • **Move prospects more efficiently through the marketing and sales funnel** with automated workflows that optimize the buyer's journey using marketing automation software. • **Prioritize leads** ready for sales engagement with multiple lead scoring models and sales readiness grades. • **Use familiar Office 365 tools** like built-in Word templates to easily create professional documents, Excel templates for analyzing marketing activities, and SharePoint for collaboration with colleagues, leads, and customers.	• **Attract the best leads** from multiple channels. • **Nurture leads** with personalized experience across the buyer's journey. • **Organize in-person or online events** with ease. • **Align sales and marketing** with common data and connected business process. • **Target the right prospects** and prioritize leads using embedded intelligence capabilities. • **Improve marketing performance** with dashboards and interaction insights.

HIRE GREAT TALENT

Hiring the right person for the job – and then ensuring that they are successful – is a top goal for all HR organizations. How quickly you can accelerate the hiring process and attract top talent is critical to the success of any business. Unfortunately, recruiters struggle to find the right applicants to fill desired roles, leading to increased hiring costs. Limited integration with tools inhibits collaboration between recruiters and hiring managers, who often don't have enough visibility into candidate pipelines to develop meaningful staffing plans. The hiring and onboarding process at many businesses is difficult and lacks transparency, which can damage brand sentiment and lead to rapid attrition.

Microsoft Dynamics 365 for Talent helps businesses create exceptional experiences across the talent journey, from attracting the right people with native LinkedIn tools to onboarding, engagement, and growth. Businesses can hire the right people faster with an engaging candidate experience, connected interview tools, and integration with LinkedIn InMail and Skype.

Key Hire Great Talent Capabilities	Customer Benefits
• **Integrations with LinkedIn Recruiter**, dynamic job postings, and branded career sites help recruiters find talented people. • **Configurable hiring processes by role** and integrations with common tools—including Office 365—make collaboration easier than ever • **Dynamic assessments** help interviewers short-list candidates, see unified candidate profiles, and gain insights into candidate pipelines. • **Fully transparent candidate process** and personalized onboarding guides, resources, and connections.	• **Transparent and collaborative experiences** for all involved. • **Onboarding** guides and workflows that **make new hires feel welcome**, connected, productive and impactful. • **Continuous learning culture** with easy access to skills and competency analysis with development and course recommendations. • Business intelligence, predictive analytics, and machine learning that **connect across systems to provide talent insights**. • Core HR capabilities that **align people to the organization** across the entire talent lifecycle.

Choose a Vertical

Focus on Three Key Vertical Industries to Gain a Competitive Advantage

Building a unified operations, customer engagement, or other business process-focused practice today in a mature, approaching commoditization market requires specialization, differentiation and the ability to add value to the customer.

Due to your limited resources and the need to truly understand the customers' business to add value, we recommend focusing your practice on targeting 3 key vertical industries.

You can take a horizontal, mass market approach, but partners have reported this strategy resulting in low win rates, high costs of selling, long sales cycle, and lower revenue per customer due to a lack of differentiation, requiring an increased need to compete based on price.

Vertical Focus

Increasingly today we are seeing buyers choose a business application not just based on the platform, but more importantly based on the degree to which it is customized for a specific industry. Customers no longer want to invest the time and money needed to educate you about their business processes and unique industry challenge. Instead they seek out providers who already know their business and have experience working with other companies just like them. They are no longer willing to take on the risk of working with a partner who does not understand their business.

We recommend targeting a maximum of three vertical industries. This will allow you to build domain expertise and understand the unique pains and dynamics of the industries you serve. It also enables you to better tailor your services and provide deeper, broader industry solutions.

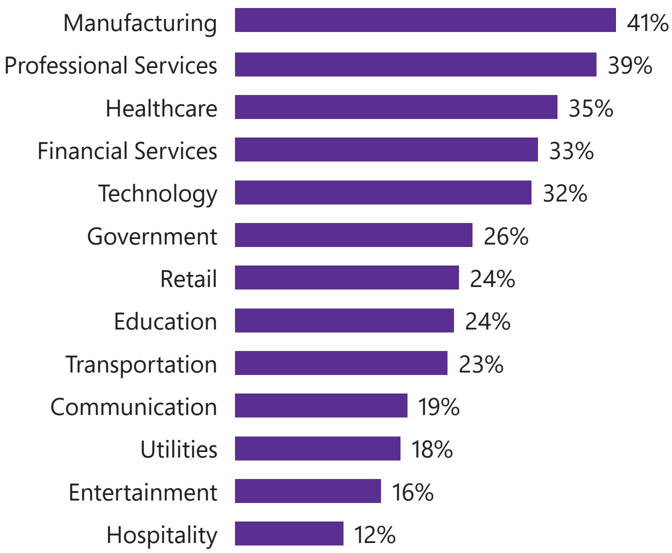
Target Industry

One of the most important factors to consider when choosing a focus industry or vertical is the degree of disruption in the business segment. The greater the disruption (and change), the greater the need for innovation and competitive differentiation. Disruption inevitably creates a sense of of fear, risk, opportunity and urgency. These drive investment in automation, new technology, and customer service. In every industry segment, 20-30% will be early adopters who view technology investments as a strategic advantage, an opportunity to accelerate product development, improve service delivery, increase margins, and grow market share. Another 20-30% are laggards, who resist adopting new technologies and moving to the cloud. They're emotionally attached to the investments they have made in their existing, familiar, on-premise legacy systems.

After you choose an industry or vertical to target, focus your marketing on the innovators who see the potential benefits of a cloud offering. Avoid those who will consume your sales and marketing resources and resist new technology every step of the way.

Disruption can include regulatory changes (i.e. GDPR), new competitive entrants or substitutes (telco voice market being disrupted by text and instant messaging), industries subject to fluctuating input costs, commoditization of products, industry consolation, dropping prices, changing buyer demands, increasing global competition, escalating input costs and more.

The Dynamics 365 partners we surveyed predominantly focus on the following industries:



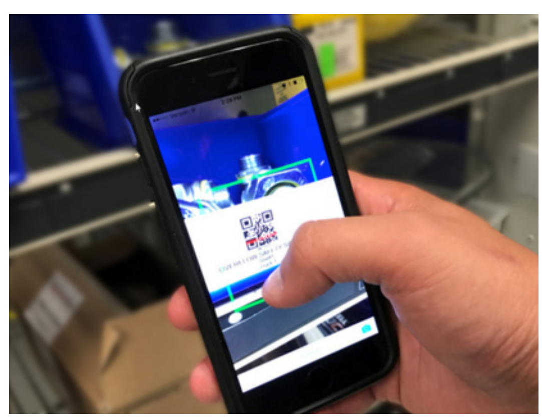
Source: Microsoft Business Application Practice Development Study, MDC Reasearch, March 2018

Workload

Nearly 40% of Dynamics 365 partners sell across multiple industries, but **focus on three or less core problem areas that they have expertise in**. They specialize in improving a few targeted specific business process or workflows such as sales process, invoicing, leasing, warranty management, event management, membership management, etc. The problem they solve across industries is similar and repeatable, allowing them to differentiate and develop IP. They focus on solving the same unique business process challenge over and over again across multiple customers, in different industries and environments.

Examples include focusing on the specific needs of a franchise businesses, managing all the logistics and marketing of mega events, helping organizations manage members, etc. These partners optimize the business processes and customer engagement experiences of different organizations with very specific and similar business processes and models. For example, a paper-based packaging manufacturing business process which includes folding and cutting cardboard sheets into boxes is more similar to a printing business process than a plastic bottle manufacturing firm which follows a chemical manufacturing process.

A workload focus also enables you to develop complementary solution elements and IP that strengthen your value proposition, accelerate project delivery, and increase profitability. A great example of this is [MarginPoint, a Microsoft ISV](), which developed a application to manage mobile inventory via an iOS or Android-enabled smartphone or tablet.



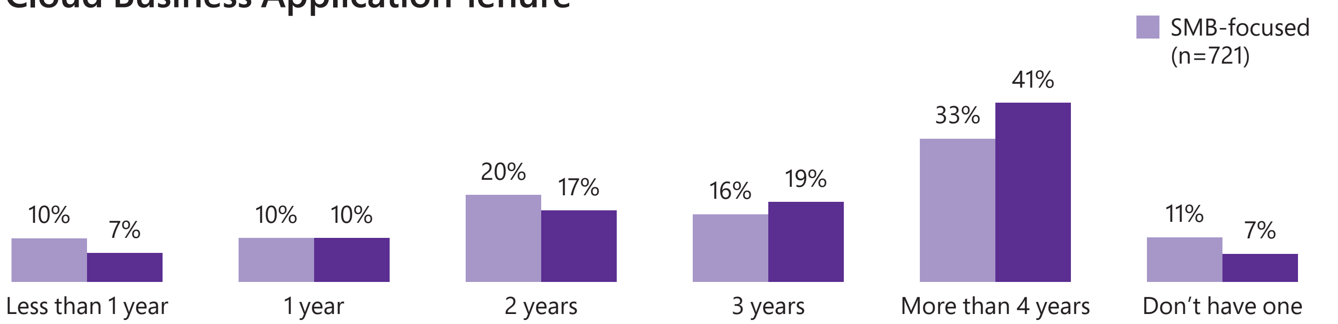
Understanding the Business Application Practice

Leveraging the cloud to accelerate growth

Many Microsoft business application partners evolved from their roots in the accounting and sales consulting world. They realized that augmenting their consulting services with technology would increase their revenue and enable them to embed and systematize their recommended strategies, changes, and methodologies. Others evolved from a customer service, sales consulting, or change management background. Yet another segment evolved from traditional technical consulting and managed services companies.

Over a third of the partners selling Dynamics 365 have been selling business applications for more than 4 years.

Cloud Business Application Tenure



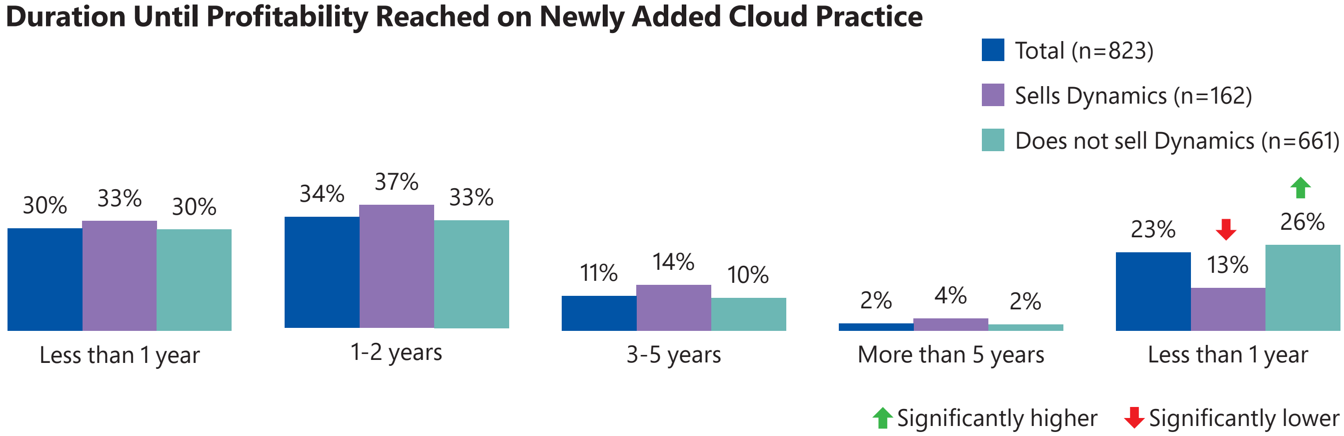
Source: MDC Research, Feb. 2018 823 worldwide Microsoft Partners

Today many of these partners have found themselves with years of experience and deep vertical domain expertise, either by design or by accident. They gained a new customer, that customer referred an industry peer, and so on. For many important reasons, we encourage you to take a more strategic approach and deliberately choose your target verticals in the early stages of forming your practice.

Nearly two thirds (64%) reach profitabiity on their cloud practice in less than two years

Those selling Dynamics 365 are less likely to say their newly added cloud practive is not yet profitable (13% vs. 26%)

Duration Until Profitability Reached on Newly Added Cloud Practice



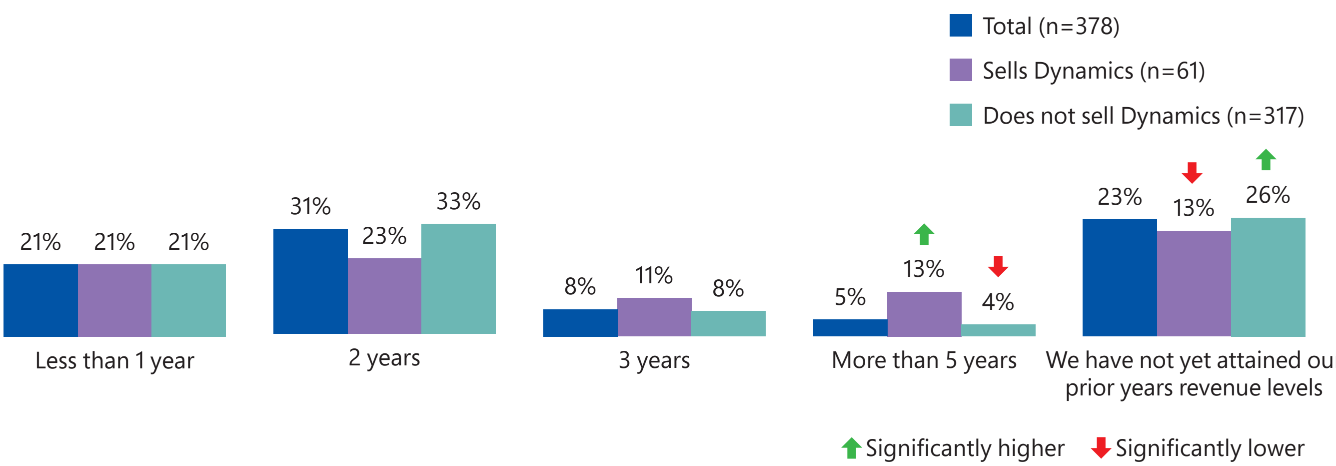
Where should you begin?

Moving from on-premises to a new cloud-based business practice requires a tremendous amount of change and investment in new skills, competencies, and resources. The good news is that over 70% of Dynamics 365 partners recently indicated that it took them less than 2 years to reach profitability with their new cloud practice, which is quicker than other types of partners.

It should be noted that if you are currently selling on-premises solutions or in the early stages of migrating to a software as a services (SaaS) revenue model, you will likely experience a drop in license revenue as the up front perpetual license revenue you have been realizing will be significantly reduced. However 45% of partners selling the Dynamics 365 product line who make the transition to a SaaS model see their revenue recover back to their pre-SaaS revenue levels in 24 months or less.

You will note from the recent research conducted in February that approximately 30% of partners are still in their transition and feeling the impact of this business model change at this point in time. 50% of partners who have made the transition also report seeing anywhere between a 5%-50% increase in the number of licenses sold per customer since their shift to the cloud.

Duration Until Prior Years' Revenue Reached



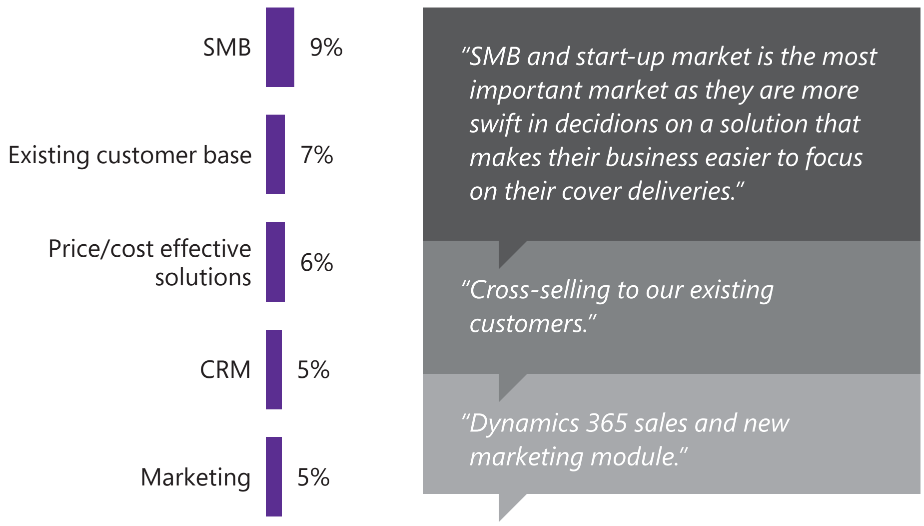
Although the up-front license revenue decreases, it later becomes steadier, predictable monthly revenue, and over 60% of partners also saw an accompanying increase in services revenue.

Start with a low risk "wedge"

If we look back at the evolution of cloud adoption in the business organization, we still see that the first adopters were small and medium businesses. This was primarily due to the fact that cloud computing was relatively low risk and easy for small to mid-sized companies to adopt due to their size. It also allowed them to save large amounts of money on the purchase and maintenance of their own infrastructure. If it didn't work, they could always go back to their old ways of doing things. The move to the cloud was more complicated for large enterprises with complex infrastructures, huge quantities of data, and significant investments in custom legacy applications. Many Dynamics 365 partners focus on the SMB market.

SMB, existing customers, and marketing related activities are the top suggestions to grow a Dynamic 365 practice

Most profitable Opportunities for Growing your Dynamics 365 Cloud Practice

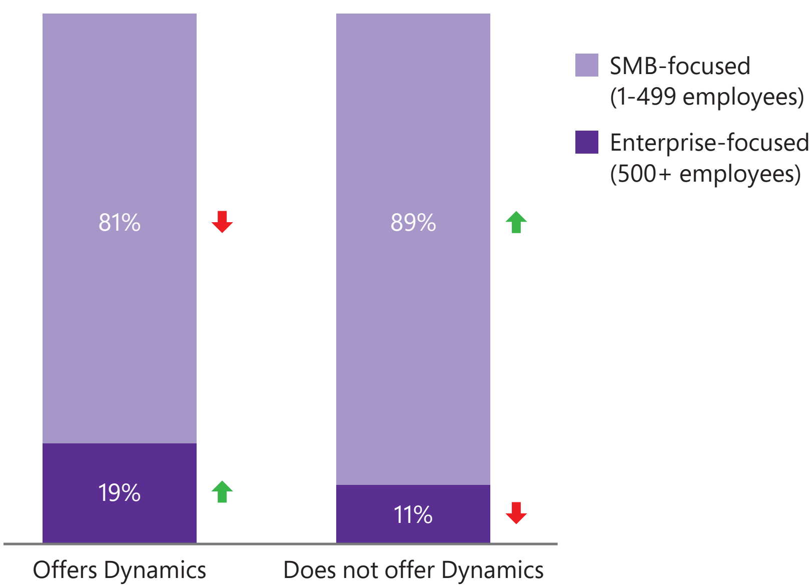


Target Market Segment – SMB or Enterprise

When cloud was new, there was a great degree of fear and risk perceived with moving core business knowledge and data "off-premises". However, the compelling cost savings on hardware and maintenance and the increased ability to scale were enough to fuel this early adoption.

Once large organizations began to see the benefits that smaller organizations were achieving, they started to follow suit. The exceptions being educational institutions and government, who were typically the last to begin to make the move to the cloud.

Partners who have Dynamics 365 practice tend to have larger sized companies as customers and a higher percentage of enterprise customers than partners who do not have a Dynamics 365 practice.



Building your offering

Build, Buy, or Both?

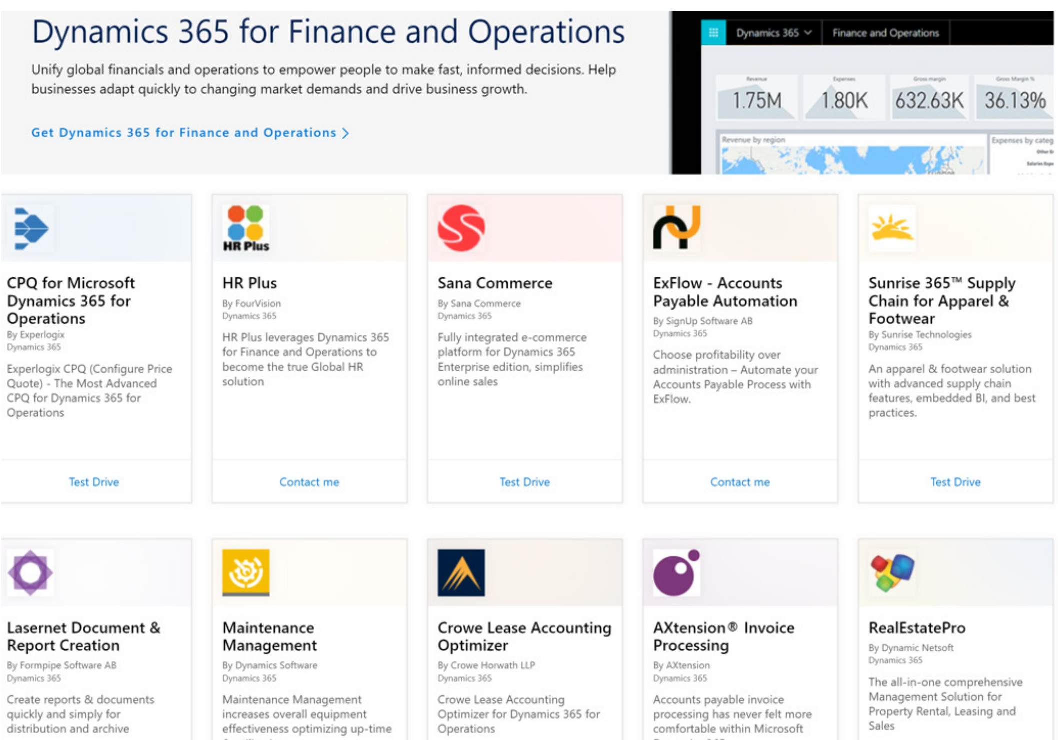
One of your first and most important decisions is whether to focus your efforts on reselling and deploying Microsoft's pre-configured field service business applications. Another option is to develop your own intellectual property (IP), which could be comprised of customized templates, extensions, or value-add business applications.

Starting with Microsoft's pre-configured business applications is a quick and low risk option to launch your field service practice. As your practice grows and matures, leverage the growing number of industry-specific ISV solutions available on AppSource and the Azure Marketplace to offer a broader and deeper industry solution set. Develop your domain knowledge and a deep understanding of industry-specific field service business processes. You can then invest resources to build your own IP and solutions that extend the core solution functionality to close capability gaps.

Customers will inevitably ask you to extend the out-of-the-box capabilities and integrate Dynamics 365 into other critical business applications. You must decide to either develop custom functionality, leverage existing Microsoft cloud solutions, or add purpose-built ISV solutions created by a Microsoft partner to address the business challenge.

Given the lower cost and risk profile, leveraging existing (proven) ISV solutions is typically the best approach if you are in the early stages of your practice development journey. While custom development may increase deal size and project margins, you do not want to lose an early opportunity to a competitor.

Speed of deployment is also an important consideration. Familiarize yourself with the ISV solutions and add-ons that are available on AppSource and the Azure Marketplace before agreeing (too quickly) to build a custom solution. Partners increasingly form teaming agreements on complex customer implementations in order to compete against competitors offering more complete industry solutions.



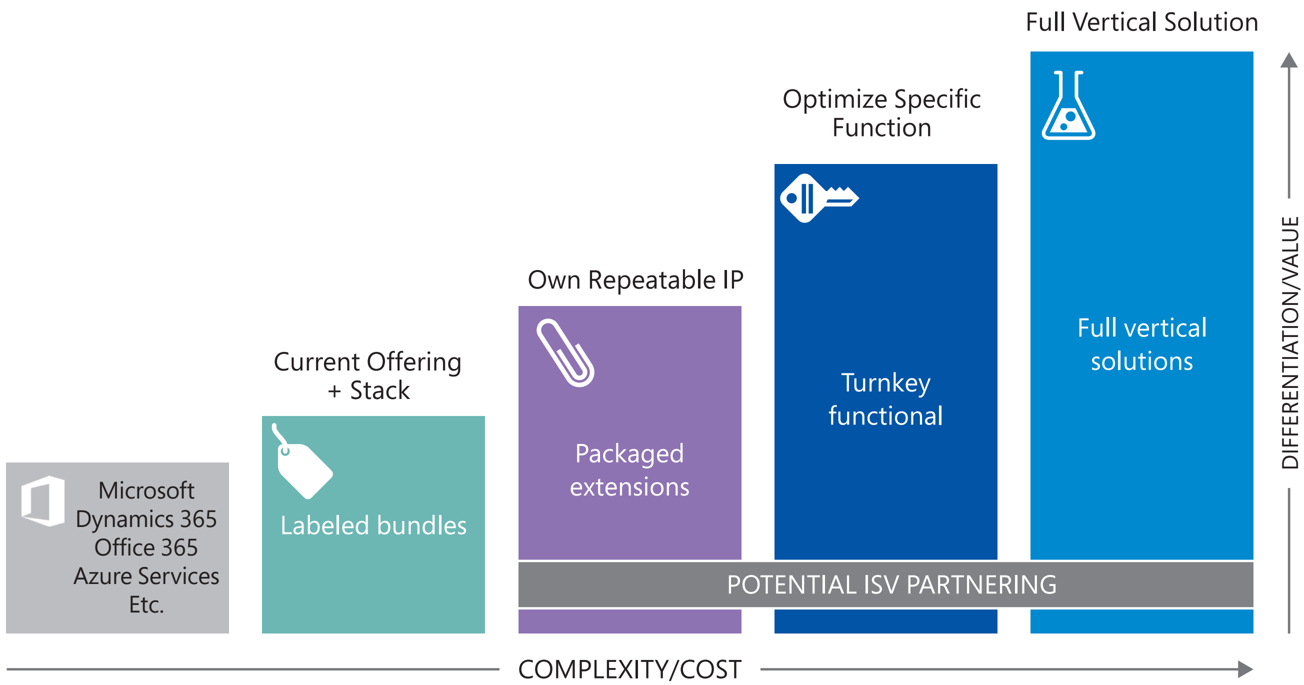
Moving along the IP Staircase

The First Step – Out of the Box

In the early stages of your Microsoft Business Applications practice, you may not have the skills nor knowledge needed to develop IP or build deep vertical, comprehensive industry solutions. The easiest, and most obvious place to start is simply leveraging Microsoft's out-of-the-box, industry-specific offerings. As you will have limited industry experience, your value proposition will likely be anchored in low-risk, relatively quick project implementation and accelerated value realization.

The next step is to focus your marketing on one or more defined industries to attract customers with similar needs. This can be achieved by developing industry-specific or workload-specific landing pages that speak to common field service-related business challenges and pains.

Once you gain similar customers and continue to deploy Dynamics 365 out of the box, you will quickly learn about your customers' typical needs, challenges, and business processes.



Most partners report that it takes a minimum of 12 months to build a new Dynamics 365 practice. The longest and most challenging aspect of building this new practice is not understanding solution functionality and features, but learning your prospects' business and project drivers and their core business processes. The partners interviewed for this playbook highly recommended recruiting individuals from within your target industry who already possess the domain expertise and understanding of the business processes, workflows, challenges, needs, and trends of your industry.

The IP Staircase (described below) demonstrates the five potential starting points for your practice. For clarity, each of these options relies upon a corresponding business model, and will materially impact your staffing requirements.

RESELLING MICROSOFT DYNAMICS 365

The easiest practice development entry point involves reselling Microsoft Dynamics 365 to all potential prospects, across all industry sectors. There is no requirement to focus on a defined focus area, no need to develop IP, and no need to develop unique, differentiating sales and marketing materials. Start-up costs will be relatively low, but so will your win rate. As the primary sales strategy is anchored in "tell us what you want and we will build it for you," the majority of the project revenue will come from project services.

LABELED BUNDLES

Partners that use a labelled bundles business strategy are committed to a defined focus customer segment (industry/vertical or workload). They've developed online messaging, marketing assets, and sales tools that clearly demonstrate a deep understanding of their key focus area. Partners using labeled bundles often source and support incremental industry/vertical ISV capabilities to augment and compliment their core Microsoft Dynamics 365 offer. However, they've not committed the time, energy, and resources to integrate all of the individual solution elements. This is done during each project. The focus required to execute this business model will increase lead flow, drive higher conversion rates, and produce a higher win rate. The overall project revenue will have a higher licensing component as well as significant project services.

PACKAGED EXTENSIONS

Partners using a packaged extension approach invest in technical resources to develop their own (re-sellable) IP. They create integrations between each of the commercial Cloud applications and build out simple, re-usable IP such as reports, workflows, and templates. These partners are clearly focused on a defined market and have substantially configured their Cloud solution to address very specific business challenges. This approach drives high-margin IP revenue, less project services (because of the pre-configuration), and a strong potential for creative, managed services. This approach requires some form of product management (and ideally product marketing).

TURNKEY FUNCTIONAL INFRASTRUCTURE

Moving from packaged extensions to turnkey functional infrastructure is a significant leap. It involves a meaningful commitment to solution development of horizontal/workload functionality, or a deep investment in a third-party ISV cloud solution. Examples include real-time asset monitoring and management, remote guidance using augmented reality, field force optimization, and predictive maintenance. Pre-configured functionality cannibalizes some project services, but opens up opportunities for more business-focused, higher-margin managed services. Overall project profitability increases due to higher cloud licensing and high IP gross margins.

FULL VERTICAL SOLUTIONS & SPECIALIZATION

The most mature partners in the business applications space have acquired highly specialized, deep industry knowledge and expertise. They are experts in their target industry, can challenge prospects during the buying cycle, and have a long list of credible, referenceable customers in their target industry. They offer a feature-rich, industry-specific business solution that integrates with other systems and have ISV solutions or their own IP to fill the customer's gaps. Most importantly, they can confidently guarantee specific performance outcomes and business impacts. Partners at this level of maturity demonstrate technical sophistication as well as deep industry domain expertise. While still generating a healthy volume of project services, the majority of the revenue for these partners is comprised of cloud service licensing (software) and value-added managed services.

Determine Your Business Model

With an understanding of the Microsoft business applications market opportunity, the Microsoft platform, and the various revenue composition options described in the IP Staircase, you now must define your core business model. Your business model is the underlying foundation that will drive all of your decisions and investments going forward. But not all revenue streams are equal.

There are four ways to make money selling cloud:

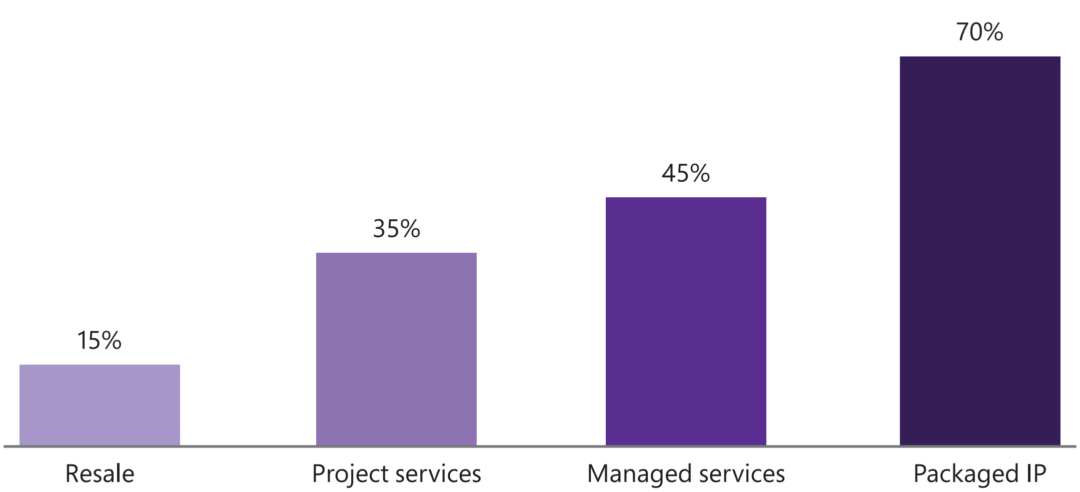
- ☑ Resale
- ☑ Project Services
- ☑ Managed Service
- ☑ Packaged IP

Core revenue model

Traditional business application partners that focus almost entirely on reselling Microsoft products are seeing margins in the range of 5–20%.

Traditional customization, configuration, data migration, integrational and other deployment related project services are becoming increasingly commoditized and partners are focusing on gaining domain expertise to add value, offer new services, and increase their differentiations.

With an increase in global competition, skills shortages in the industry, and lower wage rates in emerging countries, many Dynamics partners are beginning to look abroad for new talent and resources to help expand and scale their practice. We have also seen an increase in industry consolidation as ERP and CRM partners are merging or acquisitions are targeting partners with specific skill sets and domain expertise, which is often quicker and more effective than building a new practice from scratch.

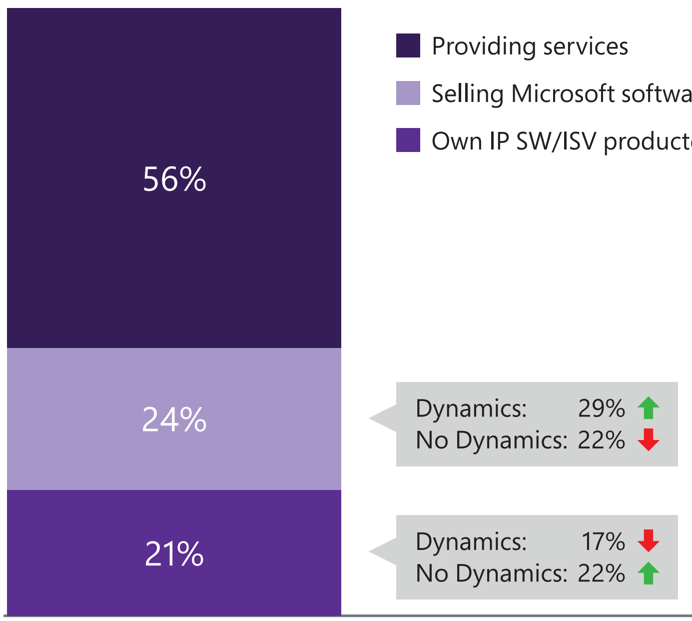


Most partners have had project services gross margins in the 35% range. Many business application partners are also seeing additional pressure on project service margins due to an increase in labor and benefit costs of experienced and trained technical resources, combined with a drop in hourly rate that educated buyers are willing to pay for services.

As a result, aggressive and entrepreneurial partners have adapted and gone after the higher-margin opportunities of managed services, which generate on average 45% gross margin, and packaged IP, which often exceeds 70%.

Many Dynamics 365 traditional VAR and reseller partners earn more than 50% of their revenue from services related to selling Microsoft software. They receive a higher percentage of revenue from selling Microsoft software than non-Dynamics partners and 17% from selling their own IP or other ISV products.

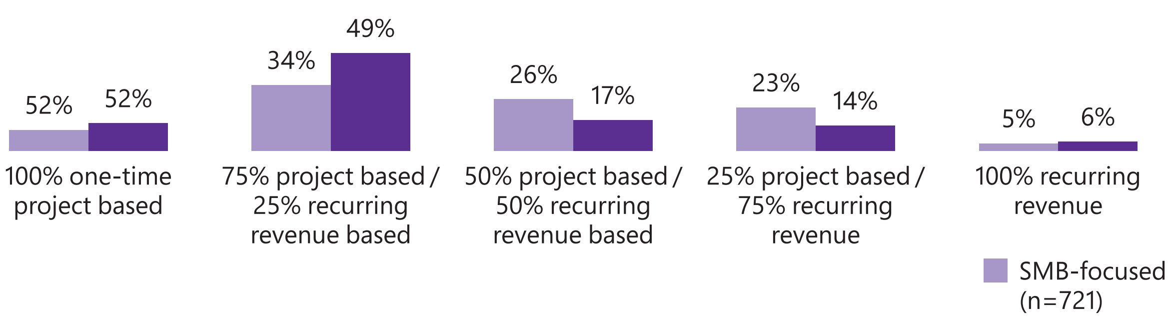
Of course, ISVs can have up to 100% of the revenue from software licensing. So, depending on your corporate DNA, and regardless of which revenue model you use, you'll want to shift to ongoing managed and value-add optimization services, rather than just depend on recurring revenue from software licenses.



Source: MDC Research, Feb. 2018 823 worldwide Microsoft Partners

Partners are racing to shift their business models from an on-premise, lumpy, perpetual license model to a smoother, recurring Cloud license revenue model. They're shifting from one-time, project services to value-add, recurring services. Both these shifts contribute to healthy, predictable revenue growth and increased business valuations.

During the past year, over 30% of Microsoft partners saw 25% of their revenue coming from recurring revenue rather than one-time, project-based revenue.



Source: MDC Research, Feb. 2018 823 worldwide Microsoft Partners

Understanding Project-based Services

When building a business application practice, most partners start with selling project-based services.

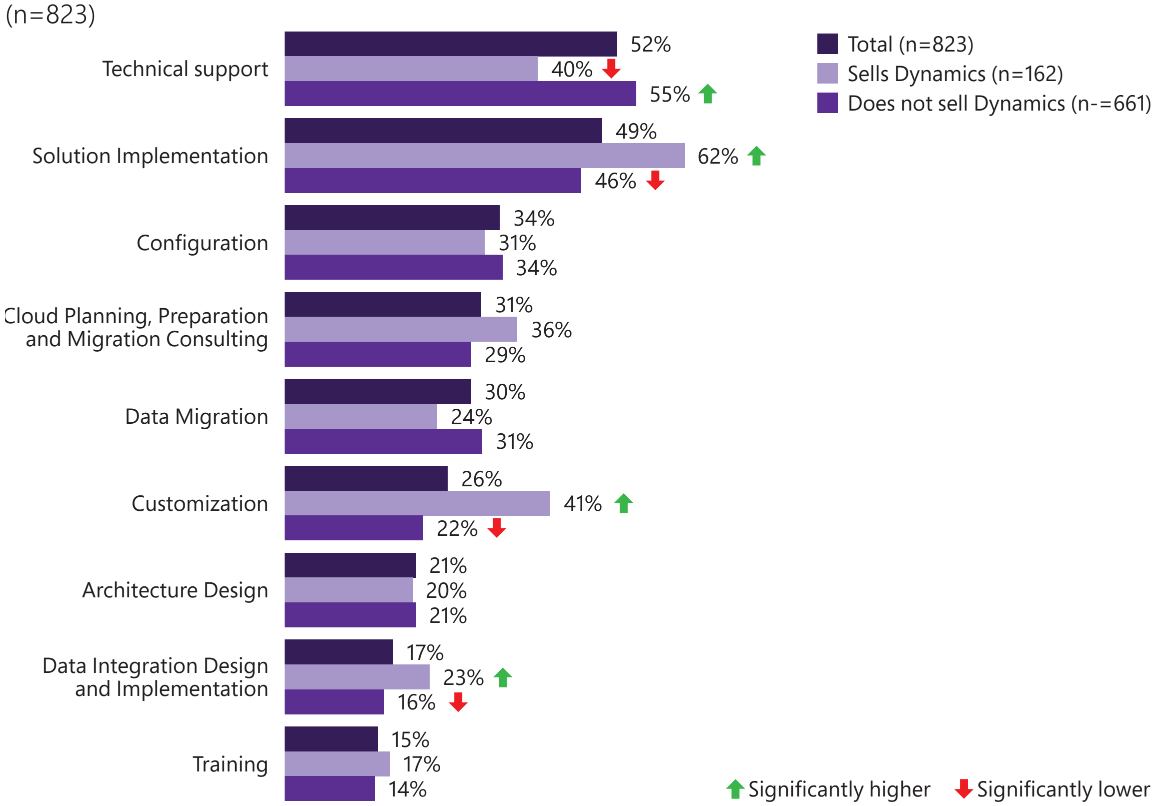
If you review the IP staircase model discussed earlier, you will realize that you can quickly launch a new business application practice focused on any of the opportunity areas including finance and operations, customer engagement, sales, customer service, field service, talent and more with little capital or existing IP.

First, you'll recruit and hire your lead industry or practice area experts who have domain expertise. Then you'll package an out-of-the-box solution, create a vertical sales landing page, and in partnership with your first early customer, build out your knowledge through services projects. You'll seek to understand their needs, current challenges, current systems, migration challenges, integration needs, key performance indicators, and more. The best way to accelerate your capabilities is to learn by doing. Ensure your first few deployments gain one or more significant early wins for your customers in terms of measurable payoff. You'll gain referenceable customers who can speak to compelling returns on their investments.

For Dynamics partners, the top five services that drive profitability are:

1. Solution implementation - most profitable for 62% of Dynamics partners.
2. Customization - most profitable for 41% of Dynamics partners.
3. Technical support - most profitable for 40% of Dynamics partners.
4. Cloud planning, preparation and migration consulting - most profitable for 36% of Dynamics partners.
5. Configuration - most profitable for 31% of Dynamics partners.

Most Profitable Cloud Business Practices
(n=823)



Source: MDC Research, Feb. 2018 823 worldwide Microsoft Partners

Business Intelligence

Business Intelligence and Data Analytics as a Service is the top anticipated recurring services revenue opportunity for those already selling Dynamics.

		Sell Dynamics (n=162)
1st	**Customer/Application Support and Troubleshooting**	43%
2nd	**Business Intelligence and Data Analytics as a Service**	47%
3rd	**Domain/Industry Specific Services**	28%
	Visualizations, Dashboards, and Reports Creation/Maintenance	28%
	Performance Monitoring and Optimization	15%
	Hosting	10%
	Assessment and Planning	21%
	Predictive Analytics and Monitoring	17%
	Digital Marketing and E-Commerce	15%
	Tuning and Re-Training	11%

Traditional Ongoing Managed Services

With managed services, you can help your customers on a regular basis by offering white-glove services wrapped around your business application solution. Your offerings can include planning, enablement, and day-to-day operations and support.

Managed services is not a new business model. For more than 20 years, large enterprises have relied on service providers to manage their IT assets on their behalf. Whether you call them an outsourcer or a managed IT provider, service providers have been managing their customers' workloads — either in their own data centers or those operated by their customers. Managed services create opportunities for partners building new lines of business, providing a white glove experience for the entire business application solution running on-premises, in the cloud or as a hybrid solution.

Managed services give you an alternative to selling the time of your business application practice team for money (as you might in project services). Becoming a managed services provider (MSP) enables you to use the IP that is almost always created in the process of delivering a business application solution. You can package your IP with services the customer will pay for on a subscription basis. You can then sell that same set of IP plus services to other customers needing a similar solution without repeating all of the IP creation effort, at a profit.

PLANNING

- Help the customer envision scenarios where you can help their business achieve positive outcomes.
- Identify the "low-hanging fruit" opportunities that can be used to build confidence in your services and in the solution
- Build a roadmap that shows the path to larger opportunities, building on the success of the smaller or more near-term opportunities

ENABLEMENT

- Design and implement the business application solution with the customer.
- Engage the domain expertise of the customer throughout the process to capture their insights and to validate

SUPPORT OPERATIONS

- Offer further support while delivering on SLAs and uptime guarantees.
- Operate and monitor the solution.
- Monitor the performance of your applications and the benefit the customer receives.

So, what managed services can your business application practice offer? We'll examine that in the next section.

The business application partners interviewed for this playbook suggested that when contemplating what to offer as managed services, you might first consider the project services you are offering. With some creativity, the project services discussed earlier are all potential offerings for managed services.

There is a significant and unique opportunity for partners looking to offer business applications as managed services. Moving from project services to managed services will help your business application practice create annuity income streams with higher professional services margins, increased customer loyalty, and the increased revenue that naturally follows.

Why move from project services to managed services for business application services?

The low-hanging fruit for most practices around managed services is to provide support for the solution delivered via project services.

HOW TO BUILD A BUSINESS APPLICATION MANAGED SERVICE

For even the most sophisticated IT organizations, effectively measuring performance, handling re-training and patching, and staying ahead of the rapidly evolving business application landscape can be too difficult to manage without help. Partners can offer their services on a subscription basis to ensure the production business application solution continues to deliver the value and performance that got the customer excited using business application in the first place.

KEY CUSTOMER CHALLENGES

1. They lack the tools and expertise to effectively monitor the performance of a business application solution.
2. They are unable to identify, assess, and troubleshoot issues in production deployments.

EXAMPLE OF A BUSINESS APPLICATION MANAGED SERVICES OFFERING

Given these challenges, there is a clear opportunity for partners to package the hosting of the delivered business application solution along with support of the solution.

Basic	Pro	Most Popular
• Model Hosting	• Model Hosting • Performance Monitoring • Quarterly retraining	• Model Hosting • Performance Monitoring • Perpetual retraining
$200.00 per 1M API calls/mo	$500 per 1M API calls/mo	$1,500 per 1M API calls/mo

What are some concrete example of managed services offerings your business application practice could sell?

Top Managed Services

- Visualizations, Dashboards and Reports Creation/Maintenance
- Support
- Assessment and Planning
- Analytics as a Service (e.g., packaged APIs for ML models and agent interactions)
- Troubleshooting
- Domain Specific Services
- Online Training and Self-Paced Learning

WHAT DO THE TOP 5 MANAGED SERVICES TELL US?

Let's unpack why the top managed services make sense and why you should consider these for managed services as well.

Visualizations, dashboarding, report creation and maintenance: Without being able to concretely demonstrate the value of your business application solution, it can be difficult for a customer to justify keeping up a subscription. Even when the business application solution is delivering the value paid for, customers get "accustomed" to their new environment enabled by your business application solution. You must consistently remind them of the value it is delivering in the form of visualizations, dashboards, and reports. Additionally, once your business application solution is embedded in your customer's routine, your customer will be quick to identify new visualizations, dashboards, and reports because your solution will have enabled them to ask new questions. For many customers, this is a never-ending desire and you should meet this need by offering it in an on-going manner, as a managed service.

Support and troubleshooting: Support represents a very compelling managed service for a business application practice. While it may sound strange for a business application practice to offer support, the value is quickly understood when you include in your consideration the shortage of talent present in the market. If your customer does not currently have staff with business application expertise, who will help them diagnose why the business application is no longer responding as expected? Just as when customers looked to managed services partners to relieve them of the need to be experts in hosting and running data centers, so too will they look to business application partners to help them operate their business application in production.

Assessment and planning: Previously, we introduced the notion of performing a business impact session with customers to help them create a vision for a problem that could feasibly be addressed with business application. These are not exercises in "blue sky" thinking; they require partners skilled in business applications to help temper brainstorming with the art of the possible. The transition from vision, to current state assessment, to an actionable roadmap requires similar expertise, and the customer is not likely to have this skill in-house. As customers take on more initiatives that include business applications in the solution, they will need a trusted advisor on an on-going basis to help them with tasks such as: assessing if the organization has the pre-requisite assets to address the vision (domain expertise, historical data, etc.), ensuring the plans can feasibly realize the vision, or confirming the plan once realized is in-line with the ethics of the organization.

Analytics-as-a-service: Analytics-as-a-service appears as a top 5 offering for business applications partners, highlighting the shortage of talent available in the marketplace. If you have the talent in-house to deliver advanced analytics solutions (e.g., using business applications to understand the insights in data), and your customer does not have these resources, a good long-term partnership could be in the making – either in providing access to your experts or the packaged solutions they have produced.

WHAT MANAGED SERVICES SHOULD YOU CONSIDER IN YOUR BUSINESS APPLICATION PRACTICE?

In our partner interviews, partners specifically emphasized support and monitoring as managed services to consider in a business application practice. We will explore each of these managed services in the sections that follow.

Support as Service

Support represents a unique managed services opportunity for business application partners.

No matter how well a cloud or hybrid solution is planned, provisioned, operated or monitored, problems will arise, and those problems will need to be remediated. It's your job as an MSP to offer support to your customers to deal with outages, breaches, inefficiencies, and disaster 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.

KEY CUSTOMER CHALLENGES

- They lack the expertise and resources to troubleshoot problems.
- They are unable to determine the root cause of performance issues and glitches.
- They have no knowledge of how to remediate problems when they correctly identify them.
- They do not want to spend time and resources fixing problems.

KEY SERVICES FOR THIS OFFERING

- **Model Performance Support:** Provide support around monitoring and maintaining the performance of a business application solution in terms of the accuracy.
- **User Support:** Provide support for frequently asked questions, setup and usage, best practices, questions around billing and invoicing, break-fix support.
- **System Support:** Provide customers with information on any service interruption, and relay expectations on when the system will be back online.
- **Product Support:** Provide support when the Microsoft product is not working as expected or the service stops working. Escalate to Microsoft when the issue cannot be resolved with existing documentation and/or training.
- **Extended Support Hours:** Many customers need the ability for 24/7 support, but cannot justify the overhead internally.
- **Account Management:** Offer an account manager that is responsible for reporting on service consumption and ultimately minimizing time to resolution as a service that can be offered at a premium.
- **Dedicated Support:** The value add of a dedicated support team cannot be overstated. Engineering resources that already know your customer's environment, including the business and technical reasons for how a solution was implemented, can add a tremendous value over the lifetime of an agreement.

Accelerate Your Managed Service Model

The Microsoft Cloud Solution Provider (CSP) program enables partners to directly manage their entire Microsoft cloud customer lifecycle.

Partners in the CSP program utilize in-product tools to directly provision, manage, and support their customer subscriptions. Partners can easily package their own tools, products, and services, and combine them into one monthly or annual customer bill.

Joining the CSP program enables you to:

- **Have a deeper engagement with your customers.** Meeting regularly with customers leads to a better understanding of their business and needs.
- **Increase profits.** Offering increased support and billing services, whether on your own or through an indirect provider, opens up new revenue streams.
- **Add value.** You'll be able to offer customers industry-specific solutions bundled with Microsoft products.
- **Provide managed services.** You'll be well-positioned to meet customer demand for managed services.

To learn more, visit https://docs.microsoft.com/partner-center/csp-overview.

Understanding Intellectual Property

Developing intellectual property (IP) is not as risky, expensive, or challenging as it may seem. Many partners have more IP than they realize. It just hasn't been "packaged" or offered to new customers in a repeatable way. Consider whether you've provided something custom for a customer which was successful, realizing a measurable, positive impact on your customer's business. If so, there may be more customers who could benefit from the same functionality, solution, or insights that solved that problem.

TO BEGIN THE IP PROCESS, CONDUCT AN IP AUDIT. ASK THE FOLLOWING QUESTIONS:

- What have you become exceptionally good at doing?
- What do you know better than any of your competitors?
- What do you find easy to do today, after many years of figuring it out?
- What are the "difficult" things customers are surprised you can do for them?
- What was the biggest challenge you had to solve that worked?
- What tools, apps, processes, or integrations have your built to make your deployments quicker and easier?
- What custom work or projects have you been asked to do over and over again by multiple customers?
- What could you package up and sell to more than one customer?
- What services do multiple customers repeatedly ask for?

Repeatable elements can be about your own industry or process best practices, or focus on common customer pain points. As discussed earlier in the IP Staircase model, start small. Your IP can be a simple template, BI dashboard, report, or just a few lines of code that automate a business workflow or function in a way your market typically needs. Productizing IP and creating repeatable processes has been a very successful strategy for many Dynamics 365 partners.

Some partners achieve gross margins in excess of 70% by productizing IP and selling it to their customers on a recurring revenue basis.

Twenty-eight percent of Dynamics 365 partners create value-add products and IP on an ongoing basis, and an additional 35 percent are ***actively*** working on it. Only 33 percent have no such intention and will continue to focus on reselling core Microsoft products.

Productizing IP helps you create stickiness with customers and charge a premium. It also opens up opportunities to sell your solutions through the partner channel. As mentioned earlier, if you don't want to create your own IP, you can search the partner ecosystem for incremental solutions that can be bundled with Microsoft's core Dynamics 365 offerings to round out your total solution.

There are multiple opportunities for building intellectual property that can be used to expedite engagements, or even as an entire engagement. This IP provides you with enough differentiation to win against other competitors during the selling cycle.

PACKAGE UP YOUR PROCESSES

Another method partners are using to create IP in business application practices is by packaging their readiness assessments, business case analysis tools, discovery process, accelerated deployment process, and more into proprietary, reusable components that only they own and can deliver. For example, you could package a quarterly optimization audit service that measures and reports on key performance indicators, provides benchmark data to competitors, and helps then quantify their return on investment.

IP GOES BEYOND PRODUCTS & SERVICES

You're an expert in technology and data. You have technical developers who can build code and a team of experienced professional services consultants. You could simply leverage the APIs of various data providers and offer bundled monthly services. For example, Microsoft has partnered with Dun & Bradstreet. There are private and publicly available data sources you can potentially leverage to offer your customers valuable new services or functionality. Imagine offering a ski manufacturer an app their customers can use which gives them daily mountain snow safety updates and avalanche warnings. Or providing farmers with daily changes in commodity prices, or mining companies with fluctuations in energy prices. Your IP does not have to be complicated, expensive, and take many months to develop. Innovation and creativity can lead you to very high-margin services offerings with little investment.

START SMALL & GO FROM THERE

Some partners are not ready to invest heavily in IP and are hesitant to release already scarce billable resources from client projects. You can simply begin by releasing one or two technical resources only one or two days per week for 3 months and providing them the goal of having some IP that you can package and sell to customers in 90 days. Interestingly, not only do you gain new IP, but partners have reported little negative impact on billable projects in addition to higher job satisfaction.

COMMIT AND GO BIG

There are also many traditional resellers and large implementation providers in the business applications space who are taking larger risks. They're re-inventing their business models. These visionaries are investing heavily in building deep vertical business solutions and IP in order to differentiate their services offerings and diversify their dependency on services revenue. Some are filling the gaps between out-of-the-box solutions and customers' needs. For example, in the field service area a "fleet management system" could generate data on fuel consumption, productivity, response times, and vehicle utilization.

ENGAGE LEGAL COUNSEL

Be sure to engage the services of a legal advisor. Review and modify your license agreements, contracts, and terms of use to ensure you retain the rights to new apps and functionality you believe are re-sellable to other customers. Be sure to protect your IP by involving legal counsel early before any customer uses it.

Define Your Pricing Strategy

Pricing your business application offer

Business application purchases are driven by a combination of the buyer's preference and price. We can assume that most companies today are using some sort of technology to help them manage their business. They may for example be using a stand-alone accounting package to manage their finances, a legacy home-grown ERP solution to help with operations, a standalone sales automation solution or excel to manage their forecasting and sales opportunities, a variety of inexpensive point-based cloud marketing apps such as HubSpot, constant contact, Hootsuite etc. to execute their marketing, and Microsoft Office for all the rest. In order for them to make the decision to purchase a new solution which consolidates all of these applications and functionality into one solution, it will ultimately come down to a decision based on perceived value to be attained versus expenditure made. It is a simple issue of economics.

Price is as much a factor in the buying decision as is functionality, platform, and more. There needs to be a belief that the investment made and risk taken will be more than offset and balanced by the anticipated value gained. More consideration and planning need to be put into your pricing strategy and approach, especially in the business applications space.

Partners focusing on selling Dynamics 365 for Finance and Operations can have average deal sizes which combine licenses and services in the $200,000 to $3,000,0000 range. Partners focusing on Business Central may in comparison see average deal sizes beginning as low as $20,000 and up. Buying an enterprise solution may be the biggest investment in technology a company may ever make. It's of equal importance to a company as is it is to a family buying a new house. Price is absolutely a critical factor in the decision-making process.

Spend more than a few hours contemplating and planning your pricing strategy. Do your research, call competitive companies, speak to customers about the value they are hoping to derive and the possible positive impact a solution could have on their revenue or costs, and really understand the market and perceived value before determining your pricing.

Pricing a business application offering today is not a simple task. Microsoft has published retail prices, generally based on a per user per month structure. For more information visit https://dynamics.microsoft.com/pricing.

However, as soon as you apply your industry and workload expertise to the core solution and add additional functionality, dashboard, reports, and more, you are able to charge higher prices than published.

In addition, you are not necessarily required to charge customers based only on a per user per, month basis even though that is what your cost from Microsoft is based on. You are free to bundle services, support, ISV solutions ,and more and charge customers based on any basis that makes sense to them.

You could for example charge heavy users of the system who get the most value more than lighter users who do not use is as much. If you were selling payroll solutions you could charge per payroll transaction, or if you bundled in other services, you could charge a flat monthly service fee to an outsource payroll processing firm.

Put yourself in your customer's shoes. What makes the most sense in terms of how **they** want to buy versus what pricing is easy for you to administer. Also think about how you will tier your pricing. Does it make sense to have a small business price, a mid-size company price, and an enterprise price? What are the definitions and criteria to qualify for each different price tier?

We will now discuss some of the tiering and pricing options available to you:

Types of pricing models

COMPETITIVE MARKET PRICING

Pricing is the consequence of the product and aligns with the accepted industry/application standard. Think of this as "reference pricing" — as in customers have seen similar products sold for this amount, so you price your offer to be in line with and competitive with other similar solutions. If you charge more, you are breaking from the industry accepted, standard pricing. This is an old way to look at pricing. Buyers today will accept this model, but they do not prefer it. Let's look at the other options you should consider for your business application practice.

VIRTUOUS PRICING

Virtuous pricing is about using the price as a sales weapon. The goal of virtuous pricing is to create a virtuous sales cycle with your customers, where each sale encourages the next sale within the customer organization. It fosters product adoption and proliferation. Let's begin with a counter example of what is not virtuous pricing — a fixed price per user. For your business application practice, this could be pricing per client that consumes your business application web service. Here, you have a simple pricing structure (which is important), but there is nothing to encourage more aggressive purchasing by the customer.

DIGRESSIVE PRICING

Next you can use "digressive pricing", which is when the per-unit price drops with the purchase of more units, also known as volume-based pricing. Your customers get a discount per unit when they buy more. This can help in the sales cycle as the customer is looking for ways to bring their cost per unit (e.g., user, client, etc.) down.

For example, assume one department has already purchased Dynamics 365 for Finance and Operations for 100 users from you at $250/month per user per month. Now, there are discussions within the sales department to add another 50 users. If your price per user for 150-300 users is lower than $250 there is an added incentive for them buy additional users and then lower their costs on more Finance and Operations licenses in the future.

There is a way to adjust digressive pricing slightly to make it significantly more profitable called “step” pricing. This method sets the price for each tier step as the top number of users in the range. Instead of offering say a bundle of six support hours for the price of five (a volume discount, you instead offer ups to five hours for a fixed price per month. This pricing is advantageous in that not all customers will use all 5 hours each month and you will have a higher profit margin as well.

You can also offer customers a “discount” by offering a lower price per month if they pre-pay 12 months in advance rather than pay month to month. This reduces your risk, offers them a reduction in cost, and allows you to avoid price discounting. In addition, the customer feels like they have more choices.

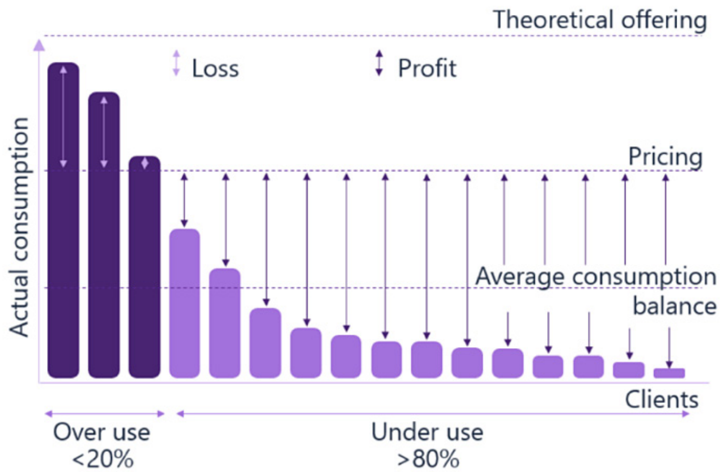
FLAT RATE PRICING

This is one of the most powerful business pricing strategies. You have probably already experienced it, although you may not have realized. Think monthly gym membership...everyone pays the same monthly fee yet most only visit the gym 2-3 times per week with a few coming rarely and a few daily. Flat rate pricing is leveraged by banks, insurance companies, etc. While it can have varying levels of sophistication (banks and insurance firms use sophisticated versions of this based on significant work by their actuaries), the model can be described and implemented in a simple fashion.

The basic idea is you provide a certain quantity of value for a set cost that all customers pay. Let’s say you offer a “business analytics” as a service for a flat rate which includes updates on key performance indicators, new reports, and dashboards. Some customers may come close to (or even exceed) using the full value of what they pay for and use this service daily. The rest are nowhere close and access the service occasionally. A well-crafted model identifies the average consumption across all of your customers and creates a situation where over 80% of the customers are using less than what they are paying for (and ideally less than the average consumption), and fewer than 20% are using more.

You set your price to be above the average consumption. By doing so, clients in the 80% who use less than what they pay for generate your profit. The further they are below the average consumption, the more profit they generate.

For the 20% who use more than they pay for, you might take a loss on them individually. However, in the aggregate, the long tail represented by the 80% of customers who do not fully use what they pay for more than covers the cost of your heavy consumers; these heavy consumers are likely to be your biggest champions. So, there are tangential benefits to supporting their cost. Pricing models built around flat rate pricing have shown between 1.5 and 3 times as much profit as traditional models.



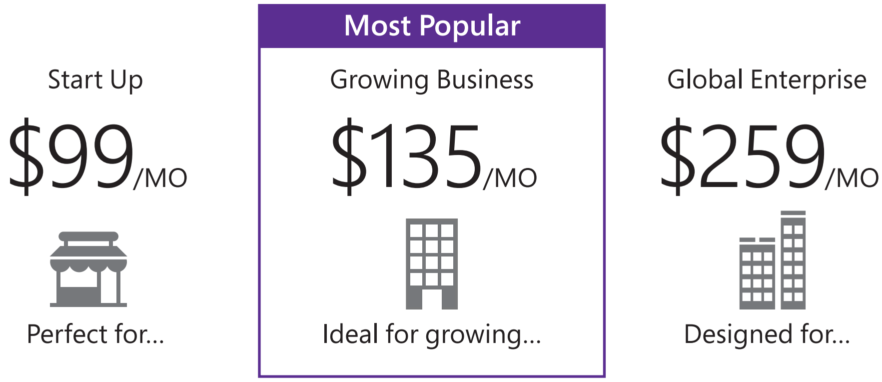
VALUE BASED PRICING

Or perhaps you want to move to "value" based pricing. Increasingly pricing is about return on value (ROV). This type of pricing starts with determining what the value of what you offer is to the customer. How much would a manufacturing company be willing to pay to achieve 1% downtime? What is collecting payments from customers on average in 45 days rather than 100 days worth to a customer?

Some partners have started to offer enterprise customers performance-based pricing, meaning they take a percentage of the savings they help customers achieve. For example, if a manufacturing company spends millions of dollars on maintenance and you leverage Dynamics 365 together with IoT to significantly reduce this expense item for the customer, you could charge say 15% of the first two years of savings as your "price".

Value based pricing reduces the risk to customers and accelerates the decision-making cycle, however you will need to feel confident you can achieve the impact and ROI you promise if you do. Most partners are not there yet, but with the cloud, we can begin to monitor, benchmark, measure and quantify usage, business impact and more in a move towards value-based pricing in the future.

Consider offering and publishing three packaged offers that include different levels of support and service. Also develop three quick-start implementation packages based on company size or complexity to accelerate the buyer decision making process. You can still continue to have the "contact us for a quote, it depends" button you have today, but you can simply provide some quick, easy typical packaged offers to help give the customer an idea as to how much an implementation might cost.



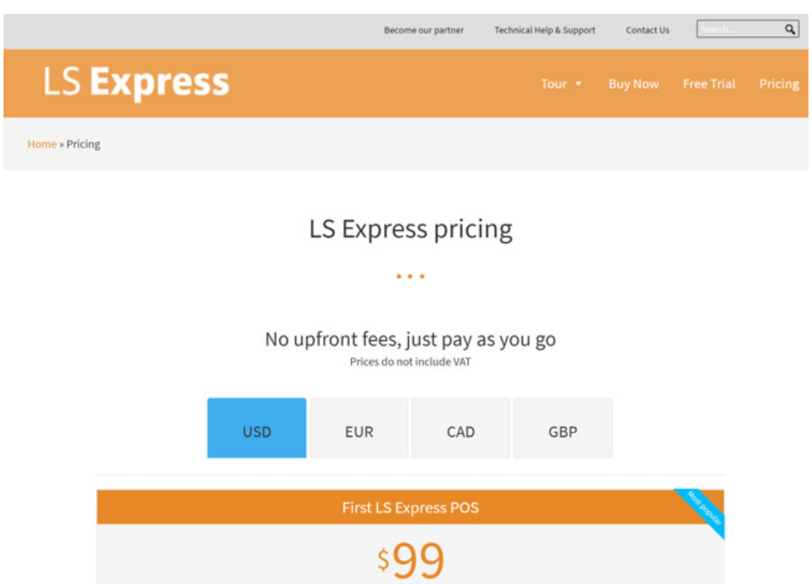
Pricing is rarely mentioned on partner websites. There is often a fear that publishing prices will give competitors an advantage, but most competitors can already find out what you charge today if they are motivated to do so. There is also a worry that pricing may scare customers away if expensive. Publishing pricing also functions to qualify potential prospects saving sales costs chasing customers who can't afford your solution.

In their personal lives, customers are conditioned to being able to go online and see pricing for everything they buy, from flowers to Netflix to phone service options. When they are at work and on the job, they have the same expectations. They at the very least expect you to be able to give them an indication as to how much your solution typically costs.

Even stating "starts at" $200/month is better than not disclosing any pricing at all. Don't get eliminated from their short list early in the sales cycle because competitors make it easier and simpler for them to buy from someone else.

We have used price as a way to retain control in the sales process for too long. Prospects today want to remain anonymous as long as possible and to self-educate online. Give them what they need to make a decision. They are often more than half way through the buying process before they are willing to call you to see a demo or to get a price estimate.

Because price is part of your value proposition and solution offer, your pricing is something you can be proud of and share. Show your price on your website early, removing any customer concerns.



Pricing of services

FIXED FEE OR TIME AND MATERIALS

When offering services, you have two options, agreeing with your customer on a fixed-fee for a predefined project regardless of how long it actually takes you to deliver, or based on a time-and-materials basis for a predefined scope of work for which you are paid for every hour worked. Most Dynamics 365 focused partners have typically followed a time and materials approach.

Time and materials are lower risk for you as you get paid for any new requests or surprises, however it increases risk for the customer as more than 50% of large enterprise projects go over budget. This model is also limited in that it does not motivate professional services team members to finish a deployment more quickly and is limited in terms of profitability as each extra hour billed comes with an accompanying extra hourly labor cost as well.

Fixed price projects and deployments are higher risk for you the partner, but much lower risk for the customer. This shortens the decision-making cycle and gives the customers more confidence and contributes to increased trust. It also allows for higher margins and profit if your team gets more efficient in delivering the desired outcome using less hours. We recommend taking a packaged, fixed price approach when offering any services.

Payment terms

FINAL CONSIDERATION TERMS OF PAYMENT

Payment terms are measured in days; for example, 10 days, 15 days, 30 days, or 90 days. These are usually expressed as NET 10, NET 15, NET 30, or NET 90 payment terms. In addition, you might consider offering the customer a discount for prompt payment on your shortest payment. For example, NET 2/10/30 is used to describe terms where a 2% discount is provided for payment received within 10 days of invoicing. Otherwise, the full invoice amount is due in 30 days. In interviews with partners we found the most common payment terms used were NET 30, and for SMB customers shorter payment terms were preferred.

Identify Partnership Opportunities

Partnering with Microsoft

One of the first steps to partnering with Microsoft for your Business Applications practice is to join the Microsoft Partner Network (if you are not already a member). As a partner, you will gain access to resources like training, whitepapers, and marketing materials described in this playbook. It's also where you will set up your users to gain Microsoft Partner competencies and access to your partner benefits.

One of the key benefits of partnering with Microsoft is that you will gain access to a rich set of go-to-market services designed to help you increase awareness, generate qualified leads and expand your business through partnerships. The benefits increase as you attain a competency and publish your solution in AppSource or Azure Marketplace. The table below provides a summary of those services. You can also find more details on www.microsoftgotomarket.com.

Partner Program Go-To-Market Benefits

By partnering with Microsoft you get access to Go-To Market benefits designed to help increase awareness, generate qualified leads, and expand your business through partnerships.

MEMBER

RESOURCES
- Education and best practices focused on modern marketing
- Customizable marketing sales and readiness assets
- Curated customizable social content and syndication platform
- Access to list of recommended agencies

SILVER COMPETENCY

Member level Core benefits +
CORE BENEFITS
- Partner Listing Optimization
- Marketing Consultation with GTM Resource Deck (choice of one)*
  - Sales/Marketing Asset Review
  - Website Review
  - Value Proposition Review
  - Templated digital marketing campaign kits

PAID SERVICES
- Social Promotion
- Mini Case Study
- Press Release Support
- Customer One Pager
- Customer Presentation
- Customer Case Study

*Available November 2018

GOLD COMPETENCY

Silver level Core benefits +
CORE BENEFITS
- Priority Customer Matching
- Co-Sell Ready Listing Optimization*
- Marketing Consultation with GTM Resource Desk*
  - Selection of one review offered at Silver core benefit level
  - Customized, co-branded digital marketing campaign materials, including landing page in Microsoft PDC to support generating leads

Silver level Core benefits +
PAID SERVICES
- Lead Generation campaign in the PDC
- Animated Mini Commercial
- Partner Seller Readiness
- Secret Shopper
- Sales Enablement
- Global Expansion (ISVs only)
- Telesales Campaign
- Workshops

*Available November 2018

MARKETPLACE

LIST
- AAD Integration + Onboarding
- OCP Catalog Listing Optimization
- Marketplace Listing Optimization
- Marketplace Blog w/Newsletter + Social Amplification

TRIAL
All List benefits +
- Social Promotion Spotlight + Blog Post
- Press Release Support
- Mini Case Study
- Marketplace Feature + Category Promo
- Micorosft Seller Webinar

CONSULTING
All Trial benefits +
- Azure Sponsored Accounts

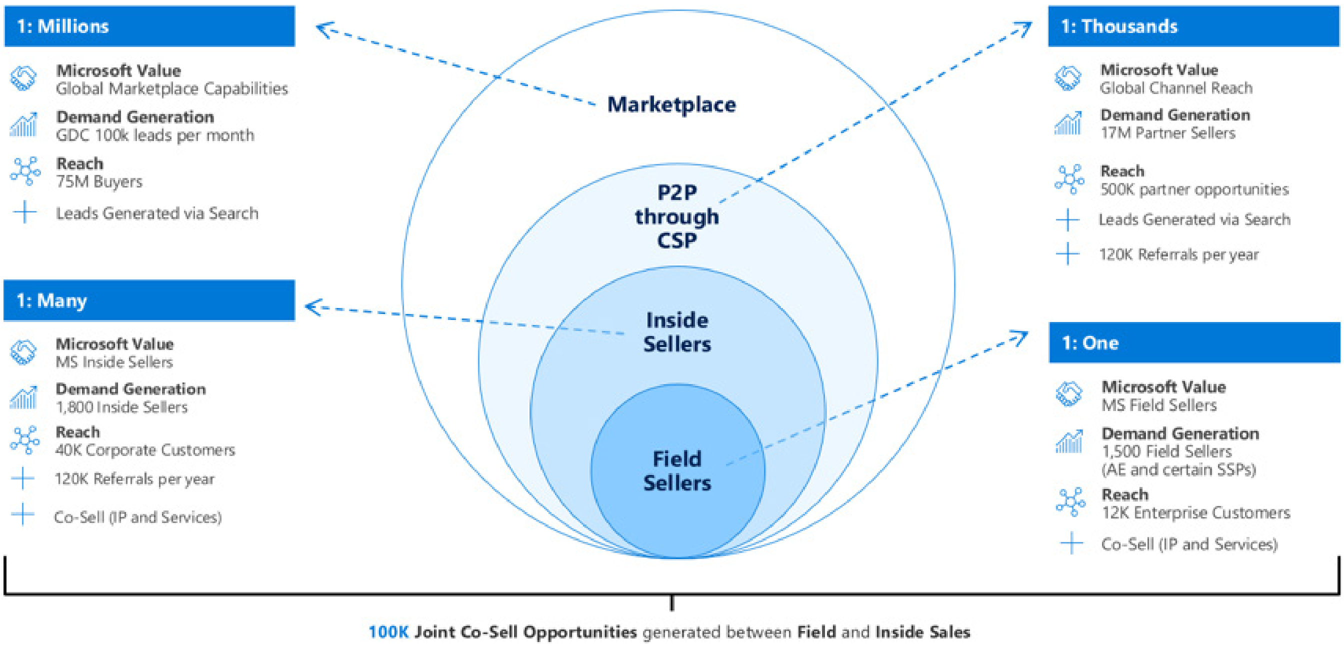
TRANSACT
All Trial benefits +
- Marketplace Performance Insights
- Test Drive Sponsorship
- Microsoft Executive PR Endorsement

DIGITAL SUPPORT
partner.microsoft.com

GTM RESOURCE DESK SUPPORT
partner.microsoft.com

Selling with Microsoft

Apart from the Go-to-Market support described above, there are many ways that partners can sell with Microsoft – Including publishing your solution or services to one of our cloud marketplaces, pursuing Partner to Partner through Cloud Solution Providers, Selling through Inside Sales and Enterprise Field Sellers. Co-Sell is a selling motion that enables Microsoft and our partners to drive joint revenue and customer success.



To learn more about selling with Microsoft, including Co-Sell, visit https://partner.microsoft.com/reach-customers/selling-with-microsoft. Digitally managed partners may also reach out to the Cloud Enablement Desk for customized advice as you navigate the co-sell journey.

Leveraging the Microsoft marketplace

AppSource and Azure Marketplace are two Microsoft-owned storefronts that enable you to offer your solutions to customers around the world. Within a single, unified platform, customers can easily search and try your solution with just a few clicks.

In recent years, many business leaders have turned to online marketplaces to find new corporate technology solutions. Microsoft has made digital marketplaces such as **AppSource** (for the business buyer) and **Azure Marketplace** (for the technology buyer) available to its community of customers and partners. Be sure to get your Business Applications solution listed on AppSource so potential customers can find, try, and buy your applications and services and to enable other partners and or Microsoft team members to easily share your application with others.

An optimized Marketplace listing can help you accelerate your customer acquisition growth, thereby playing a central role in your cloud business strategy and engine. Get ready to list offers, provide customer trials, and connect with Microsoft customers and the partner community.

You can find more information about publishing your app or promoting your professional services via the AppSource and Azure Marketplace here: https://partner.microsoft.com/en-us/isv-resource-hub/publish-your-app

TO BECOME A MICROSOFT PARTNER

The Microsoft Partner Network provides three types of memberships. Each type provides a set of benefits to help you grow your business. As you achieve your goals, participate in the program at the level that suits your unique needs, so you can access more benefits and develop your relationship with Microsoft and other Microsoft Partners.

- **Network Member**: Receive a set of no-cost introductory benefits to help you save time and money. Use our resources to help build your business as a new partner and discover your next step.
- **Microsoft Action Pack (MAP)**: This affordable yearly subscription is for businesses looking to begin, build, and grow their Microsoft practice in the cloud-first, mobile-first world through a wide range of software and benefits.
- **Competency**: Get rewarded for your success with increased support, software, and training.

Partner to partner

With a business applications practice, not all partners will, or even should, do everything themselves. It is critical to seek out other partners in the Microsoft ecosystem to fill gaps in your practice – from specific technology talent to expertise in specific business processes.

It is tempting to want to do everything related to a customer's business needs, but trying to know and do everything comes with significant risks. You might lose a new deal because competitors offer deep functionality in a specific area out-of-the-box, and your core solution with added customization services is more expensive, has more risk, and will take longer. You may face project and profitability risks going into specialty areas you are not familiar with, and end up under-estimating the amount of work needed to achieve everything you've committed.

Leveraging a partnership model can help you in many ways:

- Complete your solution to remain competitive
- Build credibility on projects that are new to you
- Offer infrastructure or other services which are not your core competency
- Leverage joint marketing
- Get new leads
- Provide easy, add-on to license sales
- Broaden your customer base
- Lower costs and risks
- Accelerate deployment
- Allow you to differentiate
- Provide training in new, unfamiliar areas

Finding the right partner is important. The partner ecosystem is changing, and partners are redefining their business focus and core competencies. Competitors often become allies. Traditional Dynamics AX (Finance and Operations) partners give smaller opportunities to Business Central partners and vice versa. Business applications partners team up with Azure partners to offer new IoT or AI functionality and more. A security partner, for example, is expert in all things security and likely to have the historical data, case studies, and stories to back their experience if your clients have advanced security needs or compliance requirements. If you partner with a security partner, you'll gain expertise and data from a very complex and rapidly evolving domain. The security partner will learn to leverage your specialized know-how and capabilities. As the Microsoft platform gets broader and broader it will become increasingly challenging to be an expert in all workloads and technology areas. Define your partnership strategy and focus energy on building these relationships. Inspire and many other Microsoft conferences are great places to network and meet others. When you partner, you have a more competitive offering than vertically-focused competitors.

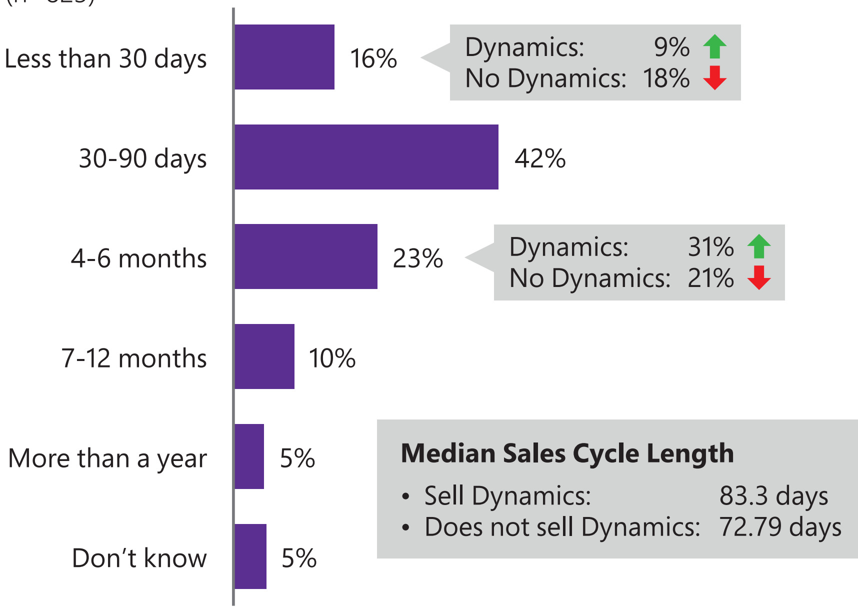
Define Your Engagement Process

Sales Process

Forty-three percent of Microsoft Dynamics 365 partners today still have a 4-month or longer sales cycle. The remaining 57 percent of partners have managed to drive this sales cycle down to 3 months or less. Obviously, SMB-focused partners often have shorter sales cycles than large enterprise-focused partners.

Average Sales Cycle Length

(n=823)



Presales, post-sales & support

For your practice, you should define the technical effort required before the sale (presales), after the sale (post-sales), and in support of the sale. You must decide on the technical presales and post-sales requirements for your solution offer.

PRESALES

The technical effort required to make the sale involves:

- Discussing the customer requirements and addressing their objections.
- Developing technical pitch decks. Leveraging the Cloud Adoption Framework.
- Providing technical demo: This demo may be generic or may need customization to better meet the requirements of the customer. The goal of the technical demo is to inspire confidence in your ability to deliver the desired solution by demonstrating you have "already done something like it before."

POST SALES

The technical effort required after the sale includes:

- Addressing follow-on customer concerns about the technology or implementation.
- Providing training to increase awareness of the solution that will be implemented.
- Providing a technical demo more customized for the customer to better understand their needs before moving on to the next phase of the project.
- Following up with the customer to ensure implementation is on track and meeting expectations.

For guidance with sales efforts, consider the learning paths available in the Microsoft Partner Network Learning Portal.

SUPPORT

Define your customer support program and processes. This includes:

- Defining your support model.
- Provisioning your support infrastructure.
- Defining and implementing your escalation process.
- Selecting and enabling your support options.

Microsoft also provides support for technical presales and deployment services. See the section Supporting your Customers for more information on available resources and using Partner Advisory Hours.

Identify Potential Prospects

Build your prospect hit list

Your goal is to build a list of prospects who could turn into customers for your new practice. To accomplish this, create an awareness campaign to drive attention, highlight your service offerings, and use your success in the other business applications areas of your practice to give you credibility.

Use these awareness activities to help generate new customers:

MICROSOFT REFERRALS PROGRAM

If you're a Microsoft partner, you can create your company profile on the Microsoft referrals program and start receiving referrals based on your areas of expertise. More details on https://partner.microsoft.com/reach-customers/connect-with-customers.

MICROSOFT CO-SELL PROGRAM

Take advantage of Microsoft's co-sell programs by listing your application or service on Microsoft's marketplaces, and working with Microsoft partners and sellers to bring your solution closer to your target customers. https://partner.microsoft.com/reach-customers/selling-with-microsoft.

INSTALLED BASE

Begin by focusing on your installed base of existing customers. Dissect their website to uncover services areas ripe for automation or improvement. Investigate their competitors and find their weaknesses. You are their technology partner of choice, it is your job to teach them how they can leverage technology to offer their customers better service and to gain a competitive advantage in their industry. It is always easier and less expensive to sell to an existing customer than to find and acquire a new one. Develop a targeted upsell campaign and begin by contacting your existing customer base.

You also want to be sure to conduct your first implementation with a "friendly" customer who will be patient and supportive while you learn the ropes and make mistakes.

ASK FOR REFERRALS

The most compelling proof of your capabilities is “social proof”. This is your customers recommending you to their peers. Too often we are uncomfortable reaching out to our existing customers and asking them directly for a referral. Call each of your customers, let them know you are expanding you practice and ask them if they have a peer who they think could benefit. If they value your services and contribution to their business, they will be more than happy to provide an introduction.

Ask for referrals when talking with existing customers, partners, and vendors who might know someone who is ready for your new solution or services.

CREATE EDUCATIONAL VIDEOS

Create value based educational content in the form of 1-5-minute videos educating prospects on what is possible. Teach them about how technology can help them disrupt their industry and gain a competitive advantage in their market. They are building their business, not thinking about how they can leverage technology to save costs or increase their revenue.

CASE STUDIES

You will not yet have credibility in terms of the number of implementations you have completed, so make sure that your first three customers turn into raving fans. Provide them with a tangible incentive to partner with you not only on their project, but as an advocate. Help them showcase their success and make them a hero in their own company and industry. Secure speaking opportunities for them at industry events, apply on their behalf for innovation awards in their industry, and more. These early advocates are critical to your early practice acceleration.

SOCIAL MEDIA

Social media such as LinkedIn and YouTube can reach potential customers. Be sure NOT to talk about yourself or your products, instead showcase customer stories and provide links to blogs, industry data, and articles that remind them of why they need to invest in your business application solution and how much business value they are missing out on by not engaging with you.

BUILD INFLUENCER RELATIONSHIPS

In every workload area there are a number of process-focused consultants selling services or evangelizing new methodologies. There are also a number of professional services providers and suppliers who prospects turn to for recommendations and guidance on technology options. In the CRM space there are sales process improvement consultants, in the HR area there are change management specialists and recruiting firms, and in the finance and operations space there are accountants and business process consultants. Determine who are the key voices in your target industries. Find the pioneers and visionaries in this space and educate them on how you fit into the big picture. They often write blogs and articles and having links pointing to you can help you gain qualified prospects.

Microsoft partners find the following five marketing activities the most effective for building your prospect list:

		Total (n=823)
1	Referrals	33%
2	Sales presentations	33%
3	Account management	33%
4	Events (online or in-person)	33%
5	Website content	33%

Microsoft
Partner
Network

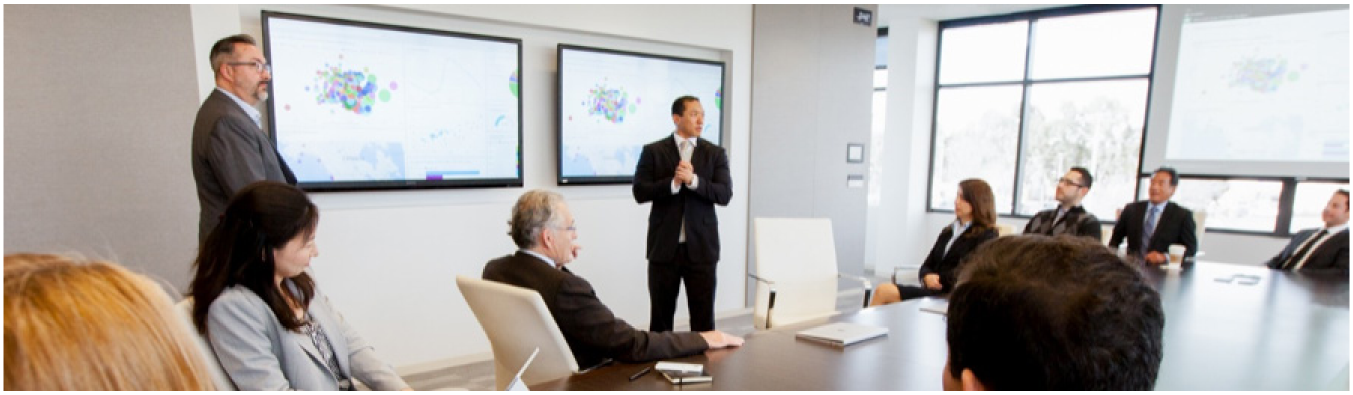
Hire & Train

Business Applications

aka.ms/practiceplaybooks

Microsoft

Executive Summary



In the previous section, you evaluated the various services your business can pursue as you set up your business application practice. Now that you've identified some avenues of success, you may be wondering how to build and train your team.

First, we'll help you define the members of your team and the skills they should bring to the table. If you need to hire to fill gaps, we provide you with detailed job descriptions you can use, ideas on where to look for resources, the factors you should look for in a candidate's skillset, and what you should expect to pay by role and region.

A big focus of this section is the critical piece of ensuring all your practice resources are trained and continue to receive ongoing training. We cover not just the technical training, but also sales and marketing training.

Additionally, we'll give you details on the specific Microsoft certifications your technical resources should be working towards, both for their own professional development and to earn your organization Microsoft Partner Network competencies.

Top 5 things to do

When crafting your game plan to build your team, make sure you nail down these 5 tasks before you move to the next section.

- ☑ Define the members and roles required
- ☑ Identify capability and skills gaps
- ☑ Decide which skills to hire and train
- ☑ Hire to fill gaps in your team
- ☑ Train and certify your team

Create a Hiring Plan

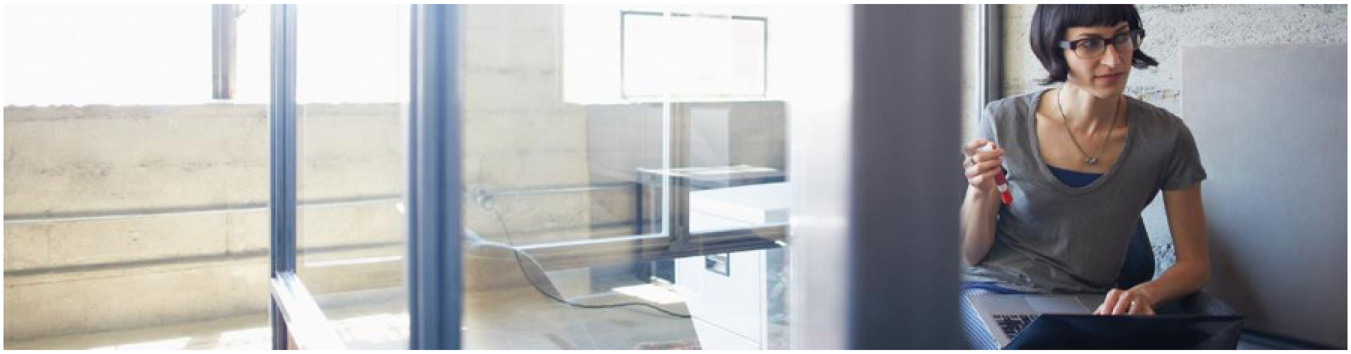
Human resources are a critical asset to any services-based practice. Starting a new practice requires you to start with an evaluation of your existing team members (if any) and then make the decision of whether to hire new employees or bring your existing team up to speed.

The following sections describe the recommended resources across sales, technical and support functions that you will likely need. In many practices that are just getting started you may not be able to fill all roles with individual professionals. In this situation one person will likely be required to fulfill the duties of multiple roles.

Partner Skillsets

Referrals and LinkedIn are top sources for identifying skilled labor. Once a candidate is identified, work history, cultural fit, and years of experience become the important considerations.

Roles associated with cloud practices typically have at least 3 years of experience. Furthermore, most companies engage in at least annual ongoing staff learning efforts like conferences/ events and online training. A median of 8.5% of technical resource time is spent on training.



Hire, Build, and Train Your Team

What roles do you need to staff?

The typical journey of a Business Applications engagement can be divided into Customer Acquisition, Solution Discovery, Solution Delivery, and Ongoing Maintenance. There are various roles aligned with these phases that are critical to your practice. In smaller practices, two or more of the roles can be performed by one person. However, it is important to ensure that all the appropriate skillsets are present in your staff.

CUSTOMER ACQUISITION

The **Marketing Team** is responsible for bringing the solution to market, as well as developing lead generation activities to create a sales pipeline.

The **Inside Sales Team** provides phone- or online-based sales support for closing deals that come from the marketing pipeline.

The **Sales Executive** or **Account Manager** manages the relationship with the end-customer. This role brings in the appropriate resources to help envision and deliver the solution to the customer.

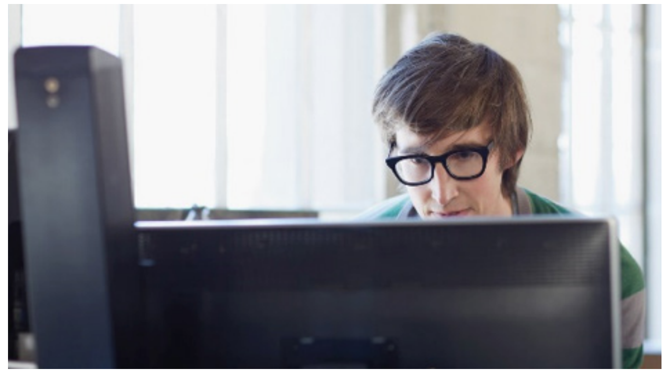
SOLUTION DISCOVERY

The **Presales Consultant** advises the customer on industry best practices, business process transformation and translates the resulting process into a set of technical requirements for the solution delivery team to work on. It is this business process re-design, enabled by the technical solution, that is crucial to providing value to the customer. This role is like a business analyst, and it requires very deep industry knowledge and a good understanding of the customer's business goals and processes. This professional must also be a specialist in delivering the value proposition of Dynamics 365 and how to deal with competitive scenarios. The presales consultant also conducts solution demonstrations with real industry data and is a system/industry expert. This is a senior role that typically requires 10-15 years of experience, preferably with multi-industry implementations as a former delivery consultant, who has since become more technical and tenured in career.

Besides the right professionals to engage in solution discovery, the partner also needs to invest on having the right presales and demo infrastructure, with demo data that is regional and localized with different datasets for different industries.

In smaller teams, the presales consultant role can be combined with the functional consultant or solution architect roles, if those professionals meet the knowledge requirements and industry experience.

SOLUTION DELIVERY



The **Functional Consultant** is at the core of configuring and implementing the system. This person is not necessarily an expert on industry processes but is deeply knowledgeable on the technical aspects of solution implementation. This role is typically trained from graduate or industry hires. Experience ranges from 6 months to 10 years. The technical consultant requires deep Dynamics 365 training. This role should also be skilled at the subsequent lifecycle management required to ensure continued use of the service.

The **Solution Architect** sets the high-level direction and blueprint for implementation and is brought in at critical milestones. Typically, a solution architect is a former a functional consultant who has since become more technical and tenured. This is a senior role that usually requires 10-20 years of implementation experience.

The **Developer** is brought in if there are extensions to third-party systems to be made or coding is necessary. Developer skills are usually aligned to a specific Dynamics 365 product (for example, Finance & Operations). This role typically requires at least 5 years of developer experience. An effective Business Applications developer knows how to modify systems, do code reviews, has a developer pedigree, and can also talk to clients.

The **Project Manager** ensures deadlines are met, manages the day-to-day workflows and roadmap. This role typically requires PMP certification and experience as a project manager.

SCALING THE TEAM FOR PROJECTS

Depending on size and complexity of your customers, these roles can scale up and down by combining roles for the delivery of the solution. Smaller projects can be started with a small team of 1-2 professionals (technical and functional). As the complexity grows, the projects will require role segmentation to drive customer success. Scaling teams up and down has a correlation with the set of skills required for the project, volume of stakeholders and users, as well as if the scope covers IoT, AI or other integration services that call for verticalized technical roles.

Larger projects may also require additional roles than described here. For instance, customers that have a larger user base, or deployment in multiple countries or a heavy customized mobile application might need a Release Manager and different QA/Test professionals in the team.

The table below provides an example of how to scale a team based on skills/feature set, in this case for a field service-related project.

Customer Complexity	Functionality/Feature/Skill	Presales Consultant	Functional Consultant	Solution Architect	Developer	Project Manager
	Product Catalog Management	X	X	X	X	X
	Work Order Management	X	X	X	X	X
	Scheduling and Dispatch	X	X	X	X	X
	Resource Management	X	X	X	X	X
	Asset Management	X	X	X	X	X
	Inventory Management	X	X	X	X	X
	Agreements and Billing	X	X	X	X	X
	Mobile Application Extensibility	X		X	X	
	Portals	X		X	X	
	Resource Optimization	X	X	X	X	
	Azure IoT	X		X	X	
	Power Apps	X	X	X	X	X
	Power BI	X	X	X	X	X
	Flow	X	X	X	X	
	Common Data Service	X	X	X	X	X
	ERP Integrations	X	X	X	X	
	xRM Platform Customization ad Configuration			X	X	
	xRM Platform Deployment and Security Model			X	X	
	Preventive Maintenance	X	X	X		
	IoT Devices, Network Architecture, Protocols			X		
	Possible Role Combinations					

In the context of scaling teams, customer complexity is what drives which skills need prioritization. Consider building your practice following a progressive complexity path. Start with basic projects (single geography, focus on one sales play), then evolving to customers that require higher customizations, and then moving onto customers that need to redefine or build complex business processes from the ground up.

Customers add complexity with geographic coverage, and users from different geographies can impact solution performance and different mobile user requirements. Start with one region/district geography before jumping in multiple regions/districts, whole country, few countries, multiple countries. Technical skills requirements to successfully implement a multiple-country customer are higher than single-country implementations.

Another aspect to consider is the focus on functional/industry scope versus the technical scope. There are many partners in the ecosystem that focus only on supporting other partners on the technical configuration/implementation model. Based on that, keeping a strong functional team specialized on vertical industries while outsourcing the technical work is also a practice to be considered.

SCALING THE TEAM ACROSS DYNAMICS 365 APPLICATIONS

If you are already a Dynamics partner with experienced technical professionals, you can scale the team by leveraging a Customer Service developer in a particular solution area since many skills are shared across the Dynamics platform. Developers, Technical Consultants, and Solution Architects are good examples of scaling horizontally the technical skills across different Dynamics 365 applications.

Functional Consultants can also be shared, although you need the business analysis and industry expertise correctly addressed in each customer according to their verticalization.

ONGOING SUPPORT

If you decide to enter the Managed Services Provider model, you will need to invest in resources to provide ongoing support for your customers. This ensures that the solutions you delivered continue to get usage over time.

The **Customer Success Manager** is passionate about engaging your customers and helping them expand their use cases. They have excellent relational skills and can create win/win environments for all parties they work with. In their day-to-day responsibilities, they own the overall relationship with assigned customers by increasing adoption and ensuring retention and satisfaction. They make a large impact on your enterprise security business by establishing a trusted and strategic advisor relationship with each assigned customer, driving continued value of your products and services. The Customer Success Manager will help drive sales by working to identify or develop up-sell opportunities. Additionally, they will advocate customer needs and issues cross-departmentally and manage account escalations. Qualifications include prior experience in customer success or equivalent history of increasing customer satisfaction, adoption, and retention.

The **User Support Specialist** assists customers who are having technical issues with your product, or who need help realizing the full benefit of your solution to help them deliver their cloud-based workloads. They will likely be in a position to help customers navigate the operational challenges of cloud computing. Thoroughly training them on both your product, and the infrastructure on which it is built, is paramount to their success, and ultimately, your customers' satisfaction. Qualifications include technical support experience and great communication and interpersonal skills (soft skills). Experience with cloud technologies is a major plus.

LEADERSHIP ROLES

Consider the following management positions if your solution delivery effort will involve eight or more technical staff. In smaller teams, senior-level employees (e.g., lead consultant, lead architect) sometimes take on management duties along with their other responsibilities, removing the need for dedicated managers.

The **Chief Technical Officer** (CTO) manages technical readiness through identification of needs/requirements. This role works with HR to understand best-fit career paths for their technical staff, sets standards for skills and certifications, and orchestrates the delivery of training to meet those standards. This role also manages internal tools such as Dynamics Lifecycle Services, Visual Studio Team Server, testing tools, and 3rd party ISV approved applications.

The **Chief Operating Officer** (COO) owns the organizational structure and methodology for solution development and delivery. This role is also responsible for management and leadership training across the organization.

The **Director of Sales and Marketing** is responsible for commercial readiness, including licensing models and the transition when licensing changes need to be put in place.

Recruiting Resources

Top Sources to Find Skilled Labor

Sourcing skilled labor can be a challenge. (Make sure you take advantage of your Dynamics 365 for Talent IUR to improve your success rates!) In our recent survey with MDC of 1,136 Azure partners, we found referrals and LinkedIn rank among the top sources for finding candidates.

Referrals are primarily responsible for driving candidate sourcing: LinkedIn is more likely among those selling Dynamics

Top Methods for Sourcing Candidates

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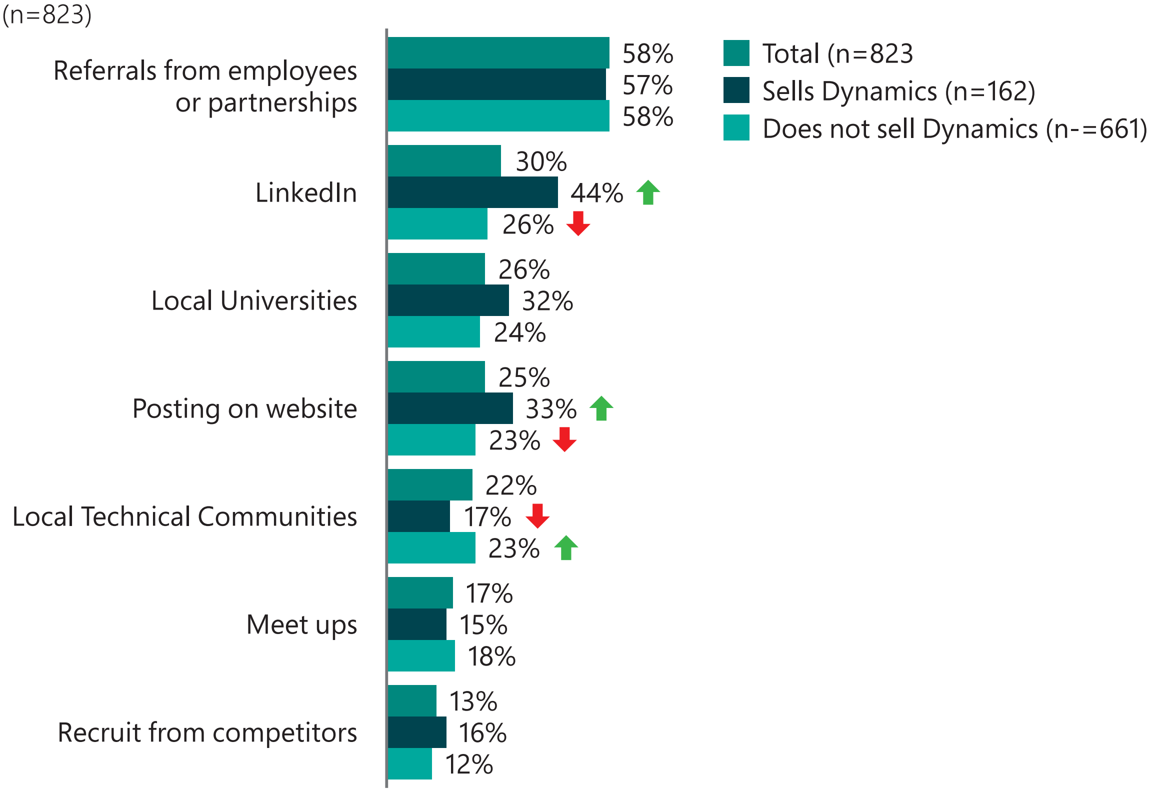


Training

For technical staff to function as change agents supporting current and emerging cloud technologies, their buy-in for the use and integration of these technologies is needed. For this, staff need three things:

- An understanding of their roles and any changes to their current position.
- Time and resources to explore the technologies.
- An understanding of the business case for the technologies.

Use the following resources as part of your Business Applications onboarding for new and existing staff:

- Dynamics Learning Portal provides free, self-paced learning to help you stay current with Dynamics 365. Available to all Microsoft Partner Network members (subscription to the free Training Pack is required).
- Microsoft Learning offers a wide variety of official curriculum on-demand, Dynamics 365 certification preparation courses, as well as edX courses that are taught by Microsoft experts, and helps you learn through hands-on experiences with a broad reach of Microsoft technologies.
- Microsoft Technical Journeys provides technical webinars as well as 1:1 pre-deployment guidance and developer assistance from Microsoft technical consultants to help ensure a successful implementation for your team.
- The Microsoft Partner Network Training Portal provides a centralized interface with in-person, virtual and online training opportunities and certification options organized by products, competencies, certifications, and job role.

Follow a learning curriculum at your own pace to build the skills you need most to stay relevant. When you're ready, we recommend pursuing Dynamics 365 Certification to demonstrate competency in this area.

Competencies and Certifications

MPN Competencies

One of the next steps is to ensure you align the technical team to the MPN competency for your Microsoft Business Applications practice.

The following tables summarize the **skill requirement**s needed by people in your organization to achieve either a gold or silver Cloud Business Applications competency. In the table below, you only need to meet the requirements of one option to earn the competency.

	SILVER REQUIREMENTS	GOLD REQUIREMENTS
Option 1: Customer Engagement	Your organization should have at least five (5) individuals pass the exam requirements Five (5) individuals should pass one of the functional exams • MB2-717: Microsoft Dynamics 365 for Sales • MB2-718: Microsoft Dynamics 365 for Customer Service • MB2-877: Microsoft Dynamics 365 for Field Service • MB2-719: Microsoft Dynamics 365 for Marketing and the same five (5) individuals must pass the following technical exam: • MB2-716: Microsoft Dynamics 365 Customization and Configuration And the same or different five individuals must pass the following technical exam: • MB2-715: Microsoft Dynamics 365 Customer Engagement Online Deployment	Your organization should have at least fifteen (15) individuals pass the exam requirements Five (5) individuals must pass one of the functional exams: • MB2-717: Microsoft Dynamics 365 for Sales • MB2-718: Microsoft Dynamics 365 for Customer Service • MB2-877: Microsoft Dynamics 365 for Field Service • MB2-719: Microsoft Dynamics 365 for Marketing and the same five (5) individuals should pass the following technical exam: • MB2-716: Microsoft Dynamics 365 Customization and Configuration Ten (10) other individuals from the five above must pass one of the functional exams:: • MB2-717: Microsoft Dynamics 365 for Sales • MB2-718: Microsoft Dynamics 365 for Customer Service • MB2-877: Microsoft Dynamics 365 for Field Service • MB2-719: Microsoft Dynamics 365 for Marketing Ten (10) other individuals from the five above should pass the following technical exam: • MB2-716: Microsoft Dynamics 365 Customization and Configuration And the same or different five individuals must pass the following technical exam: • MB2-715: Microsoft Dynamics 365 Customer Engagement Online Deployment

	SILVER REQUIREMENTS	GOLD REQUIREMENTS
Option 2: Enterprise Operations	Your organization should have at least five (5) individuals pass the exam requirements. Five (5) individuals must pass one of the functional exams: • MB6-895: Financial Management in Microsoft Dynamics 365 for Finance and Operations • MB6-896: Distribution and Trade in Microsoft Dynamics 365 for Finance and Operations • MB6-897: Microsoft Dynamics 365 for Retail • MB6-898: Microsoft Dynamics 365 for Talent and the same five (5) individuals must pass the following technical exam: • MB6-894: Development, Extensions and Deployment for Dynamics 365 Finance and Operations, Enterprise edition And the same or different five individuals must pass the following technical exam: • 70-535: Architecting Microsoft Azure Solutions	Your organization should have at least fifteen (15) individuals pass the exam requirements. Five (5) individuals must pass one of the functional exams: • MB6-894: Development, Extensions and Deployment for Dynamics 365 Finance and Operations, Enterprise edition • 70-535: Architecting Microsoft Azure Solutions and the same five (5) individuals must pass the following technical exam: • MB6-894: Development, Extensions and Deployment for Dynamics 365 Finance and Operations, Enterprise edition Ten (10) other individuals from the five above must pass one of the following functional exams: : • MB6-895: Financial Management in Microsoft Dynamics 365 for Finance and Operations • MB6-896: Distribution and Trade in Microsoft Dynamics 365 for Finance and Operations • MB6-897: Microsoft Dynamics 365 for Retail • MB6-898: Microsoft Dynamics 365 for Talent Ten (10) other individuals from the five above should pass the following technical exam: • MB6-894: Development, Extensions and Deployment for Dynamics 365 Finance and Operations, Enterprise edition And the same or different five individuals must pass the following technical exam: • 70-535: Architecting Microsoft Azure Solutions

There are other requirements, such as performance thresholds, as well as processes, that need to be met. You can find the full list of requirements in the MPN Cloud Business Applications Competency site.

Certifications

Increase readiness and marketability with MCSA or MCSE certifications

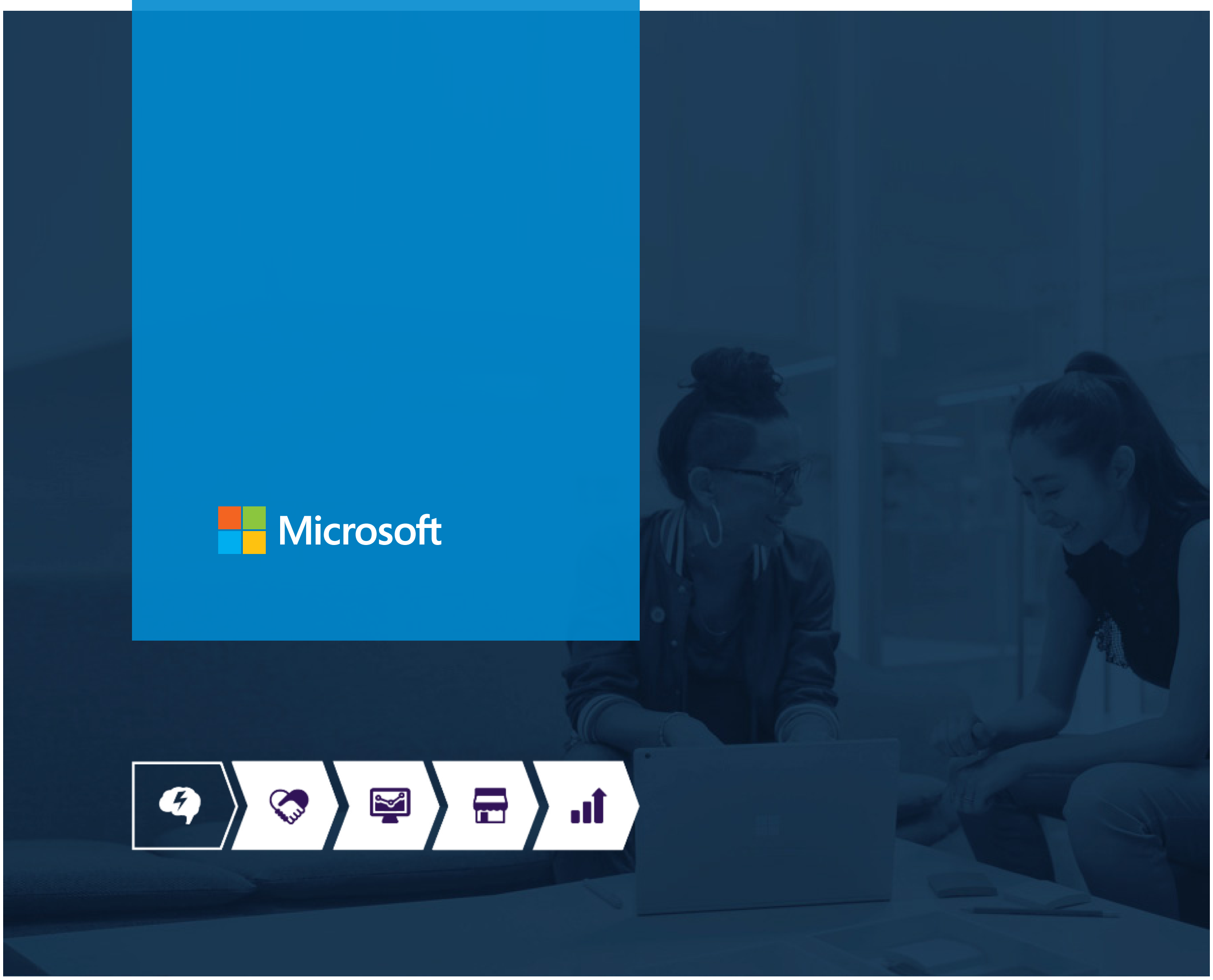
There are numerous assessments and certifications your team should consider as motivation for advancing their skills, creating proof points for your practice, earning certification badges, and enabling you to achieve Microsoft Partner Network Competencies.

In the table below, you will find the Microsoft certifications for Business Applications.

TITLE	DESCRIPTION	REQUIRED EXAMS
MCSE: BUSINESS APPLICATIONS	This certification validates that you have the expertise to work with and manage Microsoft Dynamics 365 technologies. You'll start with a foundation in Microsoft Dynamics 365 and demonstrate additional expertise in one or more business specific areas.	Select one from the following exams: • MB2-877: Microsoft Dynamics 365 for Field Service • MB2-717: Microsoft Dynamics 365 for Sales • MB2-718: Microsoft Dynamics 365 for Customer Service • MB2-719: Microsoft Dynamics 365 for Marketing • MB6-895: Financial Management in Microsoft Dynamics 365 for Finance and Operations • MB6-896: Distribution and Trade in Microsoft Dynamics 365 for Finance and Operations • MB6-897: Microsoft Dynamics 365 for Retail
MCSA: DYNAMICS 365	This certification demonstrates your expertise in Microsoft Dynamics 365 technologies to upgrade, configure, and customize.	• MB2-715: Microsoft Dynamics 365 Customer Engagement Online Deployment • MB2-716: Microsoft Dynamics 365 Customization and Configuration
MCSA: DYNAMICS 365 FOR OPERATIONS	This certification demonstrates your expertise in Microsoft Dynamics 365 technologies to implement the basic technical and development tasks required to customize Microsoft Dynamics 365 for Operations. This audience typically includes technical consultants, programmers, and IT personnel.	• 70-764: Administering a Microsoft SQL Database Infrastructure Or • 70-765: Provisioning SQL Databases And • MB6-894: Development, Extensions and Deployment for Microsoft Dynamics 365 for Finance and Operations

Microsoft
Partner
Network

Operationalize



Executive Summary

In the previous section, we reviewed how you should hire, train, and equip your staff. In this section, we will guide your through the steps to operationalize your business plan.

We'll walk you through the options for leveraging your internal use benefits that provide you complimentary software licenses and subscriptions for use within your organization. We'll show you how to deepen relationships with your customer by re-selling Dynamics 365 as an overall package along with your software, creating a new revenue stream for your business.

This section also provides guidance on how to operate your business, from how to build materials to support your sales and marketing efforts to the key contracts you will want to put in place.

Whether you're building products, providing managed services, or performing project work for customers, your success may be impacted by your ability to manage your customer records, your projects, and your support trouble tickets. We provide guidance on what tools and systems you should consider implementing.

We will also cover how you can increase visibility for your practice by reviewing the Microsoft marketplaces and how to get listed on them as well as provide guidance on the social offerings your practice should setup.

We conclude this section with checklists and templates you can use to standardize your customer engagement process.

Top 5 things to do

Get your practice off ground by putting your plan into action. These are the top 5 things you should do to get the momentum going.

- ☑ Implement processes
- ☑ Claim your internal use benefits
- ☑ Set up key contracts and tools
- ☑ Establish customer support process
- ☑ Standardize your engagements using checklists

Implement a Solution Delivery Process

The process you follow in delivering your solution to your customer is just as important as the technologies you use to build it.

When Dynamics 365 SaaS projects fail, it is most commonly due to basics like a lack of cloud technical skills, inadequate Fit/Gap analysis, poor project governance, or team churn. These issues are associated with not having the right people on the team and underdeveloped methodology for delivery.

Investing in proper time estimation methods and delivery processes is critical for success, partner profitability, and customer satisfaction. Independently from the methodology choices, partners must always drive a short time of value, meaning less customizations, better usage of out-of-the-box business processes, and fast delivery of solution modules to users.

When it comes to delivering solutions for a SaaS Practice, incorporate the processes that best fit your needs and your team.

Scrum Process

The Scrum process works great if you want to track product backlog items (PBIs) and bugs on the Kanban board, or break PBIs and bugs down into tasks on a task board. This process supports the Scrum methodology as defined by the Scrum organization. Tasks in this process support tracking remaining work only.

Agile Process

Choose Agile when your team uses Agile planning methods, including Scrum, and tracks development and test activities separately. This process works great if you want to track user stories and bugs on the Kanban board, or track bugs and tasks on the task board. You can learn more about Agile methodologies at the Agile Alliance. Tasks support tracking Original Estimate, Remaining Work, and Completed Work.

Create Repeatable Processes

Repeatable processes make for profitable practices. Use the following example checklist to kick start your own methodology when executing a new engagement.

- Hold initial requirements meeting
- Identify product owner/manager(s)
- Identify key business process owners and stakeholders
- Bind customer's organization and customer's business processes owners into the QA process
- Reduce the volume of customizations, as they have a high impact on mobile extensibility
- Follow-up meeting to clarify and establish next steps
- Discuss MVP (minimal viable product) criteria
- Establish development process (Agile, Scrum, etc.)
- Identify milestones and tasks; share with customer
- Identify Mobile usage scenarios and mobile devices requirements as early as possible
- Provide cost estimates for development, cloud services, and ongoing maintenance/support
- Address customer objections to proposed technology and services
- Acquire data (or sample of data) for initial data assessment and proof of concept development
- Host project artifacts (issues, code, etc.) to share with internal team and customer (e.g. Visual Studio Team Services)
- Follow up with customer and provide status/demos on a regular basis (e.g. 2-week sprint)
- Coordinate a final handoff to customer
- Conduct project debrief with customer
- Organize internal project post-mortem
- Customer conducts acceptance test
- Execute a progressive deployment strategy, one region, several regions, one country, two countries, several countries

Implement Intellectual Property Offerings

Consider these tips to if you are going to invest in developing IP and begin to monetize your domain expertise.

DEFINE YOUR SOLUTION

When we asked partners how they determined what IP they were going to build, we often got the same answer: they realized most of their customers were asking for the same thing or something very similar. Rather than continuing to do high-cost, custom work for every customer, they decided to productize what their customers were asking for. Bring your sales, marketing, technical, and delivery teams together to brainstorm and define what patterns of challenges you are seeing across your customer base.

DETERMINE WHAT WILL DIFFERENTIATE YOUR SOLUTION FROM OTHERS IN THE MARKET

It is important to think about your differentiation strategy. What is going to make your solution better than other similar solutions in the industry?

MAINTAIN RIGHTS TO THE IP

As you make the transition from project-based or custom services to packaged IP, it is critical to revise your customer agreements, so you can maintain the IP rights to the solutions you build.

PROTECT YOUR IP

As we mentioned in Understanding Intellectual Property, you should engage legal counsel to help you protect and maintain ownership of the IP you create. Key to success with IP is effectively defining licenses, contracts and terms of use, and acquiring patents if applicable.

CONSIDER YOUR CHANNEL STRATEGY

One of the advantages of productizing your IP is it opens up the possibility of selling your solution on AppSource or through the Microsoft channel of partners.

Resources

- Building IP to Drive Margins
- Create Stickiness with IP

Internal Use Rights

If you're a Microsoft partner with Microsoft Action Pack- or Gold/Silver competency-level membership, part of your benefit includes access to cloud service licenses for use in internal business operations, training your staff, or developing sales demos. You are also eligible to receive monthly and/or lump sum bulk credit also known as Microsoft Azure Sponsorship for Azure services.

Microsoft provides these licenses and Azure credits to help its partners get started on Microsoft technologies, and ensure that you have the resources you need to build a successful practice.

Note that these licenses and Azure credits may not be used for direct commercial or revenue-generating activities.

For more details about the Internal Use Rights (IUR) benefit please visit https://assets.microsoft.com/en-us/MPN-MAPS-Product-Usage-Guide.pdf

Ways to License Microsoft Products

There are several ways you can purchase the Microsoft cloud services needed to support your customers and your practice.

MICROSOFT CLOUD AGREEMENT VIA THE CLOUD SERVICE PROVIDER PROGRAM

Microsoft Cloud Agreement (MCA) is a transactional licensing agreement for commercial and government organizations seeking to fully outsource management of their cloud services through the Cloud Solution Provider (CSP) program.

In combination with the value-added services offered by a systems integrator, hosting partner, or born-in-the-cloud reseller partner, the CSP program offers an easy way to license the cloud services your customers need. On-premises software and Software Assurance are not available through CSP partners.

The CSP model keeps partners at the center of the customer relationship by providing them with direct management of billing, provisioning, and support.

MICROSOFT ISV ROYALTY LICENSING PROGRAM

Microsoft ISV Royalty Licensing Program is for ISVs who want a convenient way to license Microsoft products and integrate them into a unified solution. ISVs can then replicate the business solution and distribute a fully-licensed solution to their end users. ISV Royalty (ISVR) agreements are for a three-year term and payment is made monthly through an authorized ISV Royalty Licensing Program distributor.

MICROSOFT SERVICES PROVIDER LICENSE AGREEMENT

Microsoft Services Provider License Agreement (SPLA) is for service providers and ISVs who want to license eligible Microsoft products to host software services and applications to end customers. SPLA provides the license rights to host specific Microsoft products monthly for a three-year term, as outlined in the Microsoft Service Provider Use Rights (SPUR) with pricing based on use rights.

MICROSOFT ONLINE SUBSCRIPTION AGREEMENT

Microsoft Online Subscription Agreement (MOSA) is a transactional licensing agreement for commercial, government, and academic organizations with one or more users/devices. MOSA works best for organizations that want to subscribe to, activate, provision, and maintain cloud services seamlessly and directly via the web through the Microsoft Online Subscription Program (MOSP). On-premises software and Software Assurance are not available through MOSA.

More details on these licensing programs can be found on https://partner.microsoft.com/licensing/licensing-agreements.

Creating your Presales Environment

Defining your presales environment strategy is critical to drive repeatability, increase win-rates, and accelerate decision making. Although there are several options on how to host the presales environment, investing early on localized demo data and industry-oriented data will help your organization to reduce cost of sales and be more productive in opportunities.

Keep in mind, some product features are add-ons not avaliable in Trial mode. If you are going to market with solutions focused solutions that leverage add-on features in Field Service, Talent, Sales, or other products, you might need to invest on your own presales environment.

3 options for Presales Environments:

TRIAL ENVIRONMENTS

In trial environments, you setup a trial for each customer you are engaging in presales via the https://demos.microsoft.com website.

PROS	CONS
• No direct cost associated to the environments • Demo data and demo guidance embedded into each trial • Environment comes with other relevant Microsoft technologies like Office 365 and Azure • You can migrate a customer trial into their final instance if the customer decides to buy	• Temporary solution. Trials expires in 30 days although they can be renewed by request. • Trial are not designed for repeatability in mind, usually requiring fake emails and credentials to be created all the time. • English only. • Not all features and functionalities are available in trials. • Labor costs. Each trial requires a considered amount of work to setup integrations, customize scenarios for each customer, and deploy your solution IP.

IUR (INTERNAL USER RIGHTS)

Internal User Rights are Dynamics 365 licensing your partner organization have access to as part of the benefits from the different competency levels in the Microsoft Partner Network. Each competency level has different IURs as you can see at https://partner.microsoft.com/en-us/membership/core-benefits#simple-tab-content-1 and your organization needs to be Silver or Gold competency level.

Some partners use their IURs for internal operations, but other partners use the IURs for presales. The IURs environments have full feature and functionality coverage, and they don’t expire as long as you keep your competency requirements updated.

PROS	CONS
• No direct cost associated to the environments • Environments don't expire as long you keep your competency level updated • Integrated to your organization's tenant, so you can use business emails and credentials for access • Interface can be localized	• No demo data or demo guidance embedded. You need to invest initially to build the data and demo scenarios • Add-ons not included in most IURs • Limited number of user licenses • For global partners, the IURs can be already in use by other subsidiaries • Other Microsoft technologies are not part of the environment

COMMERCIAL SOFTWARE LICENSED ENVIRONMENT

In this modality, your organization will license the environment like a customer to support presales. The environment access can be controlled in a granular way and all the labor involved in building demo data and customer scenarios can be reutilized customer after customer. Majority of partners that are industry-oriented prefer to license their own presales environments as a productive way to drive repeatability and manage their vertical IP.

PROS	CONS
• Full features and functionality, you license what you need in alignment with your go to market strategy • Environments don't expire as long you keep subscription • Integrated to your organization's tenant, so you can use business emails and credentials for access • Interface and data can be localized • You can apply a different security model and restrict access to the environments • You can host your IP and use the environment as part of your IP release process	• Subscription costs • Separated administrative process to manage instance, features, updates, security

Key Contracts and Tools for Your Practice

You need a set of legal documents to ensure compliance and deliverables, and protect your IP. You also need an implementation process to track the progress of a project both in terms of progress against a project plan and project budget.

KEY CONTRACTS

Leverage the Key Contracts for Your Practice guide to learn more about developing service level agreements, master services agreements, a statement of work, and a mutual non-disclosure agreement.

MICROSOFT PROJECT ONLINE

Microsoft Project Online is a flexible online solution for project portfolio management (PPM) and everyday work. Project Online provides powerful project management capabilities for planning, prioritizing, and managing projects and project portfolio investments — from almost anywhere on almost any device. Project Online can be used by administrators, portfolio managers and viewers, project and resource managers, and team leads and members.

VISUAL STUDIO TEAM SERVICES

Visual Studio Team Services provides various tools for tasks like running agile teams, providing support for Kanban boards, handling work item backlogs, scrum boards, source control, continuous integration, and release management. Source control functionality provides Git support, which enables integration with GitHub if such integration is desired.

While Visual Studio Team Services will help you manage the technical aspects of your project, cost-containment requires a different set of tools.

MICROSOFT DYNAMICS 365 FOR PROJECT SERVICE AUTOMATION

Microsoft Dynamics 365 for Project Service Automation provides users with the capabilities required for setting up a project organization, engaging with customers, project scheduling and costing, managing and approving time and expenses, and closing projects. It is specially targeted to address the needs of a project services-based practice, as it is designed for professionals who manage projects and the associated customer engagement process end-to-end.

GITHUB

GitHub provides the hosted environment for the business application implementation team to version control and share their source code, notebooks and other artifacts both privately (e.g., internally to a team) and publicly (e.g., an open source project), and collaborate on development projects.

Collaboration Tools and File Sharing

Collaborating with customers through the lifecycle of a project or the duration of a managed services agreement is critical. There are several services that can help you share project plans or set up lists for shared data.

MICROSOFT TEAMS

Microsoft Teams is the latest collaboration tool from Microsoft and is designed to make your content, tools, people, and conversations available in a single location.

YAMMER

Yammer is an enterprise social network collaboration offering to help teams collaborate and share files with each other.

ONEDRIVE FOR BUSINESS

OneDrive for Business is an enterprise file sharing service that is designed for automatic synchronization of files between your computer and the cloud. OneDrive makes it easy to share files with your customers or partners.

SKYPE FOR BUSINESS

Skype for Business is an enterprise online meeting and conference service designed for business communications.

SURFACE HUB

Microsoft Surface Hub is a Skype Online-integrated collaborations device, or "meeting room in a box." In addition to the built-in team experiences like Skype for Business, Microsoft Office, and Whiteboard, Microsoft Surface Hub is customizable with a wide array of applications. Universal apps built for Windows 10 shine on Microsoft Surface Hub, and scale to the large screen. You can also connect apps from your personal device and drive them from Microsoft Surface Hub.

Using CRM to Grow Your Business

CRM solutions streamline processes and increase profitability in your sales, marketing, and service divisions.

A strong CRM solution is a multifaceted platform where everything crucial to developing, improving, and retaining your customer relationships is stored. Without the support of an integrated CRM solution, you may miss growth opportunities and lose revenue because you're not maximizing your business relationships. Imagine misplacing customer contact information, only to learn your delay pushed your client into the arms of a competitor. Or, picture your top two salespeople pursuing the same prospect, resulting in an annoyed potential customer and some unfriendly, in-house competition. Without a centralized program where your people can log and track customer interactions, you will lose out on valuable sales opportunities.

THE FUNDAMENTALS OF CUSTOMER RELATIONSHIP MANAGEMENT

CRM tools make the customer-facing functions of business easier. They help you:

- Centralize customer information
- Automate marketing interactions
- Provide business intelligence
- Facilitate communications
- Track sales opportunities
- Analyze data
- Enable responsive customer service

Running a successful business is no simple task. When marketing campaigns, data analysis, meetings, customer care, and more all happen simultaneously, you need a powerful CRM solution to bring all these functions together in one place. Using Microsoft Dynamics 365 for Sales and Marketing you can practice what you preach and seamlessly integrate all your Outlook communications and LinkedIn contacts all in one place.

As a sales professional, you'll be working with the following types of records:

ACCOUNTS: Account records contain information about the companies you do business with.

CONTACTS: Contact records contain information about the people you know and work with. Usually, multiple contacts are associated with one account. Contacts could include people responsible for making purchasing decisions or paying invoices, support technicians, or anyone you work with at the company.

LEADS: Leads are potential sales, and you or your company can get leads from many different sources. For example, you can generate sales leads from marketing campaigns, inquiries from your website, mailing lists, social media posts, or in person at a conference or trades convention.

OPPORTUNITIES: When you qualify a lead, it becomes an opportunity, or a deal that you're getting ready to close.

Microsoft Dynamics 365 can be customized, so you can also work with records relevant to your field and the way your organization does business, including sales, customer service, field service, project service automation, and marketing.

Define Customer Support Program and Process

Support Overview

It has been said an unhappy customer represents an opportunity to make a customer for life. Studies have found when a customer gets to the point of a complaint, they are very emotionally engaged. If you can turn that negative around to a positive, you may just have a customer for life.

When it comes to support, there are two perspectives you should consider. First, how will you support your customers when they have engaged you for project services, are using your software, or are utilizing your intellectual property? Second, where do you go for support for a solution you are building or because you need assistance on behalf of your customer?

THE ITEMS YOU WILL NEED TO WORK THROUGH INCLUDE

- Defining your support model
- Provisioning your support infrastructure
- Defining and implementing your escalation process
- Selecting and enabling your support options

Supporting Your Customers

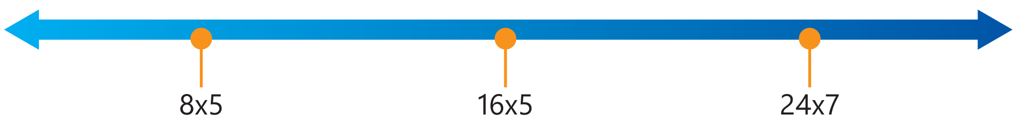
Let’s begin with the first scenario in which you support your customers directly. It should go without saying that one of the most important functions for your MSP practice is supporting your customer once their applications and data are firmly in the cloud or sitting in a hybrid deployment. No matter how well a cloud or hybrid environment is planned, provisioned, operated, or monitored, problems will arise — and those problems will need to be remediated. It’s your job as an MSP to offer support to your customers to deal with outages, breaches, inefficiencies, and disaster 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.

SUPPORT MODEL

How do you package and sell your support? We recommend bundling different levels of support with your monthly license fee. Try to move away from a typical fee per hour, where the customer pays a fee every time they utilize your support. This is not outcome based and creates a negative feeling every time the customer has to pay extra just to speak with you. You could also offer up to a specific number of hours per month for a flat monthly fee. Rather than calling it "customer support" consider creative new names which imply more value add, for example a "customer success program." You must also define your support availability, so your customers have a realistic expectation of when they can access your service. Perhaps online, self-serve, and 24-hour response time via email questions is offered free, with same day phone support being a little more, and a premium package that includes 2-hour response time, 24x7.

SUPPORT AVAILABILITY

The more support you, as an MSP, offer, the more valuble your practice is to customers.



SUPPORT INFRASTRUCTURE

How will you manage customer support requests and track them to closure? Many MSPs offer premium support offerings such as a Technical Account Manager who is responsible for tracking, reporting, and escalating an issue.

ESCALATION PROCESS

How does a customer get help at the right technical level? For your support process to make economic sense, avoid having your most skilled and most expensive resources (e.g., architects, senior developers, etc.) answer every support call. For your particular solution offering, consider implementing tiered support with junior-level resources equipped to handle common issues. These resources should be equipped to escalate a customer support case to a more senior-level resource once the common issues have been ruled out. You will need to decide how many levels of tiered support to offer, but two or three tiers are most common. When defining your escalation process, do not forget about the basics. For example, how do customers get in touch with you for support in the first place? This could be a dedicated support telephone number, forum or chat room, Twitter handle, email address, etc.

LEVEL OF SUPPORT

Determine what level of support expertise you provide in your service offerings.

Support Options from Microsoft

How do you receive support for your implementation efforts or on behalf of your customer?

PARTNER ADVISORY HOURS

Partner advisory hours are used as currency for technical presales and advisory services offered by the Microsoft Partner Services team.

As part of your company's Microsoft Partner Network membership, your organization receives partner advisory hours for attaining a Microsoft competency, membership in Microsoft Cloud Accelerate, and subscribing to Microsoft Action Pack Develop and Design.

PARTNER LEVEL	NETWORK MEMBER	ACTION PACK	SILVER	GOLD
	0 hours	5 hours (after first cloud sale)	20 hours	50 hours

These hours can be used for

- Onboarding assistance to maximize your partner program benefits
- 1:1 pre-deployment best practices consultation, based on your implementation scenario
- 1:1 developer consultation for ISVs

SIGNATURE CLOUD SUPPORT

Microsoft Signature Cloud Support is provided as a benefit to Silver and Gold Partners. It primarily provides support for issues occurring in Microsoft cloud services you own or on which you are a co-admin. It is not intended for supporting issues in subscriptions owned by your customers.

MICROSOFT ADVANCED SUPPORT FOR PARTNERS

Microsoft Advanced Support for Partners is the ideal solution for partners who are growing their cloud business. Not quite ready for Premier Support, but need a higher level of service than the Microsoft Partner Network core benefits provide? The Advanced Support program delivers the right level of support to meet you in the middle while your business grows. With Advanced Support for Partners, you get cloud support at an accessible price point, which helps you be a great ally to your customers and grow your business faster. The program includes valuable proactive and reactive services delivered by experienced Services Account Managers and Partner Technical Consultants. Advanced Support for Partners enables you to provide support on behalf of your end customers, in addition to providing support on subscriptions you own directly. Designed from the feedback of over 1,500 partners like you, Microsoft Advanced Support for Partners addresses the specific needs of Cloud Solutions Providers (CSPs), born-in-the-cloud partners, and all other partners selling Microsoft cloud services.

MICROSOFT PREMIER SUPPORT FOR PARTNERS

Microsoft Premier Support for Partners delivers a managed support offering for you and your customers — proactive support services for developing, deploying, and supporting Microsoft technology, whether on-premises, hybrid, or in the cloud. As the only partner program with complete, end-to-end managed support across the full Microsoft platform, Premier Support for Partners also provides a powerful marketing tool to gain competitive advantage in the marketplace.

Microsoft offers a range of paid Azure support plan options for customers — from developers starting their journey in the cloud to enterprises deploying business-critical, strategic applications on Microsoft Azure. These options are available in tiers — **Premier, Professional Direct, Standard and Developer Support Plans** — that are available for purchase directly by those who are not Microsoft Partners. In addition to these paid plans, Azure offers **core support**, which is free. It provides support via forums and help with account billing or management questions.

SUPPORT OPTIONS

PARTNER-FACING OPTIONS	RESPONSE TIME
Signature Cloud Support	Less than 2 hours
Microsoft Advanced Support for Partners	Less than 1 hour
Microsoft Premier Support for Partners	Less than 1 hour
Partner Advisory Hours	N/A

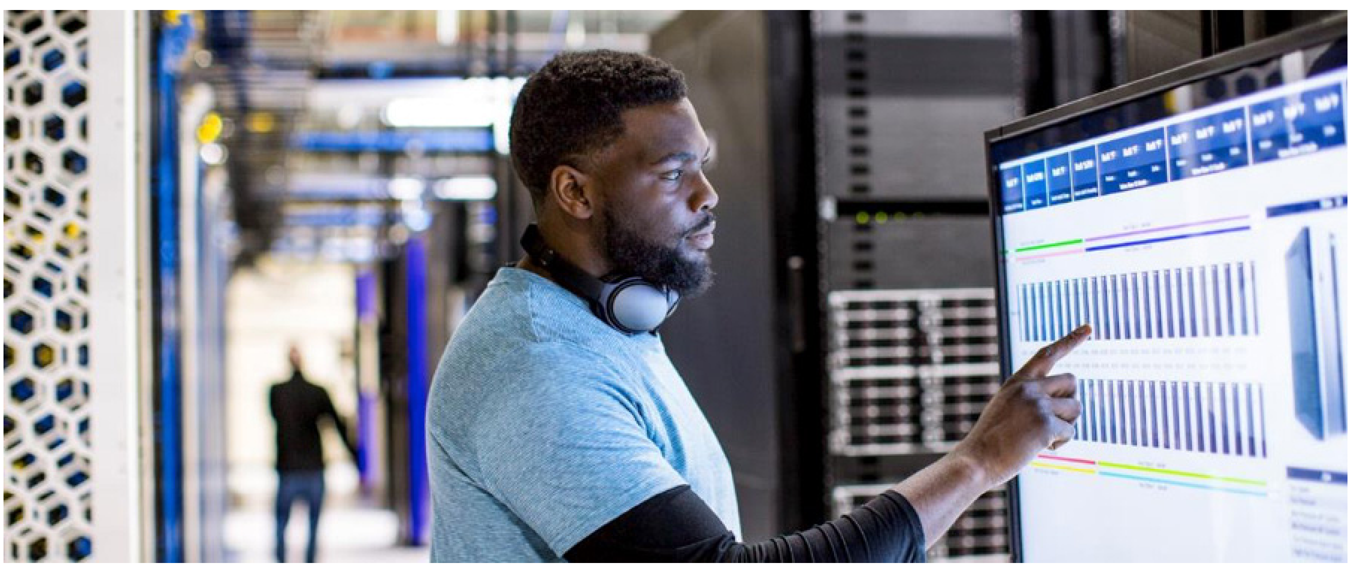
PARTNER-FACING OPTIONS	RESPONSE TIME
Premier	Less than 1 hour
Professional-Direct	Less than 1 hour
Standard	Less than 2 hour
Developer	Less than 8 hour
Core	N/A

Support Resources

Keeping an Eye on Costs

If you have a solution deployed to Azure, there are a lot of ways you can both forecast spend and keep track of your actual costs.

- You can get estimated costs before adding Azure services by using the Azure Pricing Calculator. This calculator includes all Azure services, including those relevant to the business application practice like Cognitive Services, Azure Machine Learning and HDInsight.
- Once you have resources deployed to Azure, you should regularly check the subscription blade in the Azure Portal for cost breakdown and burn rate. From here, you use the cost analysis feature to analyze the cost breakdown by resource.
- You can also report on your Azure costs programmatically by using the Azure Billing APIs. There are two APIs available. When used together, they enable you to estimate your spend by resource: the Azure Resource Usage API enables you to get your Azure consumption data, and with the Azure Resource RateCard API you get the pricing information for each Azure resource.
- There are other situations, such as for an EA, a sponsored Azure subscription, or subscriptions acquired through a CSP provider. These have their own portals for analyzing consumption and costs. For details on how to monitor these, view this Azure billing and cost management article.



Support Tracking

Customer support

Setting up tickets, tracking issue resolution, and managing customer success are fundamentals of your practice.

Providing support to your customers from your practice is a non-trivial, omni-channel effort. Consider using Azure Machine Learning to monitor the performance of production deployed models. Also, practice what you preach and use the Microsoft Dynamics 365 for Customer Service solution in your own business to help you quickly set up and start managing your overall customer support efforts.

Microsoft Dynamics 365 for Customer Service is designed to manage the efforts of your customer support teams. It provides licensed users with access to core customer service capabilities for a significantly lower price than comparable offerings from other vendors. These capabilities include enterprise case management, Interactive Service Hub, Unified Service Desk, SLAs and entitlements, and other service group management functionality.

Microsoft Dynamics 365 for Customer Service

CREATE CONSISTENCY AND LOYALTY

Provide the seamless service your customers expect by meeting them where they are with the information they need, every time.

- Give customers great service on their channel of choice.
- Make help easy by providing relevant, personalized service.
- Proactively address issues by detecting customers' intent and social sentiment.

MAKE YOUR AGENTS' JOBS EASIER

Give your agents complete information — in a single customer service software app — to make smart decisions and provide great service.

- Reveal customers' case histories, preferences, and feedback.
- Provide guidance on entitlements and service-level agreements.
- Display it all in a single interface tailored to their job and skillset.

GET AN ADAPTIVE ENGINE

Respond quickly to customer and market changes within an agile, cloud-based environment that has digital intelligence built in.

- Adapt and customize easily using configuration, not code.
- Extend your functionality through a single interface.
- Rely on advanced analytics and a trusted cloud platform.

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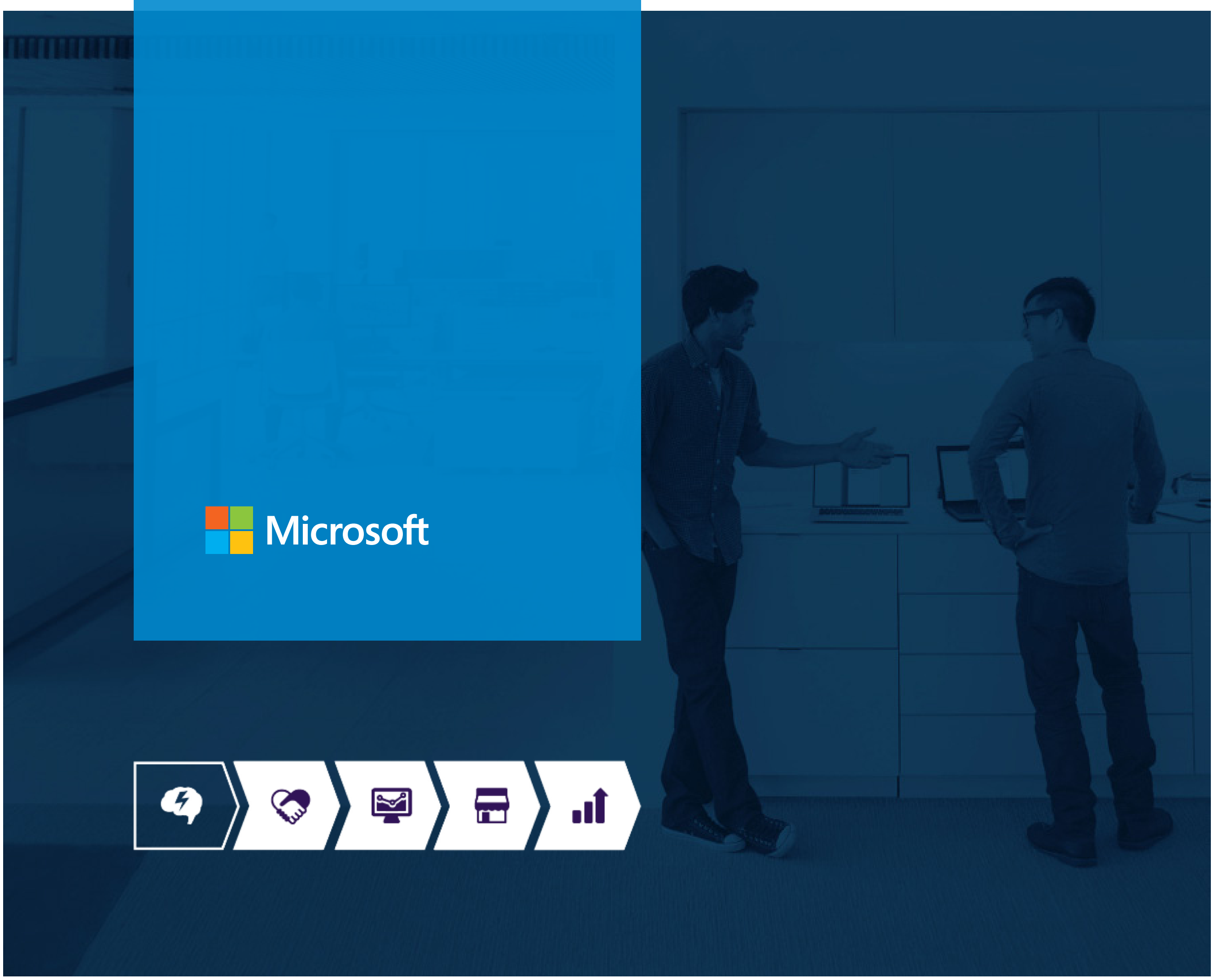
Go to Market & Close Deals



Microsoft

Executive Summary

In previous sections in the playbook, we covered several topics: how to build your practice by selecting products or services to specialize in, building and training your team to help turn your ideas into reality, and bringing your special offering to market and finding and keeping great customers. So, what's left to do? In this section, we'll discover strategies to compel potential customers sitting on the fence to take action, from creating a good value proposition to building marketing and sales materials that tell your story.

It has been said your current customers are your best customers. Do you know who your best customers are? What do they have in common? And how do you find more like them? We'll start by helping you build foundational marketing materials such as marketing personas, points of differentiation, value propositions, and customer business needs.

Once you've built the foundation, we'll look at how you can put these materials to work. We'll go through the different ways you can attract new customers and look at best practices. How do you put it all together? We'll discuss why integrated marketing campaigns work the best, and the tools you need to run them, such as a CRM system and marketing automation.

But marketing is only half of the story. Your sales team is the other half. Don't forget how the two work together and what marketing can do to support sales. The job of the marketing team is to build out not only customer facing materials, but also compelling materials that can be used to train and arm your sales team.

The sales end of the bargain is to close the sale. One way to do this is by writing a winning proposal. Another way is to build a proof of concept or prototype of your product or service offering. This will help a prospect understand what it is you're offering or solidify their vision of what you can help make possible. Microsoft is committed to helping your business grow and provides both co-selling and co-marketing opportunities.

Finally, don't miss the Microsoft resources available in the Go-to-Market and Close Deals guide, which you can leverage to help build your marketing materials and campaigns. The guide also has resources to help your team close the deal.

Top 5 things to do

Add value to your practice and turn your prospective customers into lasting ones. These are the top 5 things you should do to go to market and get deals done.

- ☑ Identify your customer business needs
- ☑ Write a compelling value propostion
- ☑ Leverage marketing to find customers
- ☑ Build marketing and sales materials
- ☑ Collaborate with partners

Marketing to the Business Application Buyer

Plan your customer's journey to buying

What is different about the business application buyer? They are looking for partners who understand their industry, unique business needs, and processes. They want help to solve a specific problem and they expect you to know their business. It is the partner who is most credible, trust worthy, and knowledgeable who will win the deal.

DOs and DON'Ts for marketing to the business application buyer

DO emphasize how the solution will solve their problems

DON'T lead with features and functionality

DO help them envision how technology can make their work life better

DON'T expect customers to know what transforming their business to the cloud means to them

DO describe the benefits in terms of business needs (e.g., Our technology helps you be more productive, efficient, etc)

DON'T describe the benefits solely in terms of "cool" features or functionality, such as "IoT".

DO provide realistic benefits based on your experience with your solution

DON'T overpromise the capabilities of your business application

Modern Marketing

Buyers buy differently than in the past. With all the information on the internet, buyers tend to research and self-educate long before they engage sales people. By the time they do engage with you, they have already made decisions and have strong beliefs and biases.

To help illustrate this, just think about the way a buyer might go about buying a new car. Before going to the car dealership, the buyer will likely read about various car models on the internet, read reviews, and make some decisions. When the buyer is ready to visit a dealership, they already know what they want and how much they are willing to pay for that car. If you have tried to buy a care recently you will know that the sellers have not aligned or adjusted their sales process to how you want to buy.

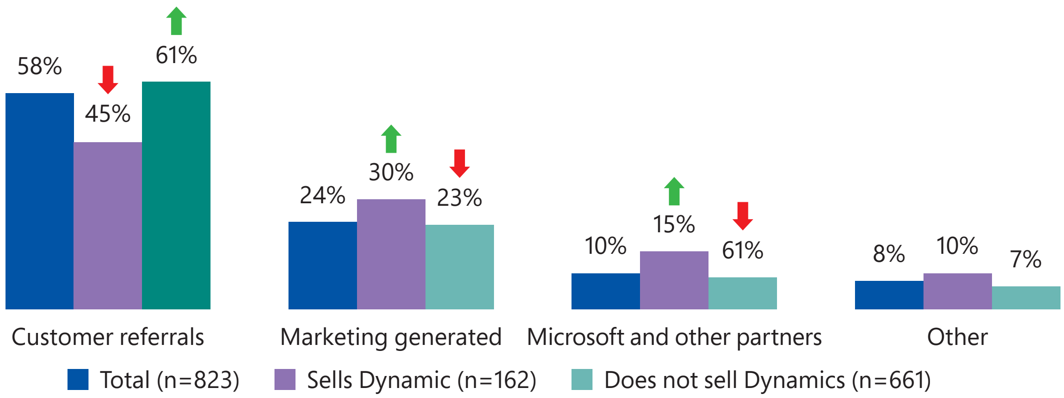
As our revenue model shifts from large one-time payments to smaller recurring ones, you'll need a higher volume of transactions. To support this increase in new customer acquisitions, you'll also need a larger pipeline and funnel. This will require an increase in marketing investment and the leveraging of new modern digital methods.

Top Challenges Experienced Moving Dynamics 365 Business to the Cloud

		Total (n=162)	SMB-focused (n=132)	Ent.-focused (n=30)
1st	**Generating Leads**	33%	36%	20%

In addition, a recurring revenue model will require an increase focus on marketing to your existing installed base of customers and upselling and cross selling products.

Marketing is not an option, but a critical necessity in a cloud world. We can no longer rely solely on referrals, even if word of mouth is still the best form of marketing.



Your marketing should educate, identify, and engage with prospects much earlier in their buying process and be digitally focused. By identifying prospects who indicate interest in your products and services via their behavior (website visits, clicks, downloads, etc.), marketing can deliver a higher volume and quality of leads.

Inbound marketing techniques such as search engine optimization and pay-per-click advertising make it easy for prospects to find you. Outbound marketing techniques, such as e-mail and telemarketing, enable you to tell prospects about your company's solutions, but are less effective than when the customer finds you or seeks you out.

Marketing is a key success factor and needs to be elevated to be a higher priority. But to be found by prospective customers you don't have a relationship with, you need to employ modern techniques and create extensive value-based content.

Vertical Industry Go to Market Steps

In the business application space, a horizontal go to market approach is not the most effective.

You will often be facing significant competition from other competitors with deep industry features and functionality. Here is a list of quick actions you can take to focus your sales, marketing and product development efforts to be more vertical.

1. Take action to know more than your competitors do about an industry and its unique challenges. Conduct research, visit customers, create case studies, attend industry events, and be selective as to which RFPs you respond to or which projects you take on.

2. Update your website and marketing materials so they speak to the unique pains this industry is experiencing and needs they have. Use industry specific language, terminology and images in all your marketing.

3. Instead of hiring people with technology industry expertise, hire people from your customers' industry who understand the industry issues, language, and business challenges. You want to have several employees who have worked in this vertical industry and who have years of industry specific domain knowledge and expertise.

4. Provide concrete evidence on your website and in sales and marketing assets that you have made a positive impact on companies in this specific vertical industry. Demonstrate that you can deliver results with specific quantifiable data, case studies, and testimonials.

5. Show you have earned industry awards, spoken at conferences, or that you belong to industry-relevant organizations and attend events.
6. Have at least one dedicated sales or presales person (or even marketing) focused on selling to this specific industry.
7. Measure your win rate and work towards having a minimum close rate of 50% or more on any deals that you pursue. If you have lower close rates, do more work to further focus and define your differentiation and core competency.
8. Ensure your professional services team isn't doing projects for only one customer. Confirm that every project is repeatable across multiple customers, so you can begin to monetize this investment and build industry-specific, relevant workflow knowledge and domain expertise.
9. Review and measure how many customers you have in each vertical. You should target having more than 30% of your revenue from each of your target verticals.
10. Develop intellectual property, customized product, or offer unique services that are specifically developed to meet the needs of this specific industry. This should be something a competitor would have a significant challenge replicating due to the long learning curve, experience needed, and investment required to do so.

By gaining domain expertise, hiring people from your customer's industry, and creating value-add industry specific functionality you begin to be a trusted advisor and industry expert that your clients can't live without. Successful cloud partners don't build net new solutions for every client engagement, but instead look for repeatable opportunities.

Sales Conversations

Addressing technical decision makers

From the very start of your engagement with a prospect, you need to be aware of the need for technical presales assistance. Many times, you are dealing with business decision makers during the buying cycle. In the early stages of the buying process you want to keep the conversation high-level and strategic and not dive into a product demo too soon. However, at some point in the decision-making process you will inevitably be asked by a technical IT person to validate and prove your product claims. When the customer has one or more technical resources on the purchase committee, you will need to engage a technical presales resource.

Your technical presales staff should be very experienced users of your products and services. Former support employees often make good technical presales staff. The technical presales staff is in place to explain technology, how it works, how it meets a business need, and to answer any other questions. They should excel at the more complex issues that come from prospects and be focused on presales. They'll work together with sales and marketing, who address the business benefits.

Examples of technical, probing questions to ask during presales conversations supporting a business application practice:

- What are the challenges you are looking to solve?
- Are you looking to improve communication, learn from your data, or reason about events (such as predicting future events)?
- Do you have the data to help you approach these challenges? In what formats?
- Is the data generated and captured with your system, or is it external and provided by 3rd parties?
- What application development and technologies are within your existing team's comfort zone? Do you have any data scientists on the team?
- What application platforms would you like to target? Web, mobile, desktop, IoT, etc.?
- Do you have any compliance or regulatory requirements that pertain to the handling of your data?
- Can you walk us through the high level of where data enters your system and how it is ultimately consumed?

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Optimize & Grow

Business Applications

aka.ms/practiceplaybooks

Microsoft

Executive Summary

So far, we've covered strategies for building your business application practice, finding and keeping customers, and providing ongoing support.

In this section, we'll focus on how to optimize your practice, strengthen your relationship with customers, and evaluate your performance to help you continue to delight prospects and customers.

Are your customers delighted by your services and products? Delighted and not just satisfied? In this section, you'll learn why customer lifetime value is so important, and how to create more customers for life. We'll share how to get to know your customers better by following their journey. We'll also explore the use of a "land and expand" strategy and see how getting to know your customers better can lead to incremental opportunities to provide additional services.

We recommend that you also read the Optimize and Grow guide for more information on developing insights and strategies for growing your customer base.

Top 5 things to do

Learn from your customers and experience to optimize your practice and expand to new markets through strategic partnerships. These are the top 5 things you should do to optimize and grow your practice.

- [x] Gather feedback from your customers
- [x] Nurture existing customers
- [x] Turn customers into advocates
- [x] Generate referrals with marketing
- [x] Nurture strategic partnerchips

Customer Lifetime Value

Customer Lifetime Value (CLV) is the revenue your gain from a customer over the lifetime of their relationship with you.

As most businesses have experienced within the tech industry, a lifelong customer is of far greater value than any one-off transaction. It is also much less expensive to sell to an existing customer than it is to acquire a new one. It is no longer enough for companies to invest their time and resources to generate one-time customers. Especially in the cloud world, it is critical for businesses to develop relationships and solutions that engage a customer for life.

CLV allows you to step back and look at not just one sale, not just one customer, but your customer base as a whole. It's about defining the economic value of each customer within that base and using that metric to make data-based decisions. If you don't know what a client is worth, you don't know what you should spend to acquire or keep one.

Knowing the CLV helps you make critical business decisions about sales, marketing, product development, and customer support. For example:

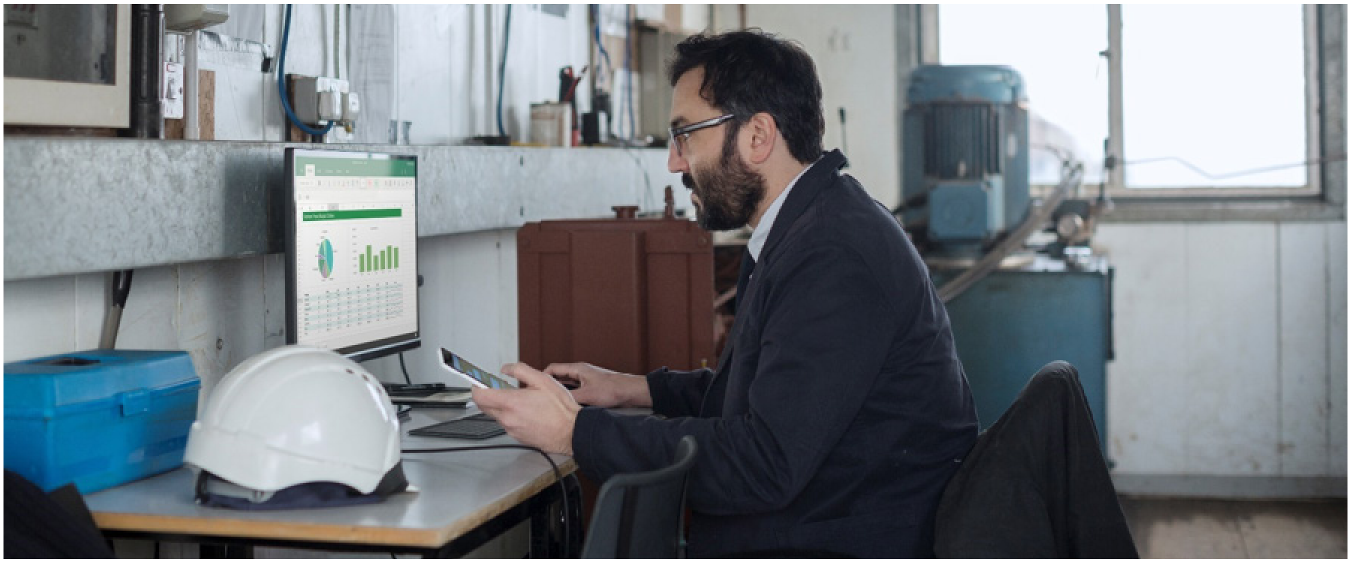
- **Marketing:** What should my acquisition costs be?
- **Sales:** What types of customers should sales reps spend the most time on trying to convert?
- **Product:** How can I tailor my products and services to my best customers?
- **Customer Support:** How much can I afford to spend to provide customer service to my customers?

Define a vision & identify business scenarios	Prioritize solution & create an adoption plan	Commit resources & execute an adoption plan	Measure, share success, & iterate
A deep understanding of the business goals, as well as people challenges and needs to achieve them.	A solution that people love and that helps them achieve business goals and get things done more effectively.	A strategy to drive adoption including communications, readiness, and community.	Benchmarks, KPIs, and success stories to help demonstrate success internally, improve, & expand.

CLV is also a good way to guide and reward your sales team. Pay them more for bringing in customers with high potential lifetime value. By measuring and monitoring your cloud customer CLV, you can:

- Gain insight into your customers' cloud consumption and usage
- Qualify for MPN cloud competencies that will help you grow your business
- Help your customers reach their desired business outcomes
- Leverage insight for cross-sell/upsell and proactively engage customers for extension opportunities

By increasing your customer adoption rates, you can increase your CLV, particularly with cloud customers. The more employees you can get to use your service or solution, the more likely you are to increase CLV.



While it's important to define and track your metrics, there are some simple things you can do to increase your CLV.

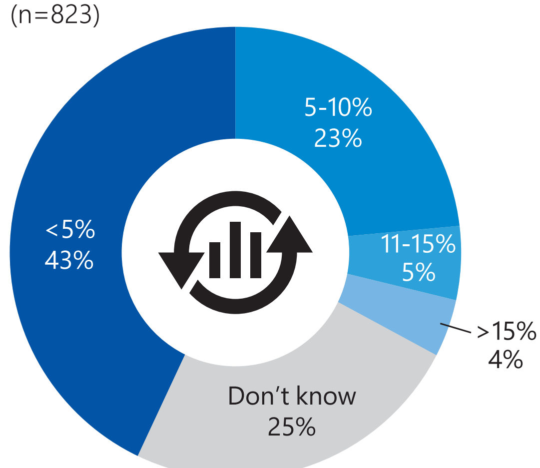
Your customer strategy must be built on a culture of customer success and tracking customer satisfaction. Critical success factors, when it comes to CLV, are:

- Being sensitive to customer emotions
- Maintaining good communication
- Listening to customer pain points
- Building trust
- Understanding that there are multiple layers to any one concern
- Having empathy for where your customer is coming from

Critical to monitor will be your annual churn rate. Learn more about CLV in the Modern Microsoft Partner Series eBook, Deliver Customer Lifetime Value.

Average Annual Cloud Churn Rate

(n=823)



Business Applications Playbook Summary

Thank you for taking the time to review this playbook. We hope you have gained new insight on how to successfully grow your business application practice and to expand into high potential practice areas.

Our hope is that the content in this playbook will stimulate new ideas, validate you are on the right track, or help make some of your decisions easier. We have attempted to organize and provide links to valuable resources that you can use to quickly accelerate or optimize your business application practice. To this end, we laid out the business application opportunity and provided relevant information on business strategies and technical topics to capitalize on the opportunity. We hope you will share this playbook with your peers and come back and review all five sections in order, or individually again, at any time.

FEEDBACK

Share feedback on how we can improve this and other playbooks by emailing playbookfeedback@microsoft.com.

Microsoft