

Scaling Your Success with Microsoft Cloud Solutions

5 Best Practices for Growing Your Cloud Revenue and Profitability



Introduction

The momentum is tremendous: Microsoft Office 365 commercial adoption is growing 45 percent year over year, with the software behemoth adding 50,000 new Office 365 customers each month for 28 consecutive months.¹ And as the saying goes, a rising tide lifts all boats, with both direct and indirect resellers increasing their own revenues as they sell Microsoft cloud offerings.

However, merely offering Office 365 to your customers isn't enough if you want to truly scale your business success—that is, grow your customer base, revenues, and profitability. You have to be prepared to think outside of the entry-level, Microsoft reseller box to participate in the broader cloud services marketplace in a more scalable and profitable way.

Whether you're a current Microsoft cloud solution provider (CSP) or are considering adding Microsoft Office 365 to your cloud services offering, the following best practices can help you understand what it takes to effectively plan for and scale your cloud business.

Best Practice #1: Grow Your Cloud App Catalog Beyond Office 365

While Microsoft Office 365 dominates the market for cloud productivity suites, your customers undoubtedly have needs that go beyond collaboration and document creation, management, and sharing. Understanding those needs and offering the solutions that help satisfy your customers' requirements—accounting, customer relationship management, security, and much more—not only expands your reselling revenue opportunities, but helps distinguish your offering from the 90,000 other partners Microsoft has for Office 365.

NEW, LIGHT CLOUD USERS DRIVING GROWTH

According to IDC, the majority of growth in cloud spending (63 percent) through 2018 will be from organizations that were previously only light users or who have not yet adopted cloud.

IDC also predicts that “greater cloud spending” will exceed \$500 billion by 2020. This includes SaaS, PaaS, IaaS, plus all the professional and managed services around cloud technology, as well as the supporting software and hardware to make cloud implementations happen.



Building a strong catalog of Microsoft cloud products as well as other third-party applications is also a great way to help your business expand its foothold in the current markets it serves and increase its appeal to more prospects across more verticals. You can build bundles of applications with horizontal reach—that is, bundling Office 365 with backup and security to appeal to a broad customer segment—or you can choose apps specifically designed for your vertical focus, if it is well-defined. If particular vertical applications aren't already integrated with Office 365, consider creating integrations that you can sell as your company's unique offering for higher margins and greater profitability.

While expanding your cloud services offering may sound daunting, it can be as easy as choosing a platform that already offers a large and growing catalog of cloud applications—including Office 365 and other Microsoft offerings. With the right cloud service commerce platform, you can mix and match apps that best meet the changing needs of your customers.



Best Practice #2: Offer Turnkey Solutions

Your customers can purchase Office 365 directly from Microsoft or any Microsoft CSP, so why should they buy it from your business? The answer lies in the value-add you provide. Besides your specific area of expertise, a major value-add comes in the form of managed services and bundled solutions that make it easier for customers to achieve their business goals.

When you deliver a turnkey solution, you help customers solve problems they either can't or don't want to handle on their own. These customers are willing to pay higher prices to get what their business needs without the hassle of everything involved in implementing and supporting the solution.

That's why it pays to bundle managed, value-added services—including software support and maintenance, data backup and recovery, data storage, network monitoring, management and security, and more—with Microsoft and other third-party products for a complete solution.

Just make sure that you have a platform in place that gives you the flexibility to create your own bundles using various Microsoft SKUs and add-ons that you determine your customers need.

BONUS BEST PRACTICE #1: INCLUDE MICROSOFT AZURE IN YOUR OFFERING

Consider offering Microsoft Azure as part of your portfolio. With 120,000 subscriptions every month, Azure is another Microsoft success story. Why? Because it can help companies move their infrastructure from on-premise to the public cloud, resulting in lower costs and time savings while enabling rapid scalability for their infrastructure. And don't forget about your opportunities to sell the management services that help them take full advantage of Azure.

What's your specialty? Unless your company is already a player in the reselling and services big leagues, industry experts recommend that you specialize either by vertical (financial services, retail, manufacturing, government, etc.) or horizontal functional area (accounting, human resources, supply chain, etc.) or both. This strategy lets you position your company as an expert not only in cloud computing and apps, but in the vertical and/or horizontal area you're targeting.



Best Practice #3: Provide Superior Customer Support

Speaking of turnkey solutions, providing customer support is a critical component of an end-to-end solution. It's a requirement of the Microsoft CSP program, but it should be viewed as much more than just that. In fact, support services present a major opportunity to differentiate your offering, increase your solution's perceived value, and justify charging premium pricing.

When you offer services such as onboarding and migration that complement Office 365 and other Microsoft cloud products, you help make your customers "stickier" by streamlining the deployment and reducing the effort and cost of adopting new software. AppDirect research shows that partners that deliver a streamlined onboarding experience within four business days after purchase see up to four times greater adoption of services than those who do not, along with a 50 percent drop in future support calls.²

While planning and implementing your own in-house customer support capability can be daunting, there is a better way: partnering with a provider with specialized services and expertise for supporting Office 365 and other Microsoft cloud offerings. Look for a partner that offers end-to-end enablement services, including migrations, onboarding, training, and 24/7 technical support.

Best Practice #4: Take Control Of Your Pricing

As you lay the foundation for your cloud business, be sure you architect it with maximum flexibility in mind or else you may find that you don't control your own destiny when it comes to profitability. You need the ability to not only set your own prices and manage your own margin, but the freedom to own the customer relationship—from billing to customer support.

If your pricing flexibility is limited because you're selling through a two-tier distribution model, it could be worth your while to investigate a marketplace platform that can help you quickly and easily become a Microsoft CSP while giving you the ability to mark up or mark down pricing, offer discounts, and create bundles.

BONUS BEST PRACTICE #2: GO TO MARKET AS FAST AS YOU CAN

With the increasing popularity of Office 365 and other Microsoft cloud offerings, you can't afford to be slow to market. AppDirect's solution for Microsoft resellers enables them to meet all Microsoft CSP criteria, go to market, and begin selling Office 365 and other cloud services within a matter of weeks.





Best Practice #5: Simplify The Customer Lifecycle Workflow

Reselling Microsoft products can be time and labor intensive, which only increases as you try to scale your business. As the overhead grows, your agility and responsiveness to changing market opportunities decrease. And not surprisingly, your profit margins can shrink.

Why is this the case? It's the disjointed set of services and systems that make up the customer lifecycle workflow. For instance, a reseller may use apps such as Salesforce to configure the product catalog, PandaDoc to quote the customer, a reseller console (one for each vendor the reseller works with!) to activate the subscription, QuickBooks to create the invoice, and Intacct to reconcile payments. Even if some of the apps are integrated, your process remains onerous.

Unless, of course, you have a single platform that handles every aspect of reselling Microsoft cloud products, effectively unifying all the services for managing your customer's lifecycle from purchasing, invoicing, and quoting to complex billing functionality for subscriptions, payment, and reconciliation management. With one interface that handles everything, you can scale your Microsoft cloud business along with the rest of your catalog of products and services without increasing your overhead.

With these best practices in mind, any cloud services provider can not only sell Microsoft, but also develop a long-term strategy to create a lasting, thriving cloud software business.



ABOUT APPDIRECT

AppDirect is the leader in cloud service commerce making software accessible globally. The AppDirect cloud service commerce platform unites providers, developers and consumers of cloud services into a single ecosystem. This makes it easy for businesses to find, buy, and manage cloud services from a central location and delivers new opportunities to distribute, sell, and market cloud services.

AppDirect-powered marketplaces, billing and distribution, and reselling services help providers—including Telstra, ADP, Vodafone, Deutsche Telekom, Cloud Foundry, Rackspace, and others—connect millions of businesses to solutions from Microsoft, Google, Box, and more.

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