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How to Succeed with the Microsoft Cloud Solution Provider (CSP) Program



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Introduction

Over its 40-year history, Microsoft has been a software industry pioneer. The company has consistently developed leading solutions, and its Office productivity suite is used by more than one billion people worldwide, making it one of the best-selling software products of all time.¹

As the technology sector shifts to cloud, Microsoft is once again at the forefront, driving rapid adoption of its cloud-based products. In early 2015, the company announced that it had 50 million active monthly business customers for its Office 365 product, a massive number that Microsoft expects to help generate a \$20 billion run rate for its commercial cloud solutions, including Office 365, by 2018.

Microsoft won't be able to reach that ambitious goal alone. In the past, the company has relied on partners, such as distributors and value added resellers (VARs), to expand its reach. In the era of cloud, Microsoft has been following a similar playbook; its Syndication program has helped Office 365 become the company's fastest growing business ever.

Despite its success, Microsoft's Syndication program is very technically complex, a factor that has limited participation to large, resource-rich partners. This is one reason why Microsoft has introduced a new initiative—the Cloud Solution Provider (CSP) program—that is built on powerful new CREST and GRAPH APIs. With its revamped program in place, Microsoft is ready to rapidly scale its partner efforts.

DISCUSSION AREAS

- › Focusing on CSP Go-to-Market Strategies
- › Three Questions to Help Build a Compelling Value Proposition
- › Fostering a Culture of “Solution Selling”
- › Focus on First-Time Adoption
- › Best Practice Deep Dive: Customer Support
- › Optimizing the Customer Experience

¹ “Microsoft's Office Has over One Billion Users,” Softpedia, July 10, 2012

² “Microsoft sets commercial cloud goal of \$20 billion run rate by 2018,” ZDNet, April 29, 2015

³ “Office 365 Microsoft's fastest growing business, ever,” The Register, January 21, 2014



The opportunity to reach even more eager customers with Microsoft cloud products, however, comes with a new set of challenges. With streamlined technology that lowers barriers to entry, how can Microsoft CSPs compete in an increasingly crowded market? How do they create a compelling value proposition that sets them apart?

This white paper details strategies that Microsoft CSPs can use to improve their go-to-market game plans, including how to compel customers to buy and how to create value by becoming an expert advisor. It also includes a closer look at the importance of customer support as well as testing and optimization to improve the user experience.



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Focusing on CSP Go-to-Market Strategies

In general, cloud-based software providers have been slow to adopt partner programs and other channel sales strategies. In fact, less than a quarter of business Software-as-a-Service (SaaS) vendors have channel programs.⁴ When customers can simply go to the vendor to buy a solution, it can be difficult to convince them to go to a third party.

The same dilemma exists for Microsoft cloud products: If a customer can go directly to Microsoft to get Office 365, why should they buy from a CSP?

As a CSP, how you answer that question is critical, since it will define the value proposition for your Microsoft business. If you do not have a compelling reason why customers should buy from you, it will be extremely difficult to succeed in the fast-growing, CSP-enabled market for Microsoft cloud solutions.

Three Questions to Help Build a Compelling Value Proposition

You can build a compelling value proposition by answering three basic questions:

1. Why should customers buy Microsoft cloud products?
2. Why should they buy them from you, as opposed to another CSP or directly from Microsoft?
3. Why should customers trust you?

The questions are straightforward, but for some CSPs it can still be difficult to develop clear answers for each of them. To spark your thinking and organize your thoughts, consider these areas:

⁴ "SaaS Now Revolutionizes the Channel," Sand Hill, April 9, 2014



YOUR MARKET

Research shows that businesses prefer buying from trusted providers, and your market can be defined in a variety of ways, whether by location, vertical, or some other factor.

Ask: Is there an opportunity for me in my geography or a particular sector?

YOUR COMPETITIVE LANDSCAPE

It is critical to know if other CSPs serve the markets you just defined, as well as how they sell themselves to the customer base that you are also trying to reach. **Ask: Who are my top competitors? How do they position themselves?**

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YOUR CUSTOMERS

Digging deeper into your market, you should have a clear understanding of who your customers are today, and which customers you would like to reach in the future. Understanding their concerns and challenges will enable you to reach them more effectively. **Ask: What customer segments am I addressing today? Which would I like to address in the future? What do they care about?**

YOUR CURRENT STRENGTHS

Every company has core strengths, and defining them will help you focus on what you have to offer customers and prospects. Integration expertise, personalized customer service—whatever it may be, these are essential to defining your value proposition.

Ask: What am I really good at? What differentiates me from other CSPs?

This framework provides a useful guide, but ultimately there are many ways to create a winning value proposition. Weak value propositions, on the other hand, seem to share some common elements. One is overly technical language; since the majority of your customers will likely be on the business side, they will probably be more interested in business benefits, not details related to API calls, for example.

In addition, you should avoid sounding too generic; every part of your value proposition could be true and sound great, but if it's too similar to your competitors, it will be difficult for customers to tell you apart. Finally, remember your target markets and customers. Appeal to them on their own specific terms, and again, be sure to avoid generic messages.

Without a strong value proposition, prospects will become skeptical bargain hunters who are simply looking for the cheapest price. In contrast, a well-articulated value proposition can give you leverage to charge premium pricing while generating more leads and customer loyalty.



Fostering a Culture of “Solution Selling”

Thanks to the enhanced technology behind the Microsoft CSP program, partners now have the opportunity to move away from technology and feature-centric discussions with IT buyers. Instead, they can engage buyers in finance, sales, and marketing departments with conversations that focus on how Microsoft cloud products deliver benefits to the business as a whole.

Although this is a positive move, it can be difficult to shift an organization’s focus away from selling “speeds and feeds” to offering a whole solution that solves specific business challenges. For example, before it may have been important to explain that your technology offered a fast way to login and find documents. Today, it’s more important to explain how logging in quickly and finding documents faster can help businesses be more productive.

To make this change, CSPs need to train their sales teams on how to create 30-second elevator pitches, or quick, easy-to-understand explanations of what a product is and what value it offers. They will also need to build use cases, learn strategies for handling objections, understand buyer personas, and focus on business outcomes, such as total cost of ownership (TCO) and return on investment (ROI). This sort of training takes time, but can pay big dividends as you ramp up your sales efforts.



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Focus on First-Time Adoption

Even if they seem tech savvy, many customers may run into issues with getting up and running with Office 365 and other Microsoft solutions. Skipping the critical on-boarding phase of the adoption cycle can put pressure on your customer support team, generate unnecessary customer friction and frustration, and ultimately lead to early attrition.

As a CSP, you should clearly outline a comprehensive activation and on-boarding process for your new customers. The best way to do this is to funnel customers through a simple step-by-step on-boarding flow with four steps:

1. Send a “welcome to service” email that includes clear on-boarding instructions.
2. Offer an “on-boarding center” where customers can go to find additional tutorials, how-to guides, and FAQs related to initial activation, setup, deployment, and data migration.
3. Always provide customers with ways to contact your support team for an assisted on-boarding experience. As described below, your support team can be in-house or offered via a third-party provider that specializes in support services for Microsoft cloud products.



4. As an alternative to steps one and two, you can offer customers a “white glove” on-boarding service call. Some partners choose to build separate consulting businesses to support Microsoft on-boarding and usage, while others use third-party experts like PlumChoice or Mural to deliver the service on their behalf.

Research shows that partners that deliver a streamlined on-boarding 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.⁵ Clearly, spending some time to map out the on-boarding flow can deliver results for both you and your customers.

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Best Practice Deep Dive: Customer Support

The most successful Microsoft CSPs sell thousands of Office 365 seats every month. Even more impressive are the activation rates that these partners are seeing—some up to 90 percent—mostly through inbound support calls or targeted outbound call campaigns.⁶ But these successes aren’t by chance; the most successful CSPs see returns on their investment in superior customer support.

The top three reasons why customers churn and stop using Microsoft cloud products are:

1. A weak or poorly communicated value proposition that creates unrealistic or confusing expectations.
2. An inability to get quick access to support during every stage of the buying process.
3. A faulty or non-existent on-boarding process.

Two of the top three reasons for customer churn are due to a lack of support, which begs an important question: Why is customer support something that so few companies seem to get right?

For many businesses, customer support is simply too costly. Even planning to implement a system requires a significant amount of time and resources, and the actual deployment can be too daunting to follow through on. Faced with these obstacles, many companies simply avoid customer support altogether.

However, customer support is more than a requirement of the Microsoft CSP program. When offered as a complement or wrapper to a core product like Office 365, support

⁵ Internal survey of AppDirect customers

⁶ Ibid.



can be a huge opportunity for differentiation and premium pricing. (In the world of cloud service commerce—where there is heavy pressure on margins—CSPs should consider any factor that can allow them to charge a premium.)

Buyers are often willing to pay a premium for on-boarding and customer service because it can reduce costs, measured in both time and dollars, across their own organizations. For example, when an Office 365 user has an issue, who receives the initial complaint? It is generally funneled to the IT administrator, who is then responsible for reaching out to your customer support for help.

However, if a CSP has great user on-boarding, the IT administrator will see a decrease in issues from his or her coworkers. (Likewise, your support team will see a matching drop in reported problems.) Moreover, when the IT administrator does receive complaints, good on-boarding and training programs will enable him or her to tackle the issue without needing to log a customer support ticket with you. Another by-product of a positive customer experience is increased usage and retention. Research has shown that once users adopt cloud services, they become “sticky” and often purchase additional services.⁷



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Strong customer support can increase a solution’s perceived value, boost customer loyalty, and drive sales and revenue all while lowering future support utilization. Customer support should be top of mind as you plan or reevaluate your Microsoft CSP go-to-market strategy.

Optimizing the Customer Experience

Microsoft’s CSP program has enabled partners to get to market faster than ever before, and there is a wealth of best practices and other knowledge that can help them succeed once they are up and running. However, CSPs should always be looking to test and optimize their business. There are easy to use tools—such as Adobe Target or Optimizely—that CSPs can use to tweak the online customer experience to best fit local markets and buying behavior.

When it comes to the assisted sales experience for cloud services, on the other hand, optimization is much more complex. It can be more difficult to test and optimize one-on-one human interactions, but it is possible. To do this effectively, you will need to set up a feedback loop between customers, your sales teams, and marketing, while customer support is the key ingredient that keeps this loop humming along.

With a well-oiled internal communication process from customer support to sales and marketing, and vice versa, you will enable your teams to test and optimize their own behavior at every step. This will keep your teams keenly focused on customers’ needs, which ultimately leads to a far superior customer experience overall.

⁷ Ibid.



Conclusion

Even though the Microsoft CSP program is leveling the playing field for partners, there is no one-size-fits-all go-to-market strategy. CSPs with strong online presence and solid marketing automation software have decided to put more focus on the self-service model. Others with a long history in the “offline” world have doubled down on assisted sales programs. However, every CSP across the spectrum needs a strong value proposition that sets their business apart.

Even though the Microsoft CSP program is leveling the playing field for partners, there is no one-size-fits-all go-to-market strategy.

Going to market with a unique value proposition can help ensure success, but it can be even easier to succeed as a CSP with a technology partner like AppDirect. AppDirect’s Express Program for Microsoft Cloud Solution Providers enables partners to meet all Microsoft CSP criteria, get to market, and begin selling Office 365 and other cloud services within a matter of weeks.



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The AppDirect platform automates critical backend functions, such as billing, provisioning, and activation, saving time and money while improving the customer experience. For example, with the previous Microsoft Syndication program, it could take up to 90 days to provision and activate a customer on Office 365. With AppDirect, that same process can be reduced to a few couple of hours.

Microsoft’s Cloud Solution Provider program is purpose-built to make it fast and easy for CSPs sell Office 365 and other Microsoft solutions. With some planning, preparation, and a strong technology platform, CSPs can be successful from day one.

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 Google, Box, DocuSign, Intel Security, and more.

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