



# Azure Success: Strategies for a Growing Azure Business

James Marshall

Senior Azure Success Manager



# Today You Will Learn

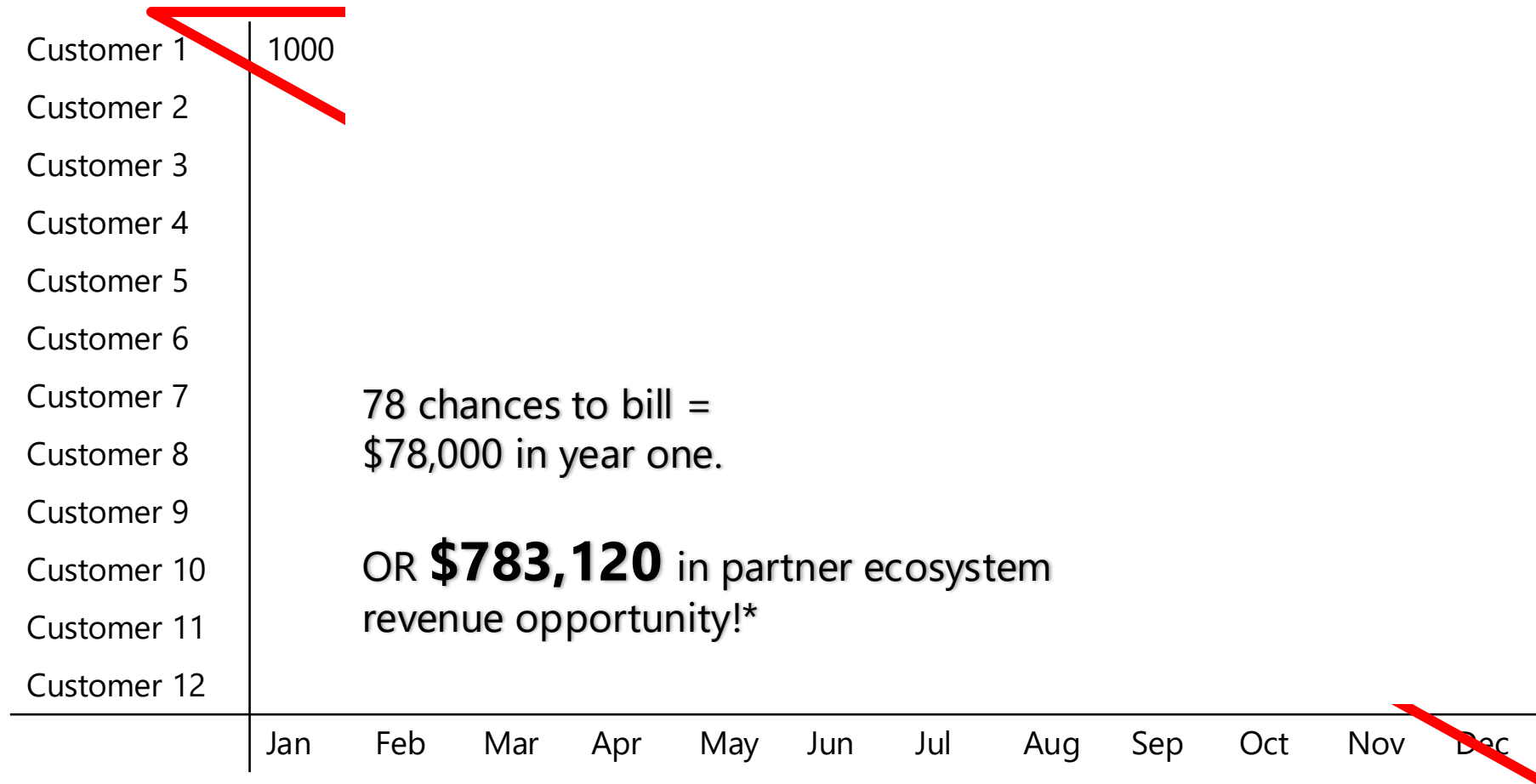
1. What consumption means, how it's different to traditional licensing.
2. An alternative approach to considering profitability with Azure.
3. Ways to tweak your operating model to supercharge customer lifetime value.
4. How to be data-driven and closer to your end-customers.
5. Why skills are still as important as ever.

# What is Consumption?

- The use of Azure services throughout a month on a pay-as-you-use model.
- Can go up and down.
- Can be secured in bulk through savings plans and reservations.
- Generates recurring revenue which is billed every month.
- Consumption potential is less tightly linked to customer seat count.
- HAPPENS EVERY DAY!

# Rule of 78's

# The "Rule of 78's" – Year 1



\*Based on \$10.04 partner ecosystem revenue per \$1 Microsoft revenue; IDC study 2020

# The "Rule of 78's" – Year 2

Customer 1	1000	1000	1000	1000	1000							
Customer 2	1000	1000	1000	1000	1000							
Customer 3	1000	1000	1000	1000	1000							
Customer 4	1000	1000	1000	1000	1000							
Customer 5	1000	1000	1000	1000	1000							
Customer 6	1000	1000	1000	1000	1000							
Customer 7	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000
Customer 8	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000
Customer 9	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000
Customer 10	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000
Customer 11	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000
Customer 12	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec

## This doesn't factor in:



- ☐ Growth in the customers.
- ☐ Selling additional services.
- ☐ Adding more customers regularly.

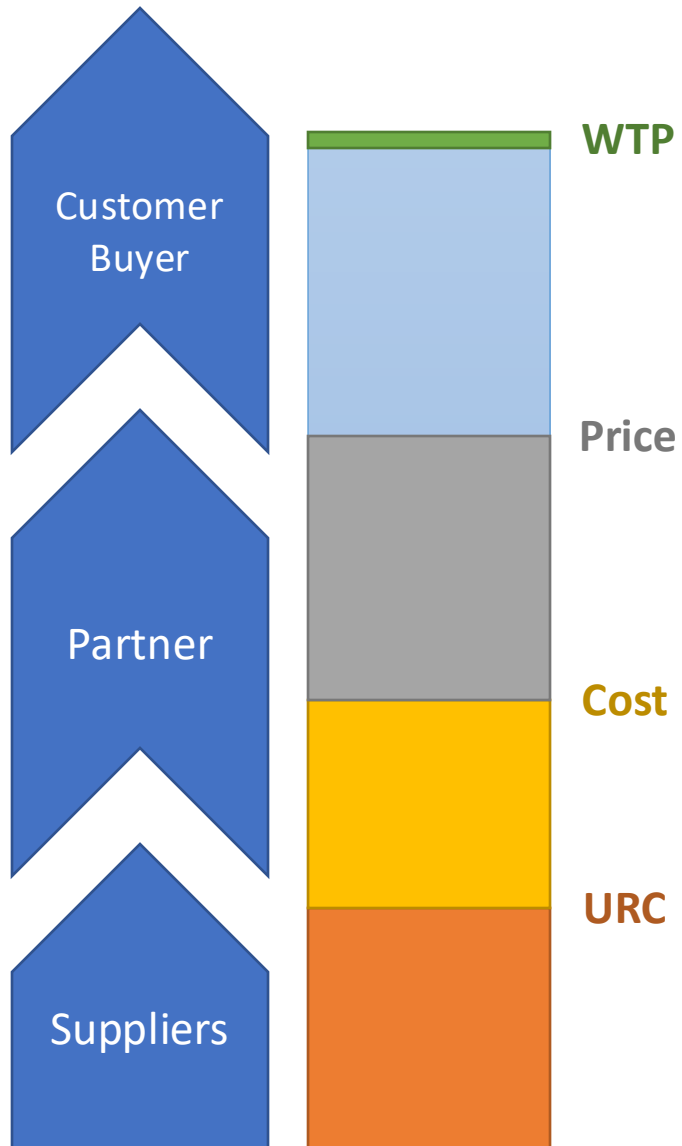
144 chances to bill = \$144,000 in year two.

OR **\$1,445,760** in partner ecosystem revenue opportunity!\*

\*Based on \$10.04 partner ecosystem revenue per \$1 Microsoft revenue; IDC study 2020

# Profitability

# Solution-Led / Value-Led Sales



Willingness-to-pay (**WTP**) is the most an end-customer would be willing to pay for a partner's solution. It **does not** equal the price charged by the partner!

**Cost** and **Price** are determined by the costs controlled by the partner (such as their sales force, systems, etc.) and the margin they want to make in selling their solution.

**URC** (underlying resource cost) is the sum of costs that are uncontrolled by the partner (such as the cost of Azure, which is set by Microsoft). The **URC does not** equal the partner's **Cost**.

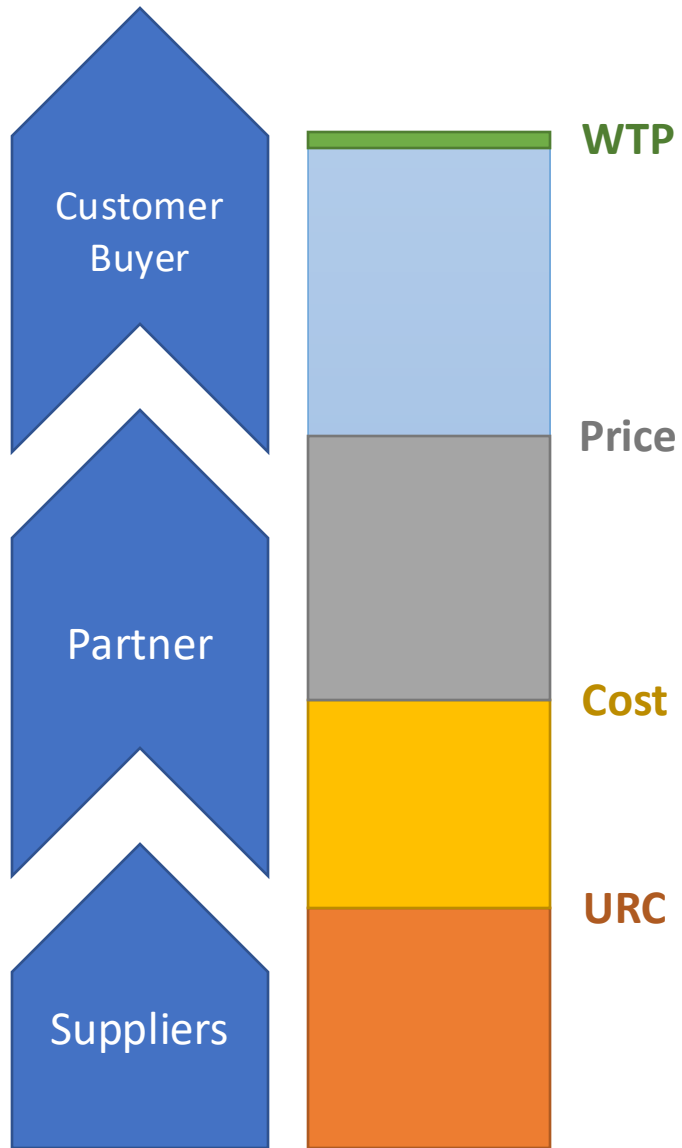
The value created by the partner through their solution is the difference between the **WTP** and the **URC**. The partner's "added value" is how much it increases value creation in the channel.

Added value depends on the gap between the end-customer WTP and the URC, relative to other partners (i.e., how are partners differentiating themselves from other partners to increase their added value).

Added value is where partners achieve competitive advantage from each other, and our competition.



# Solution-Led / Value-Led Sales



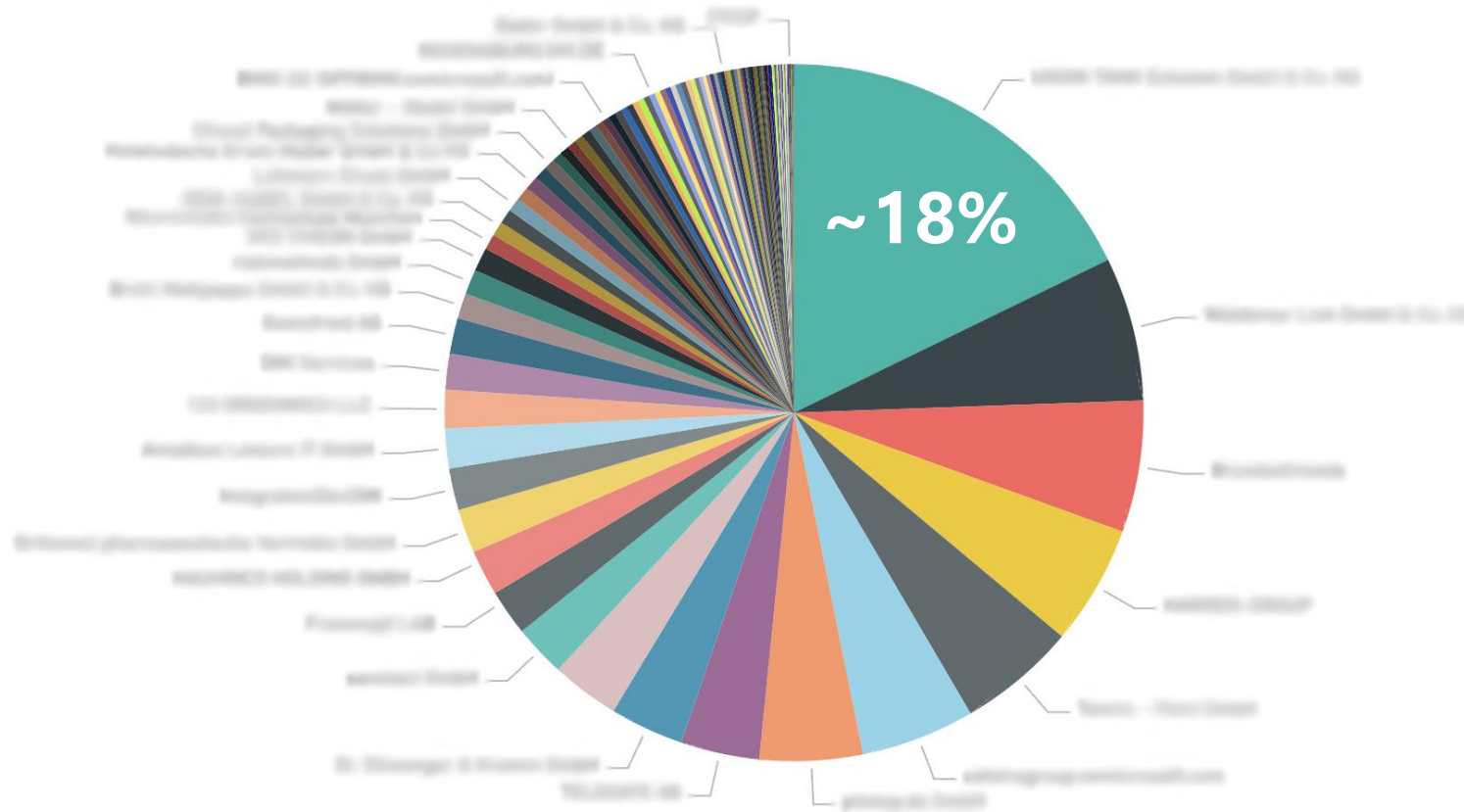
Value creation determines the size of the gap between **URC** and **WTP**.

## Questions to ask when planning sales activities:

- *What is your value proposition, incremental to the core proposition from Microsoft?*
- *Are you creating enough 'value add' to be able to increase the price you charge customers, and in turn, maximise the profitability of your services/solutions?*
- *Is every seller in your org capable of communicating your value consistently to your target customers?*

Many partners focus on the percentage they make in rebate/incentives on the **URC**. As you can see, this is a tiny proportion of the overall opportunity and the wider potential for the partner. By focusing on the overall gap between **URC** and **WTP**, partners can develop high-impact, trusted, 'sticky' relationships with customers. In turn, they can gain permission to sell more transformational solutions and increase the end-customer spend over time.

# Diversify Recurring Revenue



How reliant are you on a few larger customers to drive most of your recurring revenue?

What would you do if they downsized?

What would you do if they ***left***?

**YOU MUST WIN  
YOUR BUSINESS  
EVERY SINGLE  
MONTH**

# Operational Tweaks

# What you should always check

Discipline will drive your success!

Last month:	<ul style="list-style-type: none"><li>• Which accounts/workloads have grown or declined on ACR?</li><li>• What was the most meaningful change (account, workload, ACR)?</li><li>• Have the planned milestones landed?</li><li>• How accurate were your ACR estimations?</li></ul>
Current month:	<ul style="list-style-type: none"><li>• What are your top milestones for this month?</li><li>• What are your top accounts?</li><li>• Do you have everything in place to land the milestones for the current period?</li></ul>
Current week	<ul style="list-style-type: none"><li>• How many engagements are you aiming to create this week?</li><li>• How many engagements will you accelerate this week?</li><li>• Cross-team collaboration: are you in sync with specialists, services, etc.?</li></ul>
Next month:	<ul style="list-style-type: none"><li>• Do you have everything in place to land them?</li><li>• Can you accelerate milestones to this month?</li></ul>

# What to celebrate with Consumption?

## Go Live events

- Any net-new deployment the customer does on Azure that will be used for the long term

## Their first engagement completed successfully

- Customer understands what Azure is and perceives the value of the platform

## A customer adopting a service for the first time

- A strategic service that can open the door for larger projects

## Cross-group collaboration

- Sales, specialists, services, etc. achieving something that couldn't have been done without the group

Customer Success



Consumption Success



# Be Data Driven

- CloudAscent and Next Logical Workload insights in Partner Centre.
- Combine with other data sets (e.g. Dun & Bradstreet, other firmographic insights) to identify clusters of customers for engagements.
- Azure Advisor is a powerful tool to review with customers to identify projects to improve scores.
- Use data combined with automation to scale efforts through your long tail customers.

# Skills and Enablement

# Skills and Enablement

- SMB priorities:
  - Training and upskilling employees.
  - Finding qualified talent.
  - (Delivering quality customer service.)
- Productive digital skills lead to enhanced growth and workload maturity.

# Recap

- Consumption is different to traditional licensing models. It happens EVERY DAY but builds over time to generate lots of recurring revenue.
- Biggest profitability opportunity comes from value you create on top of Azure's core capabilities.
- Spread your risk – don't rely on a few big customers to drive your business long term.
- Customer success is as equally important as traditional account management; they go together. Use insights (NLW, Azure Advisor, other firmographic data points, etc.) to target engagement.
- Be disciplined in reviewing new and different data points and KPIs for growth. Make someone ACCOUNTABLE for growth.





Thank You!