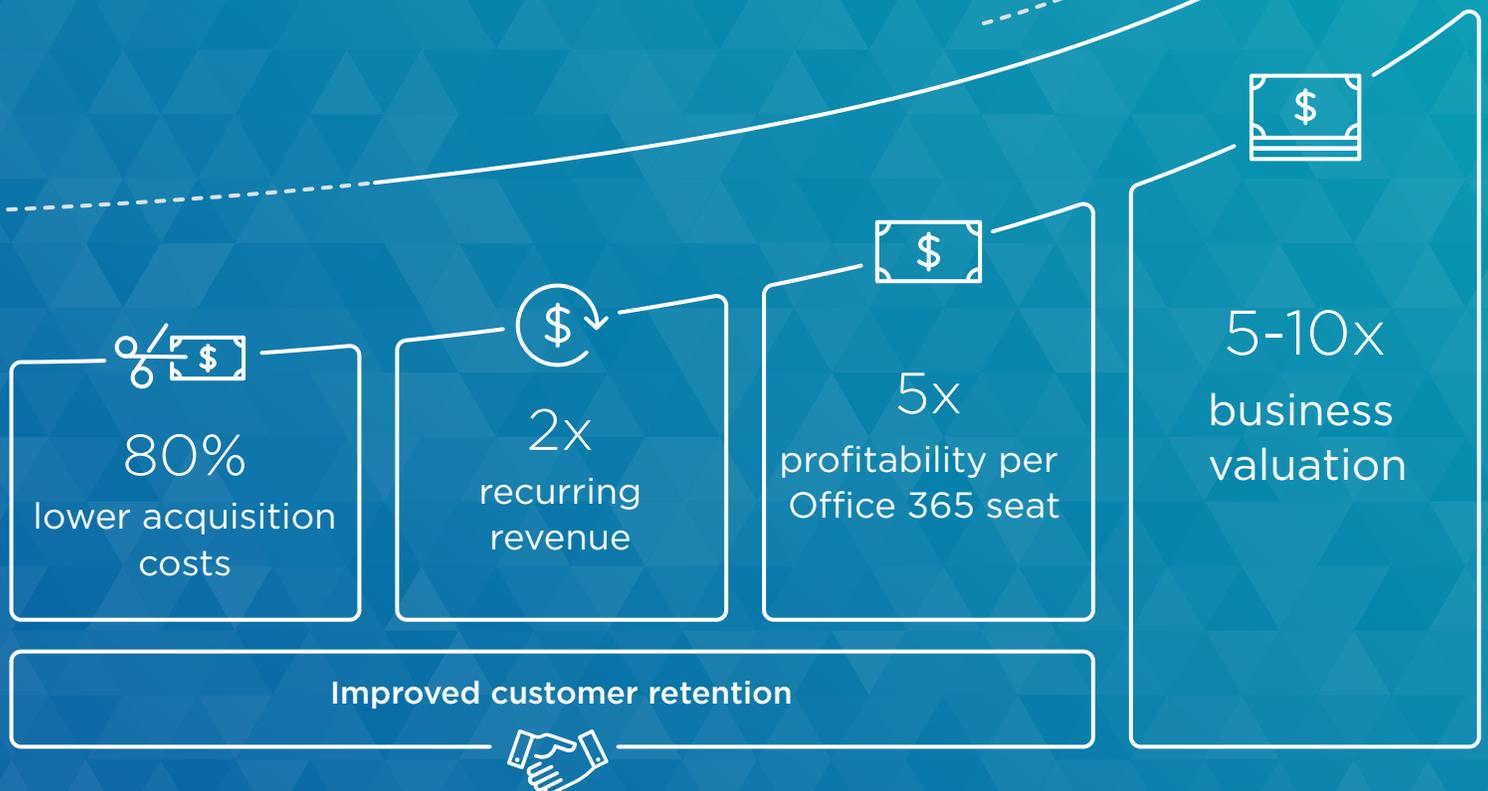


7 steps to accelerate your Office 365 profitability



Discover your cloud acceleration score at
CloudSuccess.SkyKick.com

Office 365 adoption among SMBs is set to grow exponentially

The value that early adopters have realized from Office 365 has built a compelling case for the broader majority to follow

Office 365 enables unparalleled productivity and provides substantial savings for SMBs.

33 hrs

Time spent by SMB owners every month on admin tasks¹

Moving to Office 365 and engaging MSPs can free up leaders to focus on innovation and business agility.

21%

Higher profits when employees are highly engaged²

Office 365 is the most integrated productivity solution, empowering teamwork in the modern workplace.

43%

Cyberattacks targeting small business on-premise systems³

Office 365 delivers end-to-end protection with insights into global cyber threats and capabilities.

Early adopters have already realized the great value of Office 365, opening up a 250 million seat market.



1. ICAS, The top admin tasks holding back small businesses, May 2016.
2. Gallup, "State of the American Workplace Report," 2017.
3. CYBER SECURITY STATISTICS – Numbers Small Businesses Need to Know, Jan. 3, 2017.
4. 5. Analysis Mason (an MSP-focused research agency), 2017 study
5. State of the Office 365 Cloud (SMB edition), 2018 by SkyKick

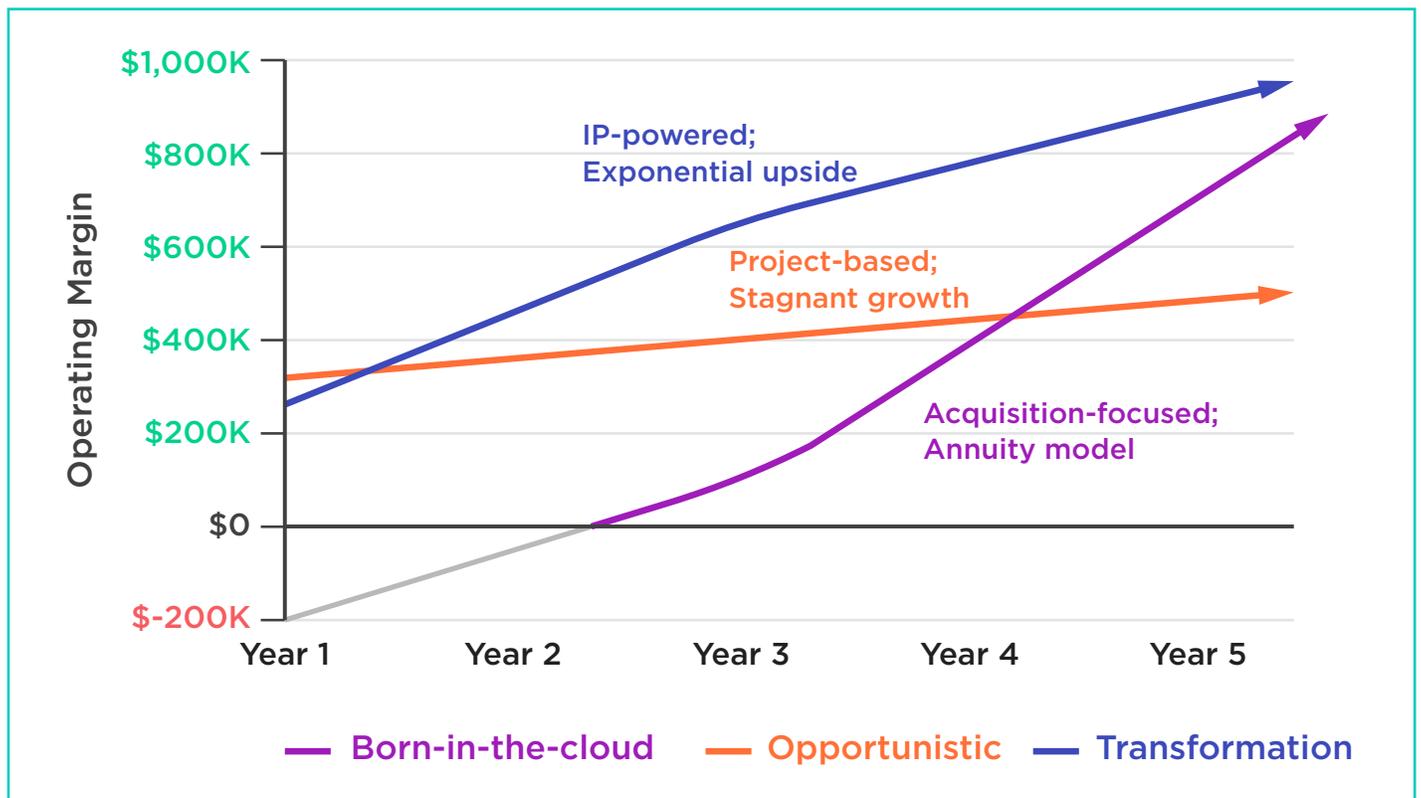
MSPs who fully commit to cloud services will get the lion's share of the O365 opportunity

Winner takes all in this incredible SMB opportunity

60% of SMBs want a partner's assistance to bring more value to their transition to Office 365 cloud, representing an incredible business opportunity.¹

Embrace the transformation to cloud services

According to the Microsoft 2018 Adopting the Cloud Operating Model framework, traditional MSPs that commit 100% to the cloud services model will outperform the competition and reap the rewards of the SMB Office 365 opportunity. These **transformation** partners can outrun partners who choose to be **opportunistic**. And with the benefit of strong project-based IP, they can jump-start their cloud transformation to achieve growth rates similar to **born-in-the-cloud** partners.



Economic model of SMB-focused MSPs between 2014 and 2018

1. Bredin, an SMB market research and content marketing agency, 2017 study

SkyKick has a roadmap for our partners' cloud services transformation

7 steps to increase your Office 365 profitability and business valuation



1. Formulate a Cloud Business Strategy

Build upon your strengths today to accelerate your cloud practice.



2. Articulate your Sales Strategy

Package your IP with O365, Migration and Backup, and lead with this base bundle.



3. Refine Sales Incentives

Incentivize all salespeople to sell the MSP O365 bundle as your hero offering.



4. Infuse Automation into Operations

Execute with confidence by adopting repeatable best-practice processes.



5. Invest in Sales and Delivery Readiness

Enable all professionals to confidently sell and deliver the MSP bundle.



6. Leverage Marketing

Be front-footed. Create desire and demand for your MSP bundle.



7. Improve Your Business & Financial Management

Transform your leadership culture by establishing goals that reward cloud-first behaviors.

— SkyKick has insights to help with our partners' transformation roadmap, based on working with more than 20,000 partners worldwide.

1

Formulate a Cloud Business Strategy

Build upon your strengths today to accelerate your cloud practice.



Most MSPs have a strong IP to form the basis for their cloud business. Connect your expertise to your cloud profitability aspirations across 3 sales motions.



New customer acquisition



Upsell of existing Office 365 clients



Conversion of existing on-premise clients

Recognize the business opportunity

85% of SMBs haven't moved to the cloud yet. A targeted repeatable service is necessary for low customer acquisition costs.

Expand your footprint by providing complementary cloud services to O365, as O365 by itself is commoditized

Turn your project-based relationships into recurring revenue offerings. A project-heavy business could impair business valuation.

Identify your path forward

Build a velocity-based sales and delivery model with a predictive service experience.

Package your unique IP and value-add services like backup into the MSP bundle to increase your O365 profitability.

Reframe your customers' capital investments by demonstrating a lower total cost of ownership (TCO) while delivering higher value with a subscription model.

Set clear goals for the transformation

- Subscriber growth
- Customer acquisition costs

- Percent of subscribers on MSP bundle
- ARPU

- Monthly Recurring Revenue as % of Total Revenue
- Customer Lifetime Value

2

Articulate your Sales Strategy

Package your IP with O365, Migration and Backup, and lead with this base bundle.



Recognize what your customers are asking for

Move to the cloud

53% are worried about high costs and business disruption.¹



MIGRATION

Protection in the cloud

37% are concerned about data security in the cloud.¹



CLOUD BACKUP

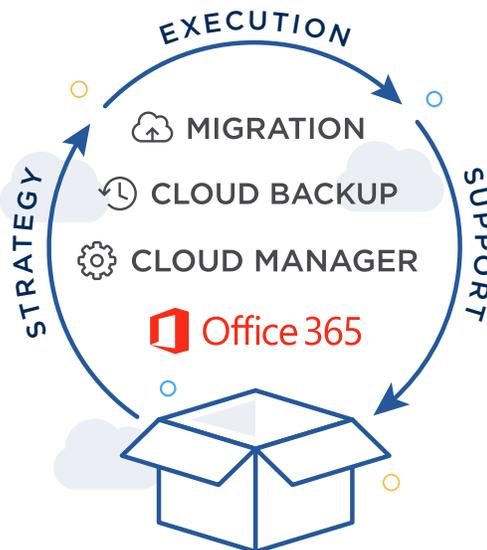
Thrive in the cloud

60% of SMBs want a partner that helps solve their business challenges, not just IT problems.²



CLOUD MANAGER

Give customers a full solution to their business problems



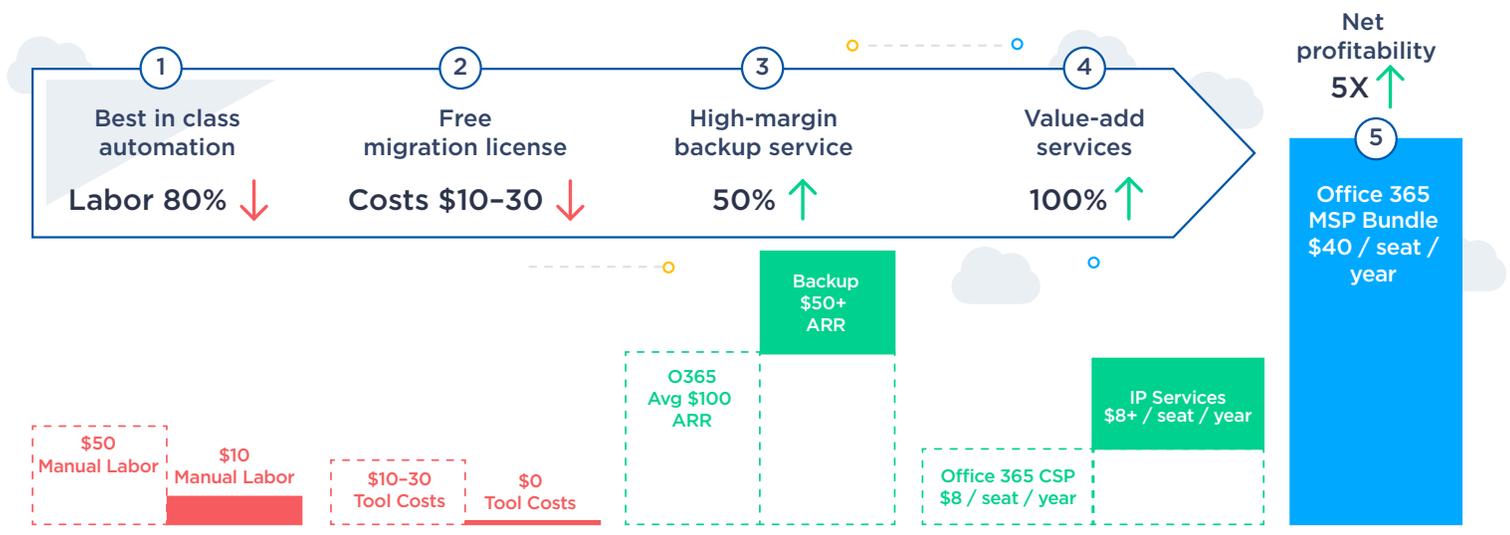
Planning Cloud transformation, Migration and Backup	Delivery Project Management, Office 365 Implementation
MIGRATION Start right in the cloud	CLOUD BACKUP Protect data in the cloud
CLOUD MANAGER Extend the cloud relationship	
Office 365 #1 Cloud-based productivity suite	
Intellectual Property Differentiate offerings based on relevant domain and industry expertise	

1. Forrester, "The TEI™ Of The Modern Desktop With Microsoft 365" 2018
 2. Microsoft Cloud Play Practice Development & Bredin SMB research agency, 2017 study

A well-designed MSP bundle can drive 5-10X profitability



Give customers a full solution to their business problem



- 1 The automation assisted migration tool reduces the manual labor costs.
- 2 SkyKick includes a free migration with backup lowering your acquisition cost, which helps accelerate the sales process.
- 3 High-margin backup service drives high attach rate and recurring revenue.
- 4 Partner IP provides customers additional value-added services to accelerate their business growth.
- 5 Low costs and high-margin recurring revenues drive exponential profitability.

Partners have been successful with the base bundle

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- ✓ Dedicated account manager
- ✓ Billing from CDW
- ✓ Flexible monthly or annual payment terms
- ✓ Level 1-3 24x7x365 US-based support
- ✓ Provisioning and account management
- ✓ Dedicated onboarding concierge
- ✓ Email Migration
- ✓ Cloud Backup

This success requires strategic discipline across the business

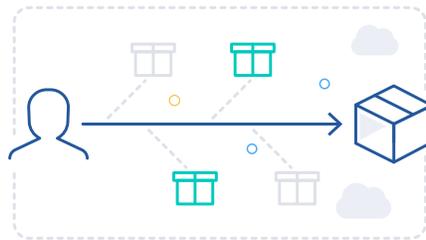


Lead with your base bundle

You should commit to it, and lead with it in all your sales.

It is the best way to increase your attach rate and close more sales.

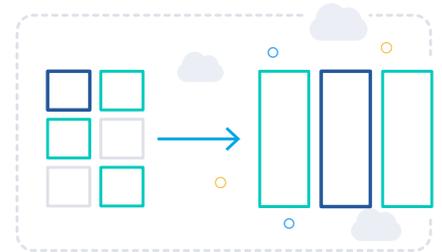
It makes it easy to frame the sale in terms of providing a full solution to the customer's business problems, which creates immediate credibility.



Eliminate confusion for your users

Focusing on your base bundle demonstrates that you have thought through your customer needs, and demonstrates that you're an expert on what ensures success in the cloud.

Your base bundle simplifies your customers' cloud experience - all from one credible vendor with one affordable monthly bill.



Restrict or eliminate other offerings

Having the discipline to say "no" to customers who don't appreciate the value of standardized base bundles isn't easy, but it's important.

This reduces the possibility of offering customers SKUs that don't deliver complete value. And helps differentiate your bundled services.

3

Refine Sales Incentives

Incentivize all salespeople to sell the MSP O365 bundle as your hero offering.



Align your sales plays to the 3 revenue motions



Acquisition

Office 365 CSP
Migration
Backup



Upsell

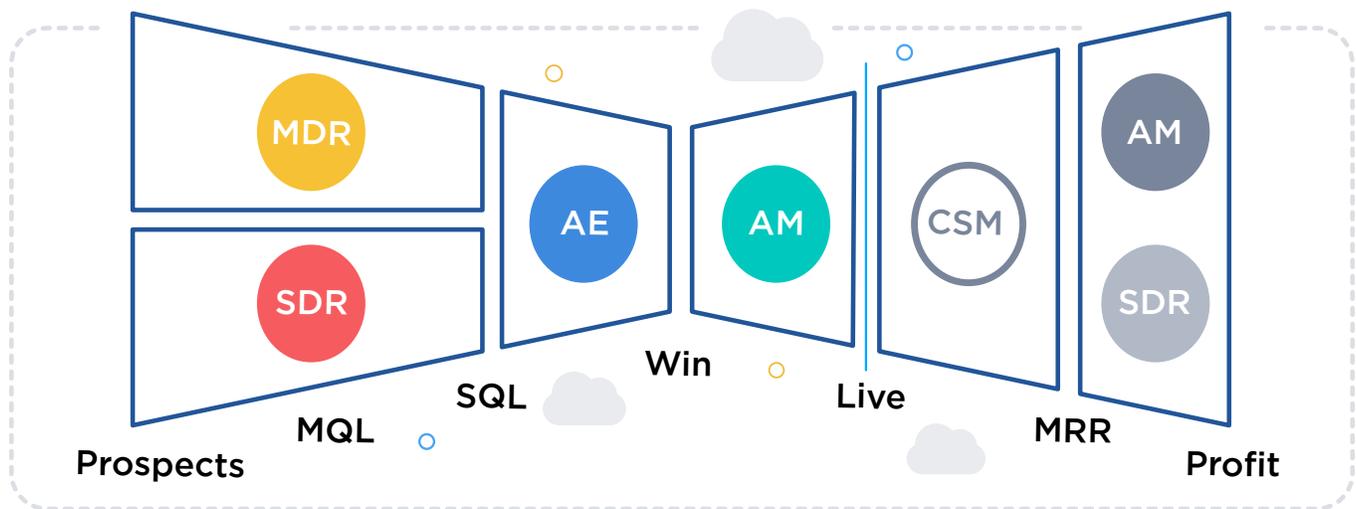
MSP Bundle
Backup Attach



Conversion

Cloud quota
Projects quota
Amortize for ACV

Optimize your sales organization to maximize sales effectiveness and customer lifetime value



MDR: Market Development Reps
SDR: Sales Development Reps
AE: Account Executives
AMs: Account Managers
CSMs: Customer Success Managers

MQL: Marketing Qualified Leads
SQL: Sales Qualified Leads
Win: Signed contract
Live: Service launch
MRR: Monthly Recurring Revenue

Revise compensation to reward strategic sales execution

Increase Annual Recurring Revenue

Sales accelerators on over achievement

Reduce Churn

Increase commission on renewals;
Accelerators on multi-year contracts

Move to bundle and solution sales

Accelerators on the bundle sales

Improve cash position

Incentives on upfront payments;
Expansion accelerators for solution upsells

4

Infuse Automation into Operations

Execute with confidence by adopting repeatable best-practice processes.



Automate your processes to drive operational agility



Align marketing and sales for velocity selling



Adopt proven service delivery model for optimal outcomes



Integrate RMM and PSA applications to automate workflow

Remote Monitoring and Management (RMM) + Professional Services Automation (PSA) = Efficient, effective "Track to Ticket" resolution and timely, accurate "Contract to Billing"

5 Invest in Sales and Delivery Readiness

Enable all professionals to confidently sell and deliver the MSP bundle.



Create customer value by adopting Challenger mindset



Reframe

(Think differently)



Market

(Take action)



Pitch

(Present solution)

Educate sellers to sell the same bundle across 3 sales motions



Acquisition

Demonstrate experience, insight, and credibility in the market to provide a truly turnkey managed service that will enable customers to focus on their business and not the IT around it. Lead with your differentiating IP around O365.

“

Explain how the standard bundle addresses the gaps in Office 365 and other SaaS solutions.

“

Explain why you are not just selling O365 sockets.

“

Explain the value you're providing through complete business transformation services.



Upsell

Leverage the O365 renewals to have a more strategic discussion around the value of adopting additional cloud-based services including additional data security through backup services.

“

Explain how the base bundle optimizes O365 productivity with complete data protection.

“

Explain your consultative approach to customers about getting the most out of the cloud.

“

Establish a trusted adviser relationship along their cloud transformation journey.



Conversion

Educate your clients' key decision makers about the advantages of starting small with a low-risk, high-reward transition to cloud solutions by transitioning to the O365 standard bundle, which provides all the benefits of O365 in one offering.

“

The business value of running on cloud speed with the help of a cloud-savvy partner

“

The pathway to cloud-based infrastructure with business continuity and data protection services

“

The economics of a cloud-based offering and the business value proposition of digital transformation and lower TCO

6

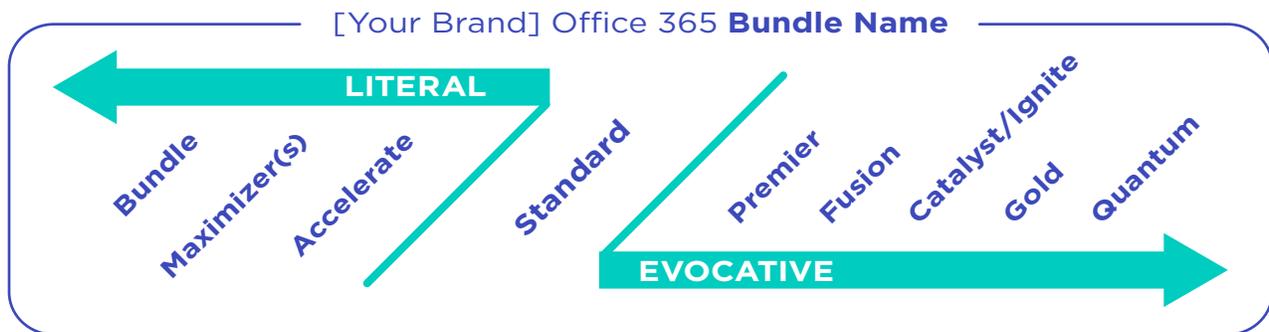
Leverage Marketing

Be front-footed. Create desire and demand for your MSP bundle.



Create energy around your bundles with the right name

A function of customer type, industry focus and geo-political considerations

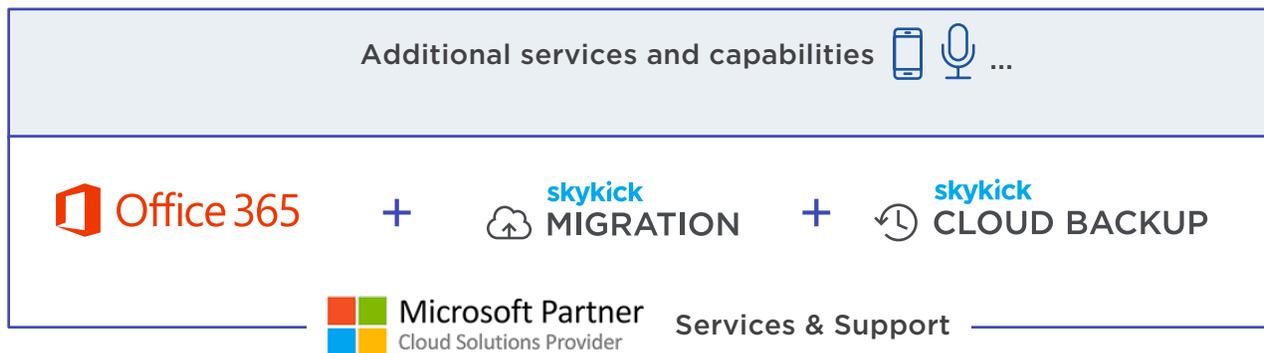


Maximize the profitability through smart pricing

- Confidently price around your differentiated IP and expertise incorporated within the bundle
- Position the value of your managed offering instead of itemizing the product components

Package and position for maximum market success

At its core, the base bundle provides a perfect foundation and platform for growth



Adopt digital marketing to amplify demand generation

- Paid Display
- Paid Social
- Owned Social
- Email List
- Newsletter
- Blog
- Events

7

Evolve Your Business & Financial Management

Transform your leadership culture by establishing goals that reward cloud-first behaviors.



If you can measure, you can manage; If you can manage, you can improve



- Effectiveness of acquiring and onboarding customers
- Overall monetization of each subscriber
- Monitoring customer retention rate

Maximize your profitability over the life of the agreement



Monthly Recurring Revenue (MRR)

(Average monthly subscription value per customer) × (Number of customers)

Subscriber Growth

Number of new subscribers / Time period

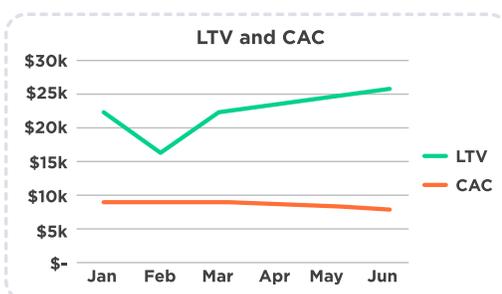
Average Revenue Per User (ARPU)

Total revenue / Subscriber count

Customer Churn

Number of existing customers who left during a given period / Total customers at the start of that period.

Measure your cloud business success



Customer Lifetime Value (LTV)

Average Revenue per Account (ARPA)/Customer churn rate

Customer Acquisition Cost (CAC)

Total sales & marketing expenses/# of paying new customers

LTV/CAC Ratio

Total average revenue per customer you expect to receive compared to the average cost to acquire a new customer.

Successful cloud businesses have a LTV/CAC ratio of 3 or higher

Get started with SkyKick

Help us chart your course to Office 365 profitability

“CDW leads CSP with a hero bundle SKU called our Standard Offer bundle; O365, migration, and cloud-based backup. It drives a healthier recurring revenue stream and margin, lowered support costs, and higher customer satisfaction and loyalty. It also drives velocity of adoption.”

- Jay Ritchie, Microsoft SaaS/Office 365 Solutions Manager, CDW

“A SkyKick partnership is a two-way relationship—when you become a SkyKick partner we become your partner as well. As your partner, we will do everything we can to help your cloud business succeed.”

- Todd Schwartz and Evan Richman, Co-Founders & Co-CEOs, SkyKick

SkyKick is a global provider of cloud automation and management software for IT solution partners. Its products help build successful cloud businesses by making it easy and efficient for IT providers to migrate, backup, and manage their customers in the cloud. Over 20,000 partners in more than 125 countries use SkyKick's products to accelerate their cloud businesses. The company has won numerous awards, including being named a Microsoft Partner of the Year, and was named one of North America's fastest growing technology companies, according to Deloitte's Technology Fast 500™. SkyKick's global headquarters is in Seattle, and its European headquarters is in Amsterdam. SkyKick also has offices in Sydney and Tokyo.

For more information visit skykick.com.

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