7 steps to accelerate your Office 365 profitability

- 80% lower acquisition costs
- 2x recurring revenue
- 5x profitability per Office 365 seat

5-10x business valuation

Improved customer retention

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.

15%
Have migrated

85%
Have NOT migrated

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1. ICAS, The top admin tasks holding back small businesses, May 2016.
4. 5. Analysys Mason (an MSP-focused research agency), 2017 study
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.
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
- Percent of subscribers on MSP bundle
- Monthly Recurring Revenue as % of Total Revenue
- Customer acquisition costs
- ARPU
- Customer Lifetime Value

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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

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

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

Give customers a full solution to their business problems

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<td>Start right in the cloud</td>
<td>#1 Cloud-based productivity suite</td>
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Intellectual Property
Differentiate offerings based on relevant domain and industry expertise

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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

This success requires strategic discipline across the business

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**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.

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**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.

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**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.
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

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

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
Infuse Automation into Operations
Execute with confidence by adopting repeatable best-practice processes.

Automate your processes to drive operational agility

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Customer Operations

Align marketing and sales for velocity selling

React
Prospect / Plan
Target
Deliver
Execute
Close

Lead Gen
Develop targeting guide
Amplify email and social assets kit
Publish flyers and print ads
Deliver sales playbooks

Prospect / Plan
Review sales qualified leads
Identify and prioritize your accounts
Set up a daily recommender

Target
Send proactive proposal with offer value proposition
Follow up
Engage cloud specialist
Secure a pre-sales offer introduction meeting

Deliver
Offer standardized envision & business value workshop
Offer proof of concepts (Poc)

Execute
Execute offer (Value assessment workshop or PoC)
Finalize offer
Support team in closing, secure pricing
Define cloud transformation scope and schedule

Close
Present results
Deliver cloud transformation proposal
Secure a case study/reference

Adopt proven service delivery model for optimal outcomes

Analyze
...the customer’s current environment and determine O365 usage.
Define
...scope, approach and roles for customer review and sign-off.
Align
...customer expectations on what’s going to happen and when.
Provision
...customer environment to mobilize O365 migration.
Execute
...O365 migration project and post-migration activities.
Launch
...and go-live with O365 for all users.
Manage
...O365 with proactive remote monitoring and management.

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”
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
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

Additional services and capabilities

Adopt digital marketing to amplify demand generation

Paid Display  Paid Social  Owned Social  Email List  Newsletter  Blog  Events
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) \times (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.