Scaling your Microsoft business

Tips to help Microsoft partners improve their sales & marketing strategy.

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INTRODUCTION

Microsoft is approaching 200 billion dollars in revenue, with over 90% of that revenue being transacted through one of the 64,000 partners in its ecosystem. A recent Microsoft endorsed e-book called Digital Transformation 2.0 cites that for every $1 in revenue generated in 2020, its partners produced almost $10 in revenue.

Microsoft's recent resurgence on the technology landscape lead originally from Azure, then Office 365, and now Teams has created a goldmine of opportunity. Former Aberdeen analyst Jay Bain remarked in a 2022 interview that the ecosystem will double in size over the next three years from just under 100,000 partners to almost 200,000 partners.

So is this good or bad for partners? On the one hand, being associated to great technology that is reaching high levels of adoption is a good thing.

However, the market is much more crowded, and its becoming harder and harder for partners to differentiate their offerings to the market. Especially as Microsoft makes it much easier for the end technology consumer to engage directly with Microsoft with the changes to the New Commerce Experience (NCE) program.

Microsoft partners are almost always cash funded business dependent on profitable services revenue to operate. With reduced software margins and spreading software investments across monthly transactions, growth becomes less predictable, customers aren't locked in financially, and cashflow becomes important to monitor. All difficult conditions to even think about investing in sales and marketing.

But there is a way and this guide will lay out the starting point.

CREATING DIFFERENTIATION

Doing this step correctly will take 30 days of effort. However, it will save a year of wasted time and money.

The first thing to do is identify what sets you apart from other providers. You are in a very competitive market, and without differentiation, your sales & marketing efforts will not resonate with the needs of your buyer.

To create differentiation, consider this 5-step process:

1) Pick a target market

Find a niche to focus on. A niche should identify an addressable market of greater than 1,000 potential companies, but not more than 100,000. A good number to focus towards is 10,000. There are a number of ways to identify a niche. One common way is to think in terms of industry focus. Another method, and usually the default method, is thinking with a regional focus. However, a regional strategy, while easiest to go with, is not the most dependable.

Come up with 10 different target market options and evaluate each of them against the following criteria:

- Do I have existing clients in this market?
- How large is this market?
- What is their attitude towards technology?
- Do I enjoy working with these companies?
- Are they easy to identify and find?
- Is this market doing well financially?
- What are their common business problems that I can help them with?
- Do they belong to common associations?
- Do they 'herd' or stick together?

2) Understanding your buyer

Gain an understanding of the market problems your target audience is currently facing. Create an 'ideal client profile' or ICP, which identifies key demographics like company size and industry. Build 'buyer personas' (write them down!) to understand whom you need to target and what they care about most.

3) Evaluate your Competition

You need to know who is already out there in order to set yourself apart. Assess what your competitors offer, and how they are promoting those services to assess their strengths and weaknesses to develop a strategy to win against them.

4) Positioning to Win

When talking about your offering, describe how it helps solve market problems using words your target market understands and can relate to.

5) Promotion Plan

This is when you raise your company's brand with the target audience. Build a demand generation plan that mixes channels like web, social media, industry association, and other traditional channels. Think about different calls to action like webinars, downloadable guides, and case studies.

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ORGANIC SOCIAL & BRAND CREATION

When you jump into creating a presence for yourself, the first things set up were likely a website, and a social media account (or two). Then what's the next step? A quick Google search may have indicated that advertising is the way to go, but we feel it is more important to set up a robust social media presence organically before you start following the advertising route.

Next: research. Understand your audience, see what social media platforms they are on, and what kind of content they like to see.

Then: establish yourself as the industry expert with blogs, case studies, videos, webinars, podcasts. Go with what you're comfortable creating and what your audience is interested in. Create valuable content, and share it consistently. Once you have enough content, actively participate in that community to get your content noticed, e.g. there are plenty of people on LinkedIn asking questions that would benefit from your insight.

Important: make sure what you're doing is adding knowledge to the discussion, and isn't just a thinly veiled sales pitch. If what you're saying is adding value to the subject, people will click on your company profile page to see what else you have to say.

A Getting Started Checklist:

- ☐ Create a Google 'My Business' profile
- ☐ Pick two social channels and do them well
- ☐ Create content once per week
- ☐ Share industry content twice per week
- ☐ Engage with industry posts
- ☐ Offer your perspective
- ☐ As an owner, build your personal brand
- ☐ Tell stories

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1-TO-1 SALES PROSPECTING

By far, the most effective way to find high-value sales opportunities is through the tried-and-true method of outbound sales prospecting. When a company is able to identify the attributes of an 'ideal client profile', finding companies that fit into that ICP is easy. Then contacting them about your services is the most cost-effective way to find new leads. The problem of course is that many Microsoft partners do not have the luxury of a massive sales development team on staff.

Enter in new tools that facilitate outbound sequencing more effectively. These tools allow you to choreograph outreach steps and have been available in the past few years and can be a tremendous help.

The process to identify, qualify and prioritize sales leads can feel like a long and arduous process, filled with rejection, and thus seem like an ineffective use of time. But it remains an essential business activity.

All this can be made much easier with prospecting automation, and managing a hygienic database of contact information. With the ability to run outbound sequencing, owners can do their prospecting on autopilot, by using pre-built sequences, templates, and scheduling – with LinkedIn and phone call tasks laced into the sequences.

This allows businesses to carry out a highly personalized, high-touch campaign at volume, enabling them to complete 10-20 activities a day – efforts that will definitely get them the results they are looking for.
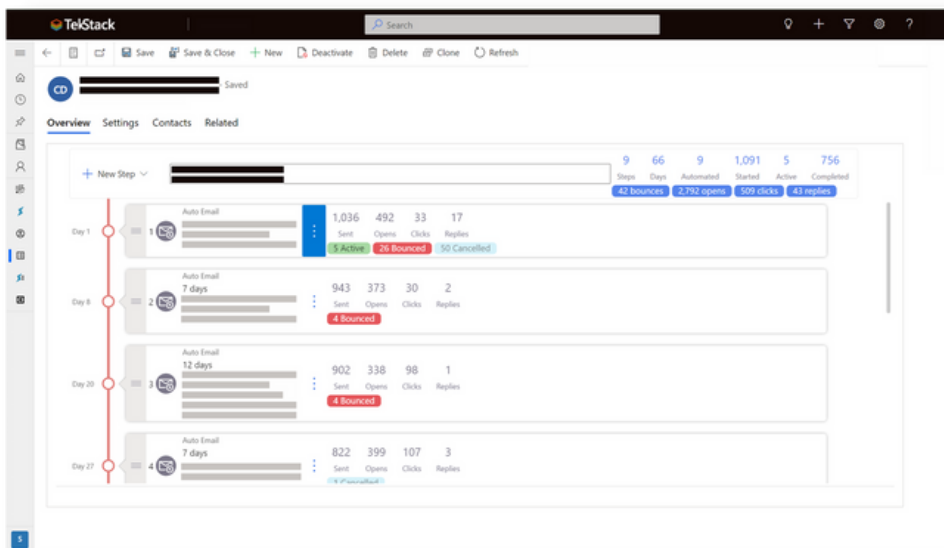
1-TO-MANY MARKETING

You've built up your database, now what's next?

Say you have 10,000 contacts. It's unlikely that more than 3-5% of them are in active buying cycles for your services at any given time. So for the remaining contacts, you will want to keep them up to date with the latest cybersecurity information, or the new capabilities of the products you sell and support.

With marketing automation, you can easily put them all on a nurture program with blogs, landing pages, white papers, and other assets that keep them in the loop with your company's going-ons. Why is all this important? Potential buyers like to do their own research before they even think about engaging with a potential vendor, so when a buyer from that list wants to engage in a buying cycle, you want to be top-of-mind when they start building their list.

CUSTOMER ACCOUNT MANAGEMENT

The customer relationship should never end It is vital to nurture this relationship to retain and grow, as happy customers are more likely to stay – and to refer other customers to you as well!

The key to this is sharing knowledge and being communicative. An example is the quarterly business review – a very important and valuable exercise. However, as you grow your business and add new customers, it is simply not reasonable to have a personal QBR with every single one.

This is where customer segmentation and the 80:20 rule comes in. Through playbooks, you can automate the customer success for some of the long-tail customers. The 'long tail' represents the large number of customers that make up a large number of your recurring revenue. But each individual customer's investment is not a significant one. You can identify these customers by segmenting them by ARR (see an example of how to segment them by Desire and Potential).

Some playbook ideas are:

Customer Onboarding
Your new customer's onboarding experience sets the relationship tone more than you can imagine. Make sure you over-communicate what happens next. You don't want to create a communication vacuum the moment they make the commitment to move forward.

For more information on these and other playbooks read: 7 ways to improve Customer Success for Microsoft Partners

Renewals
Don't take renewals for granted. Signing up a new customer is one of the most celebrated parts of growing a SaaS business. While most companies invest heavily in the sales and marketing motions to gain a new customer, they often take the renewal process for granted. Implement this renewal playbook 90 days in advance of your customer's annual renewal to ensure the most successful result.

Customer-at-Risk
A customer can signal dissatisfaction in a variety of ways. A poor online review, delayed invoice payments, decreased usage, or a detractor response to an NPS survey. Whatever the signal you receive, your team needs to take immediate action.

This strategy allows you to spend 80% of your time on building and strengthening relationships with the 20% of customers that will help drive your growth.

The end result for Microsoft Partners after implementing the above will be to get your recurring revenue from $1-2million to $3-5million – and the impact on the valuation of the company will be exponential!

CHANGING UP YOUR SERVICE OFFERINGS

Disappearing are the days where a partner has an open check book of billing by the hour. As license based software deals are now gone, its impossible to bury big Time & Expense based services projects underneath an even bigger license deal. Buyers want certainty, they want a prescriptive approach. But that puts risk on the partner, unfairly. So what do you do?

Fixed Price Projects

Once a scary concept, putting the option for fixed priced projects on the table tells your buyer, "Hey, we know what we are doing, we are so confident in our capabilities, you can just start with this package." The trick is managing scope. Tightly defining what is in and more importantly what is not in the offering. More often than not, once you get the customer onboard, and once you prove success on the first scope, they'll trust you for future scopes.

Managing time on these projects is critical to understanding their profitability. So is tightly managing change requests. Tools can help in this area.

Services-as-a-Service

Managed Service offerings are becoming increasingly popular. By extending your team to become part of your customer's team, they can depend on you for a certain number of hours a month, across a variety of skills or disciplines. The best part of managed services offerings is the recurring nature of the revenue, while also embedding yourself into the fabric of your customer; it becomes much harder to be displaced.

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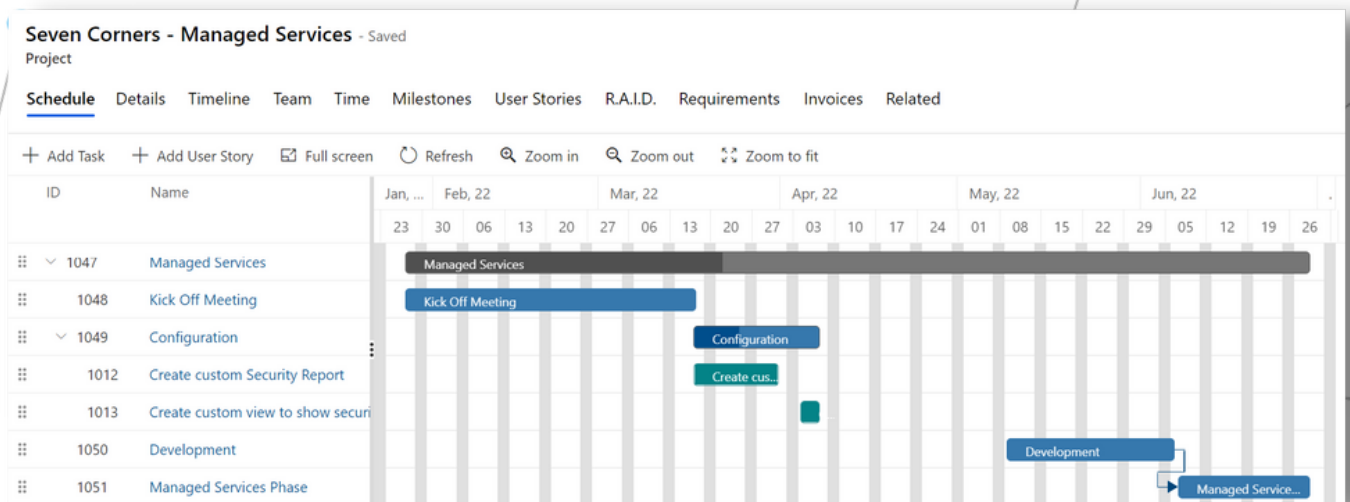
REPORTING

As your sales, marketing, and client account management strategies begin to hum, you are going to become thirsty for information.

Scaling a business means being able to make data-driven decisions. There will become a point in your business where you can't rely on just intuition anymore. Mostly because you can't be in every conversation or interaction.

But how do you collect this data, which data is important, and how do you turn data into information that can be used to make good decisions?

This is probably the hardest part. Most companies spend more time and effort in trying to collect information, than on actually using the information to improve the business.

Key Metrics to Track:

- Total ARR Run Rate
- ARR Growth
- ARR Bookings
- ARR by Customer Segment
- Total Contract Value Bookings
- Win Rate %
- Prioritized Accounts by Month
- Funnel Conversion
- Opportunity Creation by Source
- Sales Efficiency
- Customer NPS or CSAT
- Customer Retention
- Relationship Strength Index
- Cases per Month
- First call Resolution %
- Escalated Cases
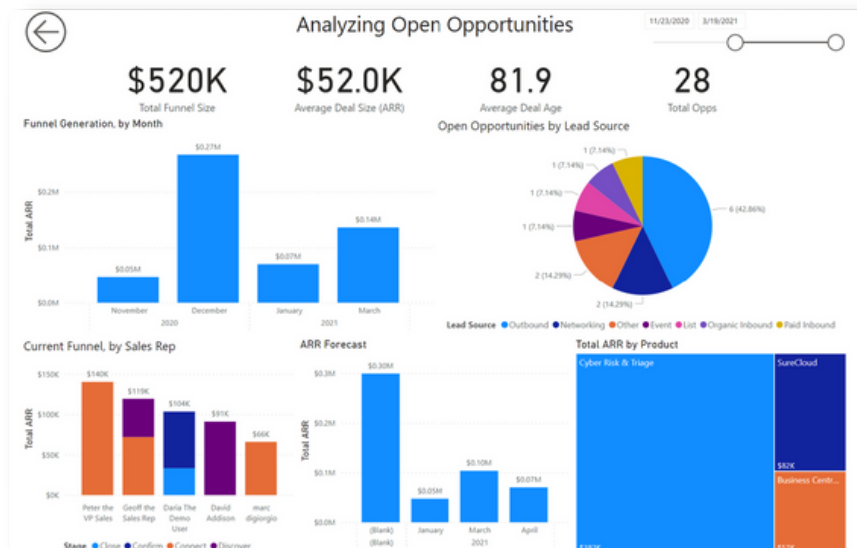
REVOPS GUIDE

What we've discussed here just scratches the surface on how to scale your company. For a clear path of when and how to adopt better business practices to maximize your potential across the main operational functions in your company, check out our guide: on **Maximizing Revenue through better RevOps.** At the end of this guide, we list all the metrics and business processes that a company needs to consider to maximize its ARR growth.

Maximizing Revenue through better RevOps

A 5-stage RevOps Maturity Model to help scale the operations of your B2B SaaS company.

DOWNLOAD GUIDE

TekStack works exclusively with technology companies such as Microsoft VARS and ISVs. All of the tools and metrics contained in this guide are delivered from TekStack right out of the box.

Most importantly, everyone in the company has access to information to make data-driven decisions.

Our tool is essentially a supercharged CRM product and is based on Microsoft technology like Power Apps, Power BI; and works with tools your company may be using every day like Office 365, and Microsoft Teams.

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