How ISV can fit in new Microsoft Partner Strategy

How ISV's can adapt to the new Microsoft One Commercial Partner organization?

How to benefit from it and what are the rule to count as a Partner for Microsoft?

Contents

INTRODUCTION

For many ISVs like GSX Solutions, working with Microsoft is both a challenge and an opportunity.

The Microsoft partner organization can be difficult to maneuver without a dedicated team. And not every partner has the kind of resources to tend to this relationship.

Additionally, you can be a Microsoft partner while competing with Microsoft in some respect. Plenty of partners, even large ones are in this situation.

Hence, getting traction for the partner team is even more difficult.

A lot of things changed in the Microsoft partner team and strategy. Here is our brief sum up of what to expect and do, in order to benefit from the new ways Microsoft is offering to collaborate and make profit with partners around the world.

MICROSOFT GOALS, PARTNER STRATEGY GOAL

Main goals of Microsoft regarding the partner strategy.

Main goal: Azure consumption

Microsoft perfectly understands that Amazon Web Services is its main competitor now and in the future. The cloud adoption by 'IT Company' is still growing and even with Microsoft Azure cloud growing faster than anybody else, it still represents half of AWS' market share.

This market is key as Enterprise scale companies all around the world are now defining their strategy with public and hybrid cloud for the next 10 years. The very concept of virtual servers might be at stake with the ever growing container technology.

To stay the leader in the Enterprise market software, Microsoft has be the leader in cloud & hybrid consumption as well.

Hence, the partner ecosystem that works with Microsoft since its beginning plays a key role and is at the heart of its cloud strategy. More details later.

The same counts for the main Microsoft SaaS offering.

Microsoft SaaS goals

Microsoft 365 is clearly leading the space and the goal is not to sell more licenses (although this is always good) but to drive consumption of the services.

Plenty of large scale companies have the cloud licenses, but are not using them fully.

Additionally, new Office 365 services are promoted to counter competing products (like Office 365 Teams that is about to absorb Skype for Business in order to compete with Slack, or Dynamic 365 that clearly is targeting SalesForce).

Microsoft has strategic interest to push for cloud consumption and therefore is constantly improving the offering.

Microsoft is investing a lot on Cloud & Hybrid services

Azure cloud services

Microsoft is working really hard on Azure, pushing new services all the time. Key focus areas are containers (identify as serverless technology) and Artificial Intelligence.

Azure now has 42 regions and hundreds of partners to deliver Azure services even in countries without data centers. The workloads in expansion are, Web, Mobile, IOT, Micro-services, Containers, Identity Management, Data storage & management, Analytic & Cognitive Services and finally high performance computing.

The investment made for Azure is considerable, from subsea cables to connect continents, to hundreds of datacenters, to expanding the ecosystem of open source applications running on it.

But Microsoft is aware that the world is not going full cloud. The world of most large enterprise is going to hybrid cloud deployment.

Full cloud is not yet the solution for the vast majority of enterprise scale companies. 84% of the CIO have now a hybrid strategy and 91% of them say hybrid is here to stay long term.

The Microsoft solution for hybrid deployment: Azure Stack.

There is a lot to say about Azure stack, but we will keep it brief. Azure stack brings Azure cloud management directly to the private cloud of the customer.

Azure stack is a hardware that you bring into your datacenter that runs the Azure cloud management services, which allows the private cloud and the public cloud to be managed the same way.

The main Azure stack services are:

- Azure PaaS available on premise for high productivity development
- Azure application services for web application, mobile applications and API
- Azure functions with serverless computing
- Azure service fabric to provide scalable & distributed application and standalone cluster
- Azure container services (robust container management, including ACS template for Docker, Swarm Kubernetes and Mesosphere DC/OS

Azure & Azure stack provide an array of hybrid services such as:

- Common identities (Azure AD & AD)
- Management & Security (on premises & Azure management security)
- Data platform (SQL + Azure data services)
- Unified development (Azure stack & Azure services)

There are multiple scenarios for hybrid deployment but just to sum up a few:

- Edge & disconnected solutions: scenarios where customers have workloads running on Azure but some of their locations have connectivity issues (a ship cruise company for example or any oil & gas company with remote locations)

- Regulations: when customers have to abide by certain country regulations for data privacy for example

- Modern application across cloud & on premise environment: when companies want to modernize their on premise application offering to offer the same

flexibility already provided by cloud applications (mobile application, integration with other cloud solutions, etc.)

- Short term extra activity: when companies need to increase their workloads to the cloud at a certain period of the year because of their business lifecycle

Like Azure, the pricing of Azure stack is based on consumption only. Azure stack follows the same Azure invoice, monetary commitment & subscription, but costs less than Azure.

And of course, uses existing Windows server and SQL licenses.

Microsoft tries to make Azure stack a key differentiator in the enterprise world, hence the reason why they frequently promote it to partners.

A few words on Dynamic 365

It seems as though Microsoft Dynamic 365 is also a big deal for Microsoft. Clearly fronting Salesforce, the Microsoft CRM is soon to benefit from the LinkedIn acquisition.

The marketing push on that solution makes it clear that this product is an area of focus where partners have a huge role to play.

Let's now take a look at how Microsoft would like to drive these consumptions based on partners.

DRIVING CONSUMPTION THROUGH PARTNER'S ECOSYSTEM

Introduction

Partners are driving more than the half of Azure's consumed revenue. The Azure projects led by partners have increased by more than 200% last year; with room for improvement. The main focus of Microsoft's partner strategy is to encourage the partners with Azure & Azure stack related business.

They drive partners to deliver their solution on Microsoft Cloud services, to promote their solutions in the Microsoft marketplace and kick off their Go To Market approach to start co-selling with Microsoft.

Keep in mind that Microsoft finally offers incentives to its sales team in selling partner solutions.

Microsoft has been working on providing better telemetry to improve the publishers view in the marketplace, as well as providing better visibility for customer usage across the platform.

Finally, a huge breakthrough has been made in regards to providing prescriptive documentation and better samples, as well as improved intelligent online pathways to increase partner self-sufficiency.

Strategy with ISV

Microsoft's first priority is to recruit new ISV to their Platform to grow the number of ISV's that consume Microsoft cloud by either:

- Recruiting ISVs from the competition
- Growing the consumption levels of existing one (securing new workload from these ISV)

Their next priority is to onboard them into a co-sell program that will drive registration and lead sharing and secure the most impactful Industry ISV solutions on the Microsoft Cloud.

So as you can see, the Microsoft Marketplace is a key element of Partner strategy.

MICROSOFT CLOUD MARKETPLACE

The goal is to engage co-selling activities with Microsoft that provides international visibility and present the partner as a trusted advisor providing an integrated solutions with Azure.

Microsoft Marketplace represents more than 7.500 solutions and 1 million active users per month.

Azure Marketplace

The Azure marketplace alone hosts more than 4000 partner's solutions that are for Open Source & Enterprise and also provide automate deployment and configuration that are available with Azure stack.

Appsource

The Appsource is more oriented to end users and concern solutions that extend Microsoft platforms such as Dynamics, Flow, PowerBi, Cortana or Office 365.

A brand new capability of the Appsource is its ability to host specific consulting solutions if they abide by 3 criterias:

- Fixed time
- Fixed bid
- Fixed price

So what are the marketplace requirements?

Marketplace requirements

The publishing process is somewhat familiar: Validation > Submission > Publishing > Certification > Launch

For the Appsource, the solution has to propose a free trial period, support and a service level agreement of 99.9%.

For Azure Marketplace, the solution must run on a virtual machine. The solution template or extension (agent), must be available through BYOL or PAYGO and provide support.

Being on the marketplace is essential for partners to fully benefit from its Microsoft partnership.

Microsoft is doing its best to have their marketplace provide the maximum value to their end customers.

With that being said, these marketplaces are clearly driven by solutions that encourage cloud consumption.

If the marketplace is worldwide, and any customer from any part of the world can access any marketplace solution, the Microsoft partnership organization has to become more centralized to manage these partnerships in a worldwide manner.

That is by far the biggest change in the partner strategy.

Now, on to discussing the new Microsoft One Commercial Partner Organization.

THE MICROSOFT ONE COMMERCIAL PARTNER ORGANIZATION

What is the OCP

As you may know, the Microsoft partner organization was a collection of teams, sometimes specialized by region or by technology. The biggest partners had a Partner Development Manager that helped them navigate into the Microsoft organization.

As the marketplace became central, the organization had to follow. Microsoft then created the new One Commercial Partner model that is a fusion of 7 different partner organizations.

The MPN (Microsoft Partner Network) is still the hub to register the partner as it is the database of who the partner is and what it is doing.

The OCP is all about helping partners build their offer, to build a good solution aligned with Microsoft's goal. The purpose is to build the OCP catalog with partner's solutions that makes sense for Microsoft customers. After this –Build-with" phases, the

solution can be then followed by the Microsoft Channel Management and be part of the co-sell program that will bring deals.

The Microsoft One Commercial Partner organization now has 2 main goals:

- Driving the partner success lifecycle through partner management (recruiting new partner, building OCP catalog).

- Driving the customer success lifecycle with the new Channel Management (aligned customers' needs and OCP Catalog).
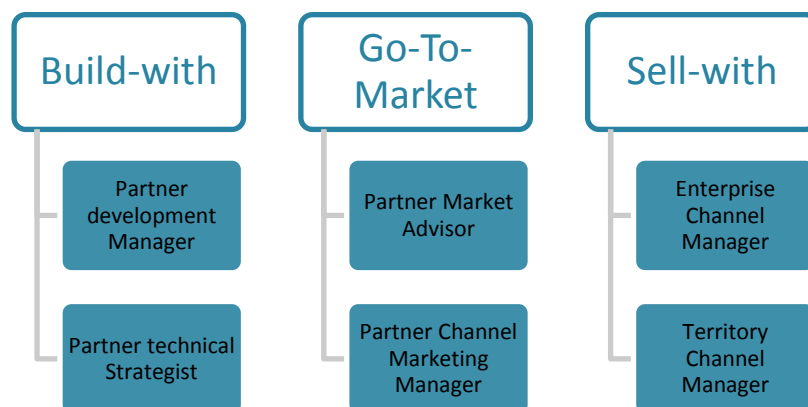
It works with the partner on multiple levels: technical, marketing and business development.

They first help the partner build their solution (with technical & business model expertise), then helps them to organize their go-to-market with Microsoft and finally engage them into co-selling through the new Channel Management roles and its brand new OCP Catalog.

Let's see how they are organized.

A new central organization

The new organization can be described this way:

Build-with	Go-To-Market	Sell-with
Partner development Manager	Partner Market Advisor	Enterprise Channel Manager
Partner technical Strategist	Partner Channel Marketing Manager	Territory Channel Manager

This is applied to any ISV, System Integrator, MSP and Channels partners.

The ones that are most concerning due to their need to have their solution compatible with Azure or Office 365 are the ISV's.

As we already mentioned, the Channel Manager is the one that will help you sell as soon as your solution on the OCP Catalog.

We will now go on to discuss what the OCP Catalog is and how to be placed on it.

OCP Catalog: what you need to know

Definition

According to Microsoft, the OCP Catalog is "a tool that we use across engineering, sales and marketing to lay out your solutions against the line-of-business needs of our customers".

Microsoft Sales will now get incentive of 10% of the amount of solution sold by partners.

The OCP Catalog opportunity will be measured on Cloud consumption (Office 365 & Azure). This is what will drive compensation for the OCP people. Meaning, if you don't, the OCP people will lack interested by your solution.

The Channel Manager is the person who is ultimately responsible for maintaining maps in their area, be it by geography, by vertical or both.

So how to be on that OCP Catalog?

First priority for you is to have customer references that are official because Microsoft need partners that can show experience and be known by their customers. You need to be seen as a real player and for that you need to post your win on the Microsoft website.

Second priority is to participate to the P-Seller program. This program required your team to be trained (sales and techsales) and offer a lot of other advantages. You can find everything you need to know about that here:

https://partner.microsoft.com/en-us/membership/partner-seller/about-the-program

Final priority is of course to be Gold on the MPN. So you need to be a gold partner. And to be a Gold partner your solution must sits on Azure or drive Azure (or Office 365) consumption.

Now that we've understand the new Microsoft partner organization and way to choose the best solution to work with, let's dig a bit more into their co-sell program.

MICROSOFT CO-SELL PROGRAM

How to proceed?

First here are a few tips for co-sell success:

- As an ISV, your solution has to be on a Microsoft Marketplace. Note that as we said earlier, some consulting solutions can be part of it too.

- Run test drives with Microsoft for your flagship solutions. It has been proven that it rises the efficacy of co-sell.

- Build your own ecosystem of partnership to deliver solution and drive them as well to the marketplace to get access to their solution.

- Finally build your partnership ready customer material and point them to the marketplace.

It is really important to understand that you can be eligible to the co-sell program only if you are a Gold partner. And you can only be a gold partner if you're application can be sold on Appsource or the Azure marketplace.

That is really a very important point to take an account for next year if you are an ISV!

Being list on the OCP catalog is not that easy (see point above) but worth the work you put into it.

All the efforts will bring you a lot of benefits.

Benefits

Benefit for the ISV are multiple:

- Azure credit
- Technical consultation
- Business advisory consultation
- Access to paid GTM services (that we will explain just after) and co-marketing resources
- Direct connection with the Microsoft seller's people that will receive incentive when selling your own solution.

The co-sell with Microsoft makes your company really work with Microsoft people on:

- Qualifying and Sharing Opportunities
- Joint Account Territory Planning
- Joint customer POC, Workshops, Business Case
- Providing complementary skills during sales cycle
- Partner registering deal in Partner Sales Connect

So let's finish with the last aspect of the Microsoft partnership advantages: the co-marketing activities.

MICROSOFT CO-MARKETING PROGRAM

First, Microsoft offers you a small tool to assess your past marketing activities.

The purpose is to provide you with a free assessment to check your marketing readiness and provide you with recommendations (about demand generation, campaigns, dynamic web content and leveraging partner relationships).

You can find this tool here:

http://smartpartnermarketing.microsoft.com

Then Microsoft is now providing Market Paid services package for any partner member of the MPN.

There are 6 different offerings with a cost that can be partially funded with Microsoft funds.

GTM Marketing Content

- 3K $: Help the partner develop joint go-to-market messaging for direct or indirect sales and drive awareness of your solution. It provides:
  - Listing in Microsoft seller-facing OCP Catalog and Partner Center
  - Editorial Expert services
  - Customer facing pitch deck
  - 2 pages customer facing overview
  - Demand generation email
  - Feedback on click-thru video or demo

GTM Sales Enablement Content

- 4K $: Help the partner to develop joint go-to-market sales support material for direct and indirect sales. It provides:
  - Listing in Microsoft seller-facing OCP Catalog and Partner Center
  - Editorial Expert services
  - Full Sales Guide
  - FAQ

GTM Awareness

- 5K $: Help the partner to increase the awareness of their solution through association with Microsoft brand. It provides:
  - Listing in Microsoft seller-facing OCP Catalog and Partner Center
  - Editorial Expert services
  - Press Release
  - Social Promotion
  - Mini Case Study
  - Co-Branded Datasheet

GTM Customer Case Study:

- 5K $: Help the partner develop a 2 page customer story to be published on Microsoft properties (for Gold partner only). It provides:
    - Development of a 2 pages customer case study with an editorial expert
    - Publication of the case study on Microsoft properties (customer.Microsoft.com & Microsoft Download Center)

GTM Co-Sell Readiness

- 10K $: Help the partner increase your readiness for Co-Sell Microsoft (for Gold partner only). It provides:
    - Partner Experience Manager (PEM) services
    - Listing in Microsoft seller-facing OCP Catalog
    - Development of Press Release, social Promotion, 2 pages customer case study, choice of 2 Co-Sell Materials / Microsoft GTM Success story
    - Microsoft Marketplace Promotion
    - Infopedia Webcast
    - Industry blog (with limited availability)

GTM Demand Generation

- 50K $: Help the partner inform the market of their solutions and drive qualifying leads to continue to nurture in their own marketing workstream (for Gold partner only). It provides:
    - Partner engagement Manager (PEM) Services
    - 6+ week Nuture Marketing Campaign through Partner Demand Center
    - Customer Webcast
    - Partner conduct infopedia Webcast with Microsoft ECMs and Field Sellers aligned to top opportunities at campaign close (with limited availability).

So as you can see the offering is really complete and opened to different kind of budgets and partnerships.

Microsoft is now able to list your solution, resell it with compensation to their sales people and provide marketing co-paid campaign to advertise it!

So now that we know everything about the Microsoft partner strategy and its way to achieve its goal, there are maybe a question that you might want to ask. What happen if your solution is not running on Azure or is not driving direct Azure or Office 365 consumption?

ISV WITH INDIRECT LINK ON AZURE OR OFFICE 365

Well, there are not many solutions for you.

If your solution is deployed through customer's Azure subscription:

- You need to know how much Azure on average the customer consumes with the application

- If it is over than 100K $ per year or in 1 Millions $ in ISV contract value that deploys on Azure, the partner can request an exception for Gold Status

If your solution does not consume your customer Azure subscription and is not on Azure, basically you need to be prepared to run on Azure or not to be gold anymore.

CONCLUSION

We've seen in this paper the basics of the Microsoft relation management. It makes sense that Microsoft aligns its Network strategy with its "cloud first" one. Now the partner have to follow it or leave the train. There will still be business for the one that cannot put their solution to Azure or contribute to the Azure or Office 365 business directly, but we know that every others partner will be handle and helped first.

It is our job to adapt and to take benefit of the new opportunities this new line of business and organization open for us. And Microsoft knows that it is its interest to help us growing with them.

I hope this article was interesting for you. Tell us what you think of all these changes at Microsoft partner organization!

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