

## PARTNER'S GUIDE TO

# Making the Most of Dynamics 365 IUR



A lot of Microsoft partners heavily leverage their Internal Use Rights (IUR) for Office 365 and various Microsoft server products. But Microsoft's Dynamics 365 business applications are a highly valuable—and underutilized—IUR benefit. Here's how to get the most out of them. **By Scott Bekker**

**T**HE MICROSOFT PARTNER Network (MPN) is one of the most feature-rich partner programs in the channel. There are hundreds of discrete benefits, which, properly used, more than make up for both the direct and indirect costs of participating in the program. Among those benefits, one of the highest-rated by partners is Internal Use Rights (IUR), the not-for-resale Microsoft software and services that partners can use to run their own business and build deep expertise on the products.

Partners view IUR as critical to their business for many reasons, and for smaller partners, the IUR grants can even play a significant role in the company's profitability. Partners who subscribe to the Microsoft Action Pack and

partners who qualify for either a silver competency or a gold competency qualify for IUR. Core IUR include things like Windows 10 Enterprise, Office 365 E3, Power BI Pro, Azure Active Directory Basic, Azure credits, Microsoft Intune, Enterprise Mobility + Security, Windows Server 2016 with Client Access Licenses (CALs) and Remote Desktop Services CALs, SQL Server, Visual Studio Enterprise and many other products. In the old days, the software came on discs and used to fill a pretty big case. These days it's all by digital download, but the functionality is even more substantial.

When most partners talk about IUR, they're referring to those core infrastructure products—Windows 10, Office 365, Windows Server and SQL Server. But some of the most transformative products in the mix for partner

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businesses are less often used, and can be extremely valuable. Namely, the Dynamics 365 IUR.

Dynamics 365 is the online suite launched in late 2016 as an umbrella online suite for business applications that included both rebranded and rearchitected versions of existing Microsoft cloud business applications and converted and updated products that used to be on-premises only.

Granted, Dynamics 365 is not for everyone. For the smallest partners, flat files like Excel spreadsheets or entry-level, Software-as-a-Service (SaaS) CRM solutions may suffice rather than a full-fledged business suite. For managed services providers, meanwhile, the market-specific professional service automation tools designed for running those types of business are often a better fit. At large partner organizations, where the Microsoft practice is but one line of business, the decision may be made higher up in the organization than the level of the Microsoft partnership. At any size organization, there may be a cultural fit and mature business processes built around Salesforce.com or other commercial packages.

For partners of nearly any size looking to accelerate their own business, to save on the cost of customer relationship management or enterprise resource planning functionality and to become more knowledgeable about products they're selling (both Dynamics 365 and about the features unlocked within a full-stack Microsoft solution), Dynamics 365 can be a great choice. That's especially true for Microsoft Cloud Solution Provider (CSP) partners looking to add Dynamics 365 services into the bundles they're offering to their CSP customers. Meanwhile, partners running some Dynamics 365 already are often passing up opportunities to get more out of the suite.

## WHAT PARTNERS GET

The basic package when it comes to partner IUR is the Dynamics 365 Customer Engagement Plan. Similar to a package with a list price for customers of \$115 per user per month, the Customer Engagement Plan includes Dynamics 365 for Sales, Dynamics 365 for Customer Service, Dynamics 365 for Project Service Automation and Dynamics 365 for Field Service. The IUR also covers Microsoft Social Engagement functionality, a portal and database storage of 10GB plus 5GB for every 20 full users. For those keeping score from acquisitions and previous products, the Sales and Customer Service modules grew out of Dynamics CRM, while the Project Service Automation and Field Service modules were developed from Microsoft's FieldOne acquisition in 2015.

## WHAT PARTNERS CAN AND CAN'T DO WITH IUR

Rules for IUR support a lot of partner use cases, with significant caveats. First on the allow list, obviously, is internal use. That means partners can use their Dynamics IUR for development, test, demo, sandbox and, most critically, in production for

general internal business purposes. IUR can be used for training of a partner's internal employees, as well. No-nos for IUR are numerous. Things that are expressly prohibited include reselling the IUR or transferring IUR to a third party. Employees can't have the software for personal use at home. Similarly, other Software Assurance-type benefits do not apply to partners with IUR. The licenses cannot be installed at a customer site.

IUR also are not to be used for direct revenue-generating activities, such as hosting a customer's applications or developing custom solutions for a specific client. Those commercial prohibitions get into a grey area for partners, whose general internal business purposes and commercial purposes can overlap. Microsoft offers a somewhat dated example in a May 2018 "Microsoft Partner Network Benefit Package Usage Guide." In it, Microsoft notes that "installing the Windows Server operating system and Microsoft Exchange Server to set up an email system that you can use to send business-related email is acceptable. However, production use for external commercial purposes, such as hosting a commercial website, is outside the scope of these rights." Partners do need to be careful because Microsoft sometimes conducts compliance audits. Just remember the idea behind IUR, and you'll generally be OK. When in doubt, ask a Microsoft partner contact.

## GOING BY SIZE

The baseline IUR grants are intended to provide enough licenses and subscriptions for a partner to completely run its business on its IUR, based on some assumptions Microsoft makes about the size of a company that's going to pursue each MPN level. Action Pack IUR aim to support a business of about 10 people. Given that in most business scenarios, not everyone needs access to the Dynamics system, IUR tend to be doled out at a slightly lower number than infrastructure IUR. So for the Action Pack, Microsoft offers five seats of the Customer Engagement Plan.

Partners attaining the silver competency tend to be all over the map in size. The middling requirements—it's harder to achieve than an Action Pack subscription, but not as onerous as a gold competency—mean that partners going for silver tend to be larger than Action Pack subscribers. Yet there are many silver competency partners that are comparable in size to Action Pack subscribers. On the other hand, channel companies with sizable businesses that are new to the Microsoft ecosystem can linger for a while at the silver competency level before graduating to gold, if ever. Microsoft's working model was to deliver enough software and services to support a company of about 25 employees at the silver level. For Dynamics IUR, that translates to 15 Customer Engagement Plan seats.

Gold competency IUR aim to support a company with up to 100 employees, with an IUR limit on the Dynamics side of 60 seats. Not wanting to punish successful multi-geography partners who scale beyond 100 employees by charging them to use the Microsoft software they're helping Microsoft peddle, Microsoft has a couple of other



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configurations. One is a country-level limit, which allows partner organizations with multiple gold competency locations in a country to have up to 300 Dynamics 365 Customer Engagement Plan IUR. Worldwide organizations top out even higher with up to 900 seats in the plan.

Partners who find they need more seats, or who grow beyond the IUR grants, have another option. Microsoft has a discount rate for partners to buy additional Customer Engagement Plan seats at \$50 per seat/month. The limit for the discount seats is 100 per partner organization.

## GETTING SPECIALIZED

What if an organization is larger than its competency level, but really specialized on Dynamics 365? There's an answer for that. Partners who attain the Cloud CRM competency have higher limits for internal use. Silver Cloud CRM competency partners are eligible for double the Customer Engagement Plan IUR, topping out at 30 seats. For partners with the gold version of that competency, Microsoft allows an additional 25 seats for a total of 85 seats. Partners with that competency, as well as CSP partners and partners who have Software Advisor Agreements with Microsoft, are also eligible for demo benefit licenses. In those cases, the partners can set up and customize multiple demo scenarios and test environments to show customers. The demo benefit licenses consist of 50 seats of Dynamics 365 Professional, split into 10 keys of five seats each.

## KICKING THE TIRES

Given that they can essentially get started for only the cost of their MPN fees, partners often start small with Dynamics 365. Kicking the tires can be as simple as using Dynamics 365 for straightforward contact management. The more executive buy-in, the better. If a senior executive is pushing the solution, it's more likely that sales, marketing and service teams will use the software and start finding deeper uses for it. Graduating to opportunity tracking, putting service tickets into the system, and even managing licenses are all ways to broaden the internal usage of the powerful toolset. One relatively little-known aspect of Dynamics 365 is the gamification functionality. Another 2015 Microsoft acquisition, FantasySalesTeam specialized in incentive programs and contests to improve sales team participation and motivation. Some partners report getting a revenue bump in the high-single-digit to low-double-digit range by instituting internal programs using the tools in Dynamics 365. In any event, the more familiar partners are with Dynamics internally, the more of its features they're able to light up, explain or sell to their customers.

## BRANCHING OUT BEYOND MICROSOFT

The main thing for partners is to get rolling on using potentially idle Dynamics 365 licenses when it makes sense. For partners

who already have access to IUR, letting the Dynamics IUR sit around can be like leaving money on the table. Yet Microsoft's recent emphasis on cultivating ISVs to create applications that run on top of Dynamics 365 means there are other applications that can bring value not only to customers, but to partners themselves. Examples include marketing automation like ClickDimensions and Salesfusion, CSP automation solution Work 365, electronic signature tools like DocuSign and document creation tools like XperiDo. These applications are different from the Dynamics IUR in that partners must pay the ISVs directly for the software, as opposed to using something they already have rights to. Even so, the cost is less than it would be to buy a CRM application from scratch and then pay for add-ons on top of it.

## POSITIONING FOR THE IP PUSH

Even for partners using their Dynamics IUR, perhaps the most important opportunity lies in developing their own intellectual property (IP) for solutions. Ultimately, Microsoft is looking for different types of partners these days than it used to, and partners modifying solutions and bundles around Dynamics 365 could have a leg up.

Microsoft U.S. President Kate Johnson discussed the current Microsoft view of the ideal partner in a recent partner webcast:

"It's all about intellectual property. Just bringing products to the table is not going to work anymore. That was something that worked in the past. If you had great technology that's all you needed and you were done," Johnson said. "Today, it's really all about the people being able to bring intellectual property. So whether it's industry domain skills, whether it's deep technical skills, in the space of security, let's say, or whether it's the ... combination of both to provide a unique solution to an industry, it's about the intellectual property."

Dynamics partners tend to have the greatest success in verticals, where they can add IP to solutions that often don't even lead with the Microsoft name. Playing around with Dynamics IUR and thinking deeply about new industry-specific solutions based on Dynamics can be a promising path forward.

At a retail value of \$115 per user per seat, those Dynamics 365 IUR are crying out to be used by partners. For an Action Pack partner, that's \$6,900 in straight license value ready to be thrown into production. For a gold competency partner, those licenses could be worth about \$80,000. Admittedly those are rough estimates, and on the high side given standard discounts, but by any reckoning, Dynamics IUR count as one of the hidden gems of the Microsoft Partner Network. •

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*Scott Bekker is editor in chief of RCP magazine.*