
Creating More Value (and Revenue) Selling Office 365

MRR is Not the Whole Goal — Capture the Entire Solution

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Summary

You've heard it over and over. Monthly Recurring Revenue (MRR) is the ultimate goal, the Holy Grail, the most important issue anyone in the IT channel should focus on.

Is that true?

Is it a good thing?

Before we begin answering these questions, you may be wondering why BitTitan produced this white paper.

BitTitan is the developer of MigrationWiz, the comprehensive migration toolset for The Complete MSP, the service provider who goes far beyond monitoring and actioning alerts to complete administration and proactive management of customer networks.

We succeed when you make money.

Thousands of MSPs have dramatically expanded their businesses by offering their customers certainty that their data, email, document, and all other migrations are complete and accurate when moving from on-premises to Microsoft Office 365 environments. They then continue beyond the implementation to provide the training and ongoing support required to keep users productive.

In this white paper, we'll start by briefly examining how MRR works, why it is perceived as being so important, and why it doesn't have to be the whole story. There is, in fact, much more opportunity to be pursued, captured, and enjoyed.

We'll then explore the services customers need in assessing their network's current state, data assets, user communities, and steps for determining what their future state should look like. They will need help selecting their preferred Office 365 plan and the cloud subscriptions that support it, configuring those options, planning and designing their new cloud-based environments, and developing an initial project plan. All of these, by the way, are fee-based revenue-generating activities for you.

Execution of the project plan will require a variety of services provided by you. These include ordering the subscriptions, provisioning and configuring the services, upgrading client devices, migrating data and applications, integrating various cloud provider's services so they work well together, and more.

Finally, we focus on the users, making sure they are well trained in the effective use of Office 365 and other related applications. Assuring they are comfortable with self-service portals and support options.

Then there are the support options.

MRR: Hardly the Holy Grail – but maybe someday...

Listening to many IT industry experts, you'd think MRR was a revolutionary new invention that will make your business skyrocket.

It is not.

Telecom agents have lived on MRR for many decades. When they sell a customer a circuit, they receive a monthly commission, so long as that circuit remains active and paid for.

As Benjamin Franklin put it, "Failing to plan is planning to fail."

And "skyrocket" hardly describes the impact of MRR on your business. It's more like a gradual climb. Let's quickly review how MRR works. In the example below, use your own numbers for each of these and you'll figure out something you probably already know.

Acme Inc. wants to move their operations to Office 365. They have 100 users and agree they need the services provided in Office 365 Business Premium sold at \$12.50 per user per month with an annual commitment.

This results in a monthly subscription revenue of \$1,250 arrived at by multiply the 100 users by the \$12.50 fee per user per month. Your commission will vary dependent upon which Tier I Cloud Solutions Provider you work with and other elements, so we'll use a flat estimate of 5%.

This results in a total commission of \$62.50 per month or \$750 per year plus applicable bonuses and bounties.

The question you need to ask at this point is how many other Acme Inc.'s you are going to need just to break even?

Let's say this customer's monthly breakeven point is \$25,000 all in. Very conservative. Small group. Annualized, that becomes \$300,000 before you're showing a profit.

Is it realistic to think you can find 400 Acme Incs? If MRR is your sole source of income, you'll remain in the red until you do. Let's start adding to that \$62.50.

Fee-Paid Planning Services

Long ago when personal computers were brand new, resellers differentiated themselves from their competition by adding valuable services to the purchase at no additional charge. This is how they came to be known as Value-Added Resellers (VAR).

While some still use this term, it hasn't been possible to add value at no charge for many, many years. Yet today's resellers, cloud sellers, systems integrators, and others still give away value-added services all the time. These services include initial system design, upfront consulting, planning, order management and more.

BitTitan's most successful partners charge for these services. Their first offering to a new client provides the initial planning and design required before Office 365 or any other cloud service can be ordered. They easily justify the fee by pointing out that, for most people, "There's never time to do it right, but always time to do it over" or, as Benjamin Franklin put it, "Failing to plan is planning to fail."

Services you should be offering at a fee prior to the subscription include:

- Initial Consulting
- Application Inventory and Evaluation
- Solution Architecture/Cloud Service Selection
- Information Architecture/Capacity Planning
- Security Planning w/Cloud Integration Design
- Application Transition Planning
- Environment Transition Planning

Ultimately, you want your customer to enter their first day on the new services fully ready to be productive.

Selecting Services to Support the Subscription

Up until recently, you could define “integrator” as someone who takes hardware from various manufacturers and software from various providers and combines them to create superior solutions for customers.

With cloud computing replacing many of the services integrators used to install on-premises, today’s cloud integrator combines hardware, software, and services from various cloud providers. This means they are also responsible for ensuring that services from various cloud providers all work well together.

Either way, the end result is the same. Today’s integrator must still provide customers with complete, superior solutions. Data must be backed up. The network and data must be secure and protected. Access must be secure and reliable. User collaboration must be facilitated. And applications must achieve the desired functions and results.

Just as you have always kept current on IT hardware and software, your value is dependent upon your awareness of shifts in the cloud services market its impact on your customer and your recommendations for their business.

Making Money on Migration and Deployment

If you’re like most channel partners, you’ve had customers come to you after trying to deploy Office 365 themselves and ask for your assistance. They need a qualified expert - you. Provisioning and deployment may seem like simple activities, but many users find it challenging to configure IP addresses, DNS servers, and other internet services. Some also find many cloud services difficult to implement.

Data migration is even more of a challenge. Depending upon what they are migrating and where they are migrating from, the project could be a simple cutover with MigrationWiz. Alternatively, it may require tons of conversion, re-mapping, account manipulations, and more. Hopefully you are armed with the initial assessment you charged them for, but it is certainly not something users want to try to do themselves.

Ultimately, you want your customer to enter their first day on the new services fully ready to be productive.

In today's service market, you cannot afford to remain reactive.

This requires not only confirming the functionality of every user device, but also the preparedness of every user. Training on the applications, the platform, best security practices, self-service portals, and more should be completed before rollout.

Services which should be incorporated into your complete program during the transition include:

- User Transition Training
- Cloud Service Provisioning
- Email System Migration
- Email Archiving
- Data Migration
- User Deployment & Rollout

Your imagination and innovation will constantly be creating more services to add to this list.

The Other MRR - You

Now it's time to differentiate between MRR and MRR.

In the exercise we started with, we calculated the fairly small commission you earn for selling cloud subscriptions as the building block of your MRR success. There is another MRR...

YOU!

No network, no platform, no system is static. They are constantly changing with new needs, new requirements, new expansion, new features, new capabilities from new software and new services. And then the inevitable will happen. Users will forget their password. They'll overcome everything you've put in place to protect them. They'll need things fixed. And they will request new automation of various repetitive or multi-step processes as they become more familiar with the system.

MRR generated from Office 365 licenses, and from the data backup services, the online security services, and all the other cloud services pay you commissions. The more complete your solution, the more services you've included, the better your customer is served, and the more commissions you earn. Since each will probably be smaller than the main commission for Office 365, you may be able to raise your monthly commission by 25-75%. That will still be around \$100 per month.

Some of these services are very familiar to you. Help Desk. Field Support. Most MSPs already offer network monitoring including alerting and actioning of anomalies, monthly performance reporting, regular reviews, improvement recommendations, and much more. Where the circuits to the internet used to be the only service that carried a committed Quality of Service (QoS) in its SLA, literally every cloud-delivered service now requires monitoring. You can almost guarantee that the SLA performance report from the provider will always match their invoice. Customers need an objective third-party to keep those providers honest.

In the cloud, add capacity management. One of the biggest values of cloud computing is that you only pay for what you use. Somebody has to keep an eye on storage, memory, and processor services your users request to determine when they've finished using them and left them idle instead of releasing them. Customers save unbelievable amounts of money when you keep them from paying for services you never use. It also makes you their hero.

When MRR is generated from your own support services, you keep 100% of the profit. You still need to calculate your fully loaded burden to compute your total cost, but the income will far exceed the subscription commissions. This is the MRR you most want to focus on - the fees customers pay you for your ongoing support services - because this is where the real revenue comes from.

Some of the ongoing support services after the subscriptions launch include:

- Day Zero Transition Support
- User Support Program
- Network & Cloud Service QoS Monitoring & Management Program
- Capacity Management

Make it Work Better

There is a danger in remaining completely reactive in your execution of a support agreement. Your system alerts you, you determine a course of action, and you resolve the problem. Sounds great.

There is danger in remaining reactive in your execution.

What if there are no problems?

That may sound odd, but the problem that comes from having no service events is that your customer never sees you in action. You're invisible. The problem doesn't rear its ugly head until renewal time when your customer asks why they should bother renewing. "What did we get for our money last year?" is the common question. Not having a solid answer is the deepest pain.

In today's service market, you cannot afford to remain reactive. Not only must you be proactive, you also must become predictive. You must anticipate problems and be working on them before they really occur. When you report on your activities to your customer, you become very visible.

Go further. IT environments are at their best when they grow. New ideas, needs, requirements, projects, initiatives, users, and applications all require the system to adapt. Talk with users to understand their experiences with the systems in place and surface fresh ideas to better serve your customer.

MRR Lasts Longer When You Remain Visible

The more operations we move to the cloud, the more support is rendered online. While this contributes tremendously to your efficiencies, it also decreases your visibility with the customer.

Your ability to renew your support agreements and drive continuing MRR is dependent upon your remaining highly visible. This may take the shape of more frequent reports from you, more review meetings, or even converting those review meetings from phone to video.

Sit with your team. Construct your plan for managing each of your accounts more productively. Maintain a “Keep-in-Touch” culture and discipline by requiring every account team to report regularly on their latest contacts. Stay visible with your customers, keep improving their environment, and you’ll continue enjoy more MRR for many years to come.

If you need assistance with a migration project, [contact us](#) or visit www.bittitan.com.