



# MSP Bundling Cookbook

5 Steps to **Double Your Margins** with Office 365



Office 365



Online Backup



Office Protect



QuickHelp



# The Problem with Office 365

As an MSP, you understand the great profit potential of reselling Office 365. The upside of selling the most popular Microsoft business solution is clear. The downside? You can't build a profitable business and expect it to become your bread and butter. Here's why.



## 1. The competition is fierce

Most, if not all, of your competitors are offering it. This could make it difficult for you to stand out in the growing MSP crowd. **What reasons do you give your prospects to buy Office 365 from you instead of someone else? Does it work most of the time?**

## 2. Selling Office 365 subscriptions is a low-margin business

It's not easy to build a sustainable, high-growth business with Office 365. You'll never increase your monthly recurring revenue (MRR) by making it your only focus. If you really want to make higher profit margins, **you have to start looking beyond that subscription.**

### The solution?

Build a valuable bundle with Office 365 to increase your profit margins and differentiate yourself from the competition.

### **When Office 365 is on your menu, who says you can't have your cake and eat it too?**

We've put together a simple guide that will show you 5 important ingredients for building a competitive Office 365 bundle. You'll learn key strategies to develop, position and market your bundle. And you'll understand why combining individual cloud technologies will ensure that you're not leaving valuable money on the table.

### Here are the key points we'll cover:

1. Identify Your Client's Pain Points
2. Build Your Bundle
3. Market Your Bundle
4. Add Your Managed Services
5. Show Your Value

Before we dive into these key points, let's take a closer look at the advantages to selling bundles.



# Why You Should Bundle

We don't need to tell you that the MSP business is competitive. While Office 365 is a great way to get your foot in the door with prospects, **you need to show them why they should do business with you.** Adding more value to your offer means you can sell it at higher margins and increase your MRR.

**What is the single strategy you can use to separate yourself from the competition and increase margins with**

**Office 365?** The easiest way is to start bundling solutions and your services around it – and make it your standard offer! Office 365 should come with other vital products, such as backup, security and managed eLearning training, which support all stages of an organization's lifecycle. The more you get involved in your customers' business, the more likely they are to trust you and stick with you.



“Bundling services is the key to making sales because the world is getting more complicated all the time. Help your clients make good choices by simplifying their lives.”

-Karl Palachuck,  
Community Leader in the SMB IT Network

Is it even possible to enhance your Office 365 offer and transform it into a revenue-generating asset? **YES!** Once you **establish the business need for backup, security and eLearning training for Office 365**, you're more likely to open doors to bigger opportunities.



# ***How?***

# ***Glad you asked.***

Since selling Office 365 is not enough to build a profitable business, you need to **create an integrated solution that addresses the security risks and learning challenges that come with it.** Bundling not only gives you a competitive edge and increases your margins, but it also helps you become your customers' one-stop shop for multiple products and services. Don't believe us? Just look around and you'll notice that many industries are bundling their offers, and it works. Just think of the last time you went to a fast food restaurant and ordered a combo meal. You just witnessed bundling in action!

# The Effects of Bundling

Many companies like IBM and General Electric have implemented bundles with great success. This has helped differentiate them from their competitors or even eliminate the competition altogether. So why isn't your company taking this approach? You don't have to look very far for inspiration.

## The Combo Meal Mindset

Just look at fast food giants like McDonald's. It practically invented the value perception of what our meals should look like. When McDonald's told the world that a burger should come with fries, soda, and chicken nuggets, guess what happened? The combo meal became the norm.

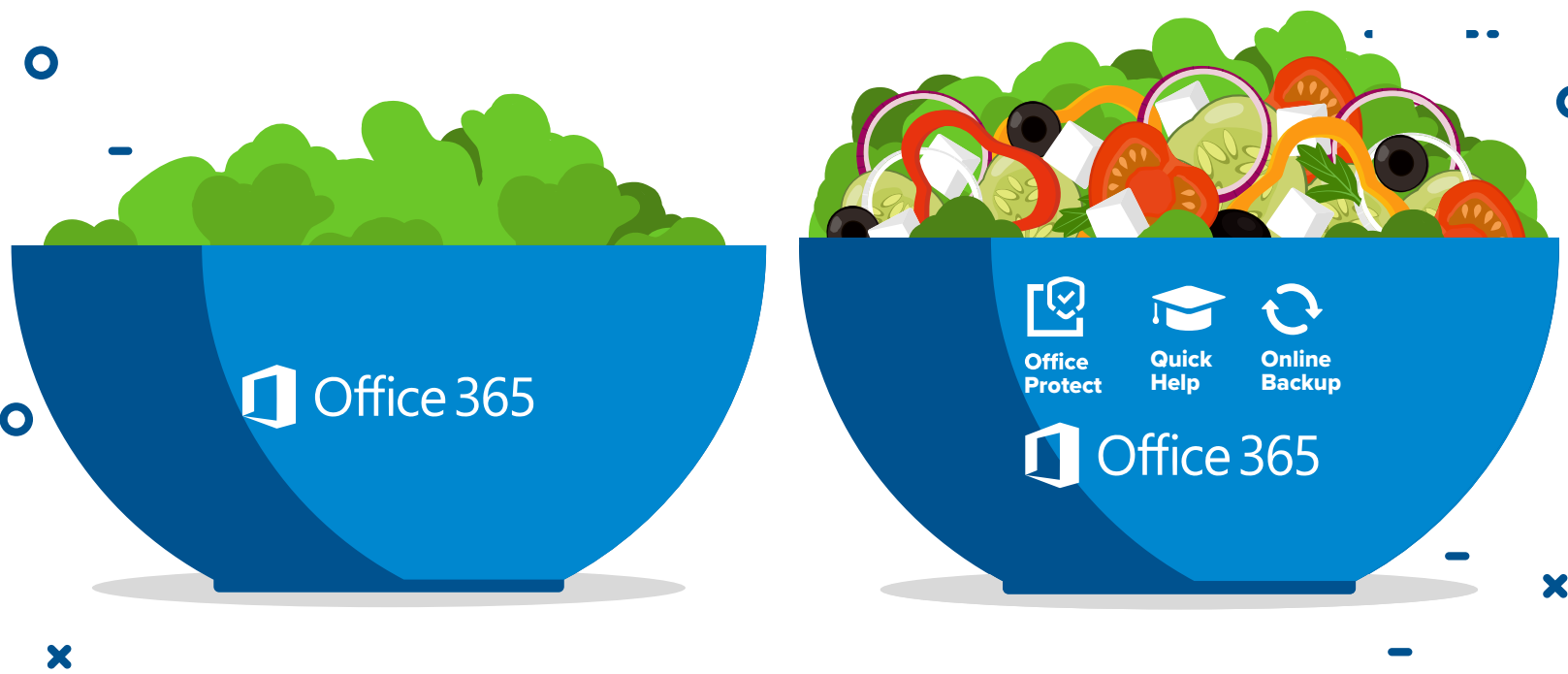
**So how do you make your customers see your Office 365 bundle as a business need so you can increase your profit margins?** The answer is simple. You need to show exactly what managed productivity should look like.

Think about it. With all the different threats and challenges that businesses face each day, they need to understand that Office 365 *should* come with backup, security and eLearning services. When you add solutions like Office Protect, Online Backup and QuickHelp to your offer along with your managed services, **you become your customers' complete solution for solid business continuity.**



# Create Value Perception

Here's another analogy we like to use. Which salad would be more profitable for your business - a plain salad or a nutrition-packed salad? If you continue to sell just a simple salad, you'll never make any money because fewer people will buy it and your business will suffer. On the other hand, selling a more nutritional salad will help you earn more money, faster.



***The better offer you have for Office 365, the more likely you can sell it at a higher price and earn a nice profit***

You want to make sure your high-value bundle combined with your managed services are giving you the margins and the competitive edge you need to build a profitable business.

# 5 Steps for Building a Competitive Office 365 Bundle



Now that you understand how bundling solutions and managed services around Office 365 can do wonders for your bottom line, you're ready to start cooking. **What ingredients do you need to create a competitive bundle that can work for both you and your clients?** Put your chef's hat on and we'll show you.

## 1.

### Identify Your Client's Pain Points

Don't get so caught up in your expertise that you forget to ask questions and listen to the answers. In fact, a big part of your efforts should go toward understanding the specific business needs of your prospects and clients. **What problems are they trying to solve? What challenges are they facing? How can your services help?**

You'd be surprised at what you'll learn, either in conversations or email exchanges. **Do you notice any questions that continuously come up?** If so, how can you approach these questions with a solution? You can even ask what they think a successful solution looks like before recommending one.

Once you understand their challenges and goals, start thinking of a new product or service that can address these problems.

#### Cross-selling scenario:

##### Challenge:

Your client tells you that his employees are frustrated with Office 365 and it's setting them back. They're finding that the tools they need to do their work are difficult to use.

##### Opportunity:

Your client is presenting you with a cross-selling opportunity. Here's your chance to pitch a solution that will address his productivity issue. You can tell him that you have a simple eLearning training software that will teach his employees how to work better with the tools they use every day, plus save time.

#### SherWeb Tip:

Don't just pitch the features of a product. It's important that you emphasize its benefits and how it will improve your client's organization.

## 2. Build Your Bundle

Managed services isn't a 'fake it until you make it' business. You're in business to provide your expertise and knowledge for the technology you're selling. Now that you know Office 365 needs a proper security, backup and eLearning training plan, **where do you start?**

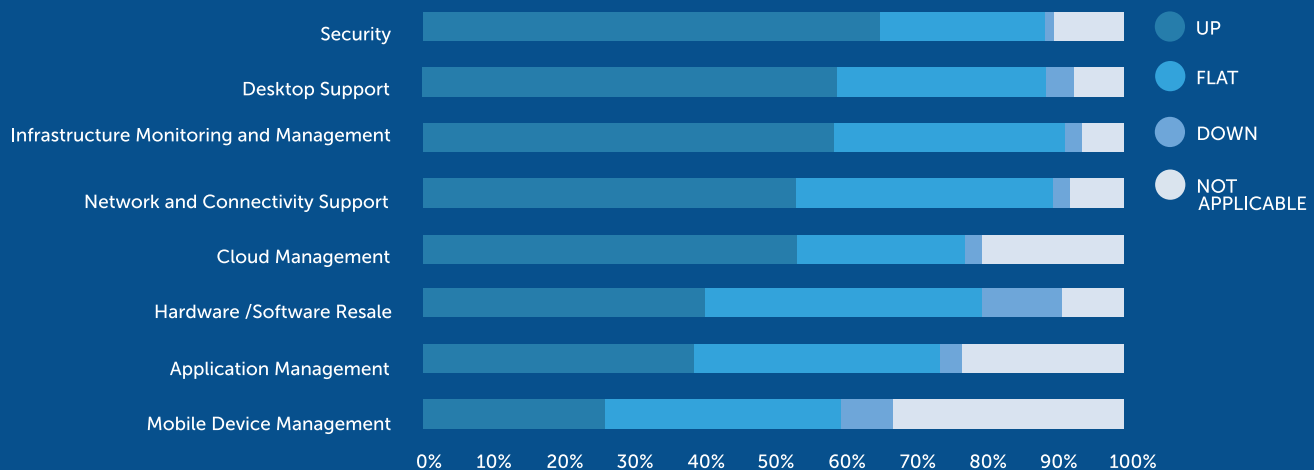
The best approach is to know what you can bring to the table. Start with what you know and what you're good at. For example, if you're more knowledgeable in providing managed security, make it a big part of your Office 365 bundle pitch. Once you get your customers on board, you can add another solution and service later, such as managed training for Office 365.

### Did you know?



A spike in the number of malware attacks and data breaches in 2017 has prompted many businesses to demand better security for IT infrastructure. Studies show that 71.4% of Office 365 organizations have to deal with at least one compromised email account every month. Keep an eye out for market trends and combine the most important solutions and services to your Office 365 bundle based on your expertise.

### 2018 Status of Service Revenues Based on Data from 900 MSP Firms Worldwide.



Source: Kaseya 2018 MSP Benchmark Survey Results Report



# 3.

## Market Your Bundle

Chances are you've let marketing fall to the bottom of your list of your most urgent day-to-day tasks. We get it. You just don't have the time. But now that you've created a unique bundle that can help SMBs, you need a strategic plan to get the word out. **How do you convince your prospects and existing clients to buy your Office 365 bundle? How do you create demand?**

Think for a moment about what business owners fear. Their priorities are most likely security, productivity, and business continuity. What is it that makes them act on that fear and come to a decision? From security breaches, regulation and compliance to loss of productivity and expensive downtime – the list goes on. **Different problems require different solutions.**

That's where your solid marketing plan comes in. Show your clients what your bundle has to offer to overcome their fears and challenges. As an IT expert, your role is to **help them understand the different types of threats that could take down their business or cause a setback, and educate them on the available technologies.** Here's your chance to combine essential solutions that enhance your Office 365 offer.

### SherWeb Tip:

Use your website as a sales tool. Publish content that educates your leads and prospects about why they should combine Office 365 with security, backup and eLearning services. They'll be more interested in working with you.

"It's about educating, not selling.  
What's the difference?  
The difference is in the way you have  
that conversation.  
Use education versus sales tactics."

–Marie Weiss,  
President and Founder of Marketing CoPilot Inc.

## 4. Add Your Managed Services

You're nearly done! You've created a winning Office 365 bundle that gives you a competitive edge in your sales meetings with potential customers. **Are you doing everything you can to meet their expectations and increase your margins?**

At this point, you need to turn up the heat. The truth is you're on the path to profitability, but selling your bundle solution isn't enough. If you really want to make money with your Office 365 bundle and open more doors, you need to sell your services too. **How do you offer both flavors and mark up the price of your bundle?**

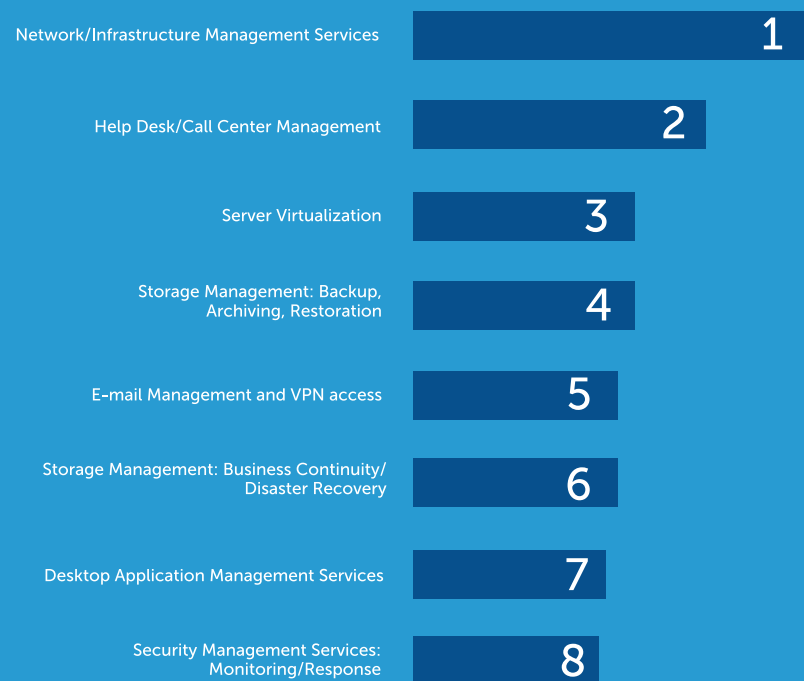
Whether you're running a one-man show or a team of 50, your mixed bag of strengths, knowledge and technical know-how is your selling point. The problems that you solve and the support you give is worth more than the cost. That's why when you're pitching your bundle, remember to **sell the value of managed services**. For example, you can provide your customers with a list of proactive measures that come with your Office 365 security, backup and eLearning solutions like deployment and configuration, consultation, monitoring and reporting, etc.

You'll also want to make sure that you're able to give them good customer service. **Make it part of your business strategy by showing them that you're committed** to doing what it takes to ensure their success. If you feel like you can't meet this expectation or need help, team up with a trusted cloud provider and leverage their 24/7 support.

### Best Selling Managed Services: 2016

**Takeaways:**

- Server, storage and network management top the charts of best selling managed services
- Application services (email, enterprise apps.) less than half of network management
- Security management services rank in the middle (19-32%); often highly specialized technical skill



Source: IPED Consulting, The State of Partner Profitability: Managed Services Business Model, 2017.

# 5.

## Show Your Value

You ask your customers to place their trust in your capable hands along with every part of their technology. They pay you for your monthly services so you can help improve their day-to-day operations and give them piece of mind. **If your customers feel like they're not getting what they need from you, they might switch to your competitor.**

That's why it's important to not just deliver on your bundle solution and services, but also demonstrate your value any way you can.

A recent study shows that **high-growth MSPs communicate and show the full value** of their services to their customers.

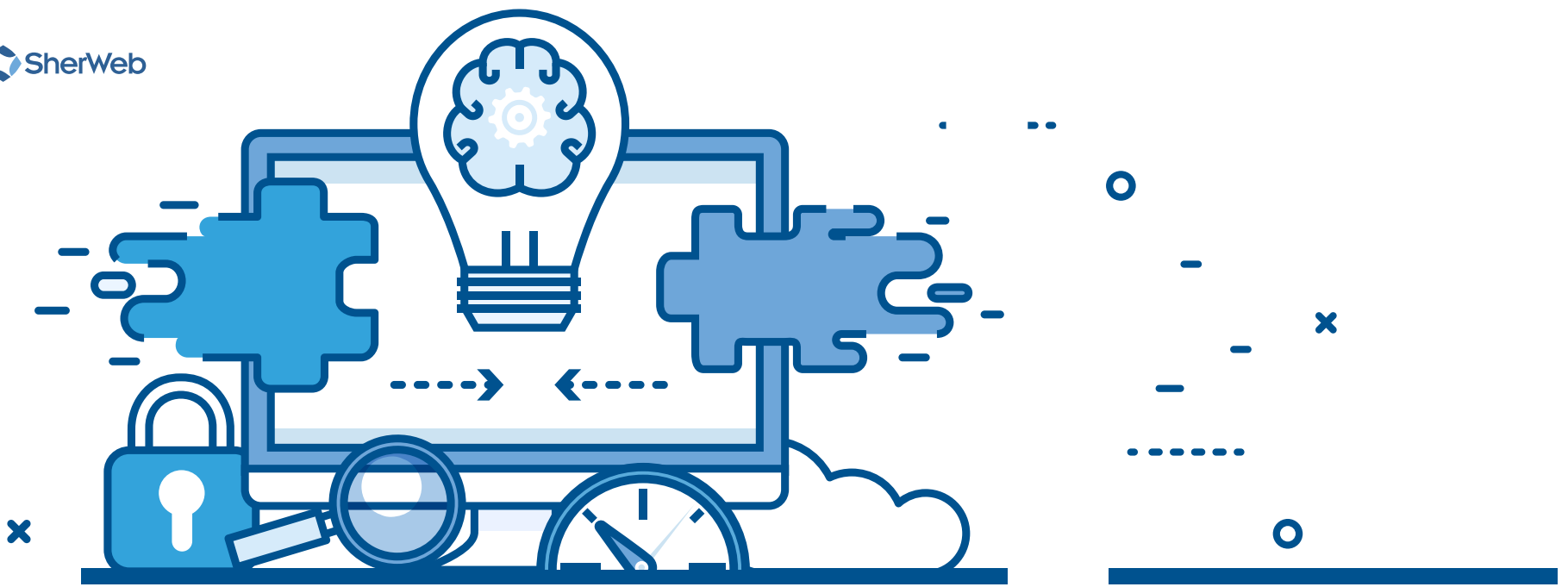
Source: *Kaseya*: 2017 Global MSP Pricing Survey

**What more can you possibly add to your offerings that can make them stick with you?** Think about how you can truly highlight your expertise and skills with your Office 365 offer. The more value you show, the more your clients will invest in you. Here are just some things you can do:

- Offer security, backup and disaster recovery consultation
- Monitor, report and alert on the performance and health of their systems, network and activities
- Create regular touchpoints through their lifecycle, either to keep them updated on suspicious activities, during onboarding, etc.
- Offer technical support, migration and data seeding
- Help implement a learning culture with an Office 365 e-learning tutorial program
- Monthly or quarterly reports highlighting what you accomplished, and the problems you fixed and prevented

### Upsell!

Once you've established a relationship with your customers, it's easier to suggest new products or an upgrade. Check in with them from time to time to find opportunities to upsell and cross-sell other products and services. It's a great way to increase revenue and making sure they're getting the most out of technology.



# How to Handle Customers that Want to Break Up the Bundle

While some customers will see the benefits of your bundle immediately, others might not be so willing to embrace it. When this happens, you'll need a strategy for those customers who want to break up the bundle.

One approach is to point out that it's a comprehensive bundle of **vital services that not only works well with Office 365, but also improves the company's overall business operations**. You can also remind them that it's a more **cost-effective option** as opposed to paying for individual solutions and services.

Don't avoid objections. Ask them about their concerns. They might think that you're trying to change their entire business plan. It's important to **uncover their pain points, so that you can change your selling technique**.

## Challenge:

Your prospect decides he doesn't want the backup solution in your Office 365 bundle because he already has one, or doesn't want you to be responsible for his data.

## Solution:

Be clear that your backup solution is specifically designed for the security, storage and continuity of his critical data, including Office 365. If he still turns down your backup solution, it's a good idea to have him sign an agreement stating that you aren't backing up his company's data and therefore, you're not responsible for any loss.

Now you have to decide whether you still want them as a customer or mark them off as a missed opportunity. If you decide to work with them anyway, you have to keep in mind that they'll probably call you when they experience data loss or need help, despite the signed agreement.





## Partnership

We took a close look at the market challenges MSPs like you are facing and we felt it was necessary to restructure our Office 365 offer. We wanted to create a new offer that would help you earn higher margins and set yourself apart from your competitors

**Here's how it works.** When you sign up for our Office 365 plans, you'll receive **security, backup and eLearning training** at no extra cost. The goal of our new plans is to help you meet a variety of your customers' needs and double your margins by selling it at a premium. You also have the option to upgrade your plan and make these services part of your core offering.

Here's what you get with your new Office 365 plan:



### Office Protect

Strengthen an Office 365 environment with best practice security settings in just one click.

- 24/7 Monitoring & alerts
- Best practice security settings
- Activity dashboard & reporting



### Online Backup

Back up Office 365 mailbox data. 1GB backup per user pooled across an organization.

- Back up from any device
  - Back up everything
- Back up anytime to anywhere



### Quickhelp

Jumpstart eLearning for Office 365! Help your clients work smarter with the features they use every day.

- Gamified learning
- Live videos, events & on-demand library
- Intuitive platform

Learn more about our new Office 365 offer!

[Download our product sheet](#)



## The SherWeb Advantage

Ready to become a one-stop shop for productivity, security, backup and eLearning? You won't have to do it alone.

Choosing the right cloud provider should only make your life easier. Get the full support of [your own personal team](#), including **product experts, migration specialists, account manager, presales consultant plus digital resources and tools.**

## About SherWeb

SherWeb has nearly two decades of experience simplifying the cloud for MSPs. Today, more than 5,000 partners worldwide rely on our expertise in high-volume provisioning, migration and support. SherWeb is an Indirect CSP partner in Microsoft's Cloud Solution Provider (CSP) program. This allows SherWeb to help partners go to market faster with Office 365. You own the customer relationship, control the pricing and billing and set your own margins.

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