

MARKETING MANAGED CLOUD SERVICES WITHOUT SAYING “CLOUD”



Why successful MSPs keep the focus on the value of managed services when selling a managed cloud offering

HOW TO SELL MANAGED CLOUD WITHOUT SAYING “CLOUD.”

In 2013 CDW®, a leading provider of technology products and services for business, government and education, released its State of the Cloud Report. Based on 1,242 cloud users, this report revealed increased efficiency, employee mobility, and the ability to innovate were the top benefits realized from adopting cloud based services.

Not surprisingly, more organizations are migrating (or planning to migrate) a wide variety services to the cloud including messaging, conferencing and collaboration, storage, office productivity suites, business process applications and more.

Why is adoption by SMBs slow?

Despite these well promoted benefits, and increasing market momentum to virtualize, there is still only 38% uptake from the SMB market for cloud services. What's the problem?

There are three common problems that undermine the ability to sell managed cloud services:

- **Selling to the wrong type of SMB customer** – businesses heavily vested in a CAPEX model and who see cloud as a riskier proposition because it means a loss of infrastructure.
- **Selling at the wrong time** – introducing a managed cloud solution before a compelling need or business driver has emerged in the SMB environment.
- **Focusing on the wrong value** – selling cloud rather than the benefits of managed services; and in so doing making a technical rather than a business sale.

Collectively these problems result in a more complex if not convoluted sale. The MSP often has the wrong conversations with the wrong stakeholders – technical resources rather owners or C-level decision makers. The net result is a longer and more difficult sales process, slower conversion rates, and lost revenue opportunities.

The irony is that the most successful MSPs market managed cloud services without ever saying “cloud.” This paper shows you how to zero-in on the right customers at the right time with the right proposition to ensure managed cloud is a business not a technical sale. And start generating more revenue today.

This white paper addresses key problems faced by many MSPs when selling cloud services:

- Selling to the wrong customer
- Selling cloud at the wrong time
- Focusing on the wrong value and turning what is fundamentally a business sale into a complex if not convoluted technical sale

Read this paper to learn how top-tier MSPs around the world identify the right customers and keep the emphasis on managed services, not cloud.

SELL TO THE RIGHT CUSTOMERS

The right customer is someone with a need, a budget, and a willingness to spend it. For managed cloud services that means the following:

- SMBs that are critically dependant on their business systems. They are looking for a solution that will scale and grow with their business while providing flexible options for their end-users,

The right customers do not see IT as a cost, they see it as investment. Who are these desirable customers? How can you recognize them? The IT Maturity Model is very useful segmenting the addressable SMB market and focusing on the right customers who see IT as an investment.

According to the Maturity Model customers for any type of managed service fall into one of the following five segments;

- **Break fix** – generally low margin customers who are costly to maintain because they have few IT processes and usually only call their MSP when there is a problem, failure or emergency.
- **Responsive customers** – while these share similar characteristics to break fix customers and are for the most part reactive, the MSP has helped document some IT processes and is usually providing up/down monitoring.
- **Proactive, managed, and utility customers** – collectively these customers understand the relationship between the reliability of their IT infrastructure and their bottom line. As such, they see IT as an investment. As customers move progres-

sively from proactive to utility, the MSP becomes an increasingly important resource and often achieves trusted advisor status.

Proactive customers represent a crossover point for selling managed cloud services. In contrast, customers who are operating at the break fix and responsive stage of Maturity Model are generally heavily vested in an OPEX model. These customers have an infrastructure they want to retain and maintain – and in most cases they have yet to see the value of managed services, let alone a virtualized solution with no onsite devices. Generally these are the wrong type of customers to be presenting a managed cloud offering to.¹

SELL TO THE RIGHT NEED

Timing and the right customer go together like hand-and-glove. The customer could be perfect in all respects, except the timing of their need. They may already be a customer for managed services and appreciate the central role that IT plays in its bottom line business success. But the timing isn't right for considering a managed cloud offering.

When is the timing right? In our experience, MSPs have the most success when one or more of the following needs are present:

- End of life hardware
- Internal IT resources becoming too costly or under leveraged
- Enhanced software requirements
- Data Protection requirements

Each of these needs defines a business driver that presents a sellable opportunity for a managed cloud offering. Here's why.

End of life hardware

Arguably this is the biggest driver that is taking SMBs to the cloud in droves. One seismic, market changing event fueled this march: the announcement of Office 365® by Microsoft® in July 2013. This, coupled with the simultaneous discontinuation of Small Business Server, is creating the need for many SMBs to find a more cost effective replacement when their physical hardware reaches end of life. With the demise of Small Business Server, a traditional CAPEX approach now requires dedicated servers – a substantial and in many cases a prohibitively expensive investment. For MSPs this represents a major opportunity to pres-

ent an OPEX based, lease vs. own proposition that enables a customer to move to a virtual, cloud-based model. As illustrated in figure 1, the numbers do the talking when an SMB is presented with a CAPEX vs. an OPEX based cloud proposal.

Figure 1: CAPEX vs. OPEX

Traditional Annual Service Spending (CAPEX model)

- Monthly Services - \$27,500
- Hardware Costs (36 Months) - \$6,000
- Project
- Labour - \$7,500
- Software Licensing - \$3,920
- Backup & DR - \$4,800

Total Est. IT Spend - \$49,720

Annual Cloud Services - \$47,760

In-house IT resources are too costly or underleveraged

Many resource-strapped SMBs want to free up their in-house IT resources from the strain and drudgery of low value tasks. Many are fighting fires rather than being proactive. They want and can show value to C-level management but they are stuck in the bunker fielding calls from exasperated employees and maintaining on-site equipment.

Helping these valuable resources work smarter, not harder is part of the agenda. Moreover, SMBs want to help their IT resources get focused on higher value activities that support the growth of the business.

SMBs with this motivation are ripe for a managed cloud solution. Moving more of their onsite hardware to the cloud where it is available with a subscription-based model and managed by an outsourced provider – you – is not only appealing, it is often a top priority. What makes this an incredibly compelling proposition is the flexibility that comes with a managed cloud solution.

¹See "Selling Cloud Services to the Right Customers", by David Weeks, N-able Technologies®

Rather than paying for equipment that is seldom used to capacity, and managed by expensive in-house IT resources, the SMB pays for the cloud service they need and are not locked into a long term equipment buyout.

Enhanced software requirements

For SMBs that want greater freedom to choose the deployment and option that fits their needs, cloud offers an optimal solution. This is particularly true for an SMB that is poised for or expecting growth – these businesses need a more flexible, scalable approach to software deployment. Software as a Service (SaaS) is the answer to this need and the lever point for MSPs. SaaS provides easy on-demand access to a number of applications via a cloud infrastructure including email, customer relationship management, security, and others. SMBs enjoy the brands they know today with no need to invest in, install, or maintain software.

What makes this compelling for MSP is the opportunity to demonstrate huge value by helping the SMB maximize the benefits of a SaaS based solution while helping them migrate to the cloud based on their specific needs.

Data protection from catastrophic failure

Today's SMBs have zero tolerance for downtime. Yet many are vulnerable to disaster simply because all data is backed up using on-site equipment. For SMBs that simply can't afford any downtime, this is a catastrophe waiting to happen. And it defines a high priority need that a managed cloud solution can uniquely address. It is no exaggeration or self-serving hyperbole to tell an SMB that their very business survival could be at stake if their back-up and recovery are solely dependent on equipment this is onsite.

For SMBs concerned about the safety of their data, cloud is the perfect solution. A managed cloud solution with virtual servers provides a second point of redundancy and assurance needed by an SMB that they can recover from an onsite disaster without missing a beat – or any reduction in productivity.

What makes a cloud-based solution so compelling is that it not only provides a more reliable, stable, flexible, and faster disaster recovery solution – in many cases it is also a lower cost solution.

FOCUS ON THE RIGHT VALUE

When you visit your dealer for a car problem it's unlikely that you care about whether they have the latest award winning PC-based scan tool to read your car's trouble codes and provide their mechanics with automotive diagnostics.

You want to know what the problem is with your car. You want it identified as quickly as possible. You want to know how much and how long it will take to fix. If the dealer starts to talk about their state-of-the-art diagnostic equipment, chances are your eyes will glaze over in a hurry. The relationship that an MSP or IT service provider has with their RMM platform and an SMB customer is very similar to this.

Although virtualization and cloud services backed by your state-of-the-art RMM platform may sound sexy and compelling, actively promoting this to SMBs is a trap that many MSPs fall into. In reality, an RMM platform is more of a benefit to the MSP – because it reduces your costs and enables you to efficiently deliver profitable managed services. Your client cares about the net benefit to them.

Similarly with cloud – the only difference is that your client doesn't need to make a capital expenditure. Yes, ownership changes. The location and where data is backed-up to changes. The price paid by the customer per month changes – and it is usually lower. Cloud does not change how managed services are delivered or the inherent value created for the customer.

The moment an MSP tries to sell clients on the benefits of virtualization and real-time dashboards, CoLo, SNMP and ICMP device discovery, WSUS Clean-up, and other technical features, they risk starting a conversation that a customer actually doesn't care about.

Focusing on cloud and your sophisticated technologically advanced RMM platform is a technology trap that takes the conversation down the wrong path and creates an immediate off-ramp for the SMB. If you mention your RMM platform at all, it should be introduced as a foundation for structuring and delivering high value services that map precisely to your SMB customer's needs, pain points, and business problems.

Similarly, cloud must be presented in the context of a business driver or SBM need, as noted in this paper. What is the value proposition for a managed cloud

solution to a qualified SMB? Get a scalable IT solution designed to deliver 100 percent of critical business services from your secure data centers. Doing this eliminates unnecessary spending on infrastructure or capital expenditures (CAPEX), guarantees service levels for all services, and empowers your users with secure access from any devices, anywhere.

Nowhere in this proposition do we say “cloud”. The proposition is built squarely on the value of managed services.

Avoid buzz words

Avoid fancy industry terms to stay focused on Managed Services. Instead of using the buzz word or acronyms, refer to the value or need.

- SaaS – Software as a Service
- Mashup – data from two sources to make one
- Multi-tenancy – single instance service, multiple parties
- Platform as a Service – cloud service via a browser
- Multi-site redundant failover – enhanced protection
- CoLo – leasing a third party data center

IN SUMMARY

The irony is that the managed services model from inception made the location of the MSP irrelevant. All services have always been delivered remotely. Devices have been monitored, protected, and backed-up remotely. The MSP has always been out of sight when provisioning services.

Yet by focusing on Cloud, the MSP immediately makes the location of an SMB’s equipment and infrastructure a consideration if not an issue.

Stop saying “cloud”. For some SMBs, it is still a boogeyman with perceived risks. Keep the focus squarely on the value of managed service. By doing this – and focusing on the right type of SMB customers and selling to the right need – you’ll win more customers and sell more managed cloud services.

The N-able by Solarwinds Advantage

N-able offers the most comprehensive MSP transformation solution with a proven track record for helping service providers offer profitable managed and cloud based services. Key planks in the N-able solution include:

- Managed Cloud – creating a virtual workplace available everywhere
- N-central®, the industry’s number one rated Remote Monitoring and Management (RMM) Automation platform
- Unique Hybrid licensing model
- Standalone a-la-carte product offerings for maximum agility
- Blueprint services – architecting the right sales and marketing strategies

The Managed Cloud solution from N-able Technologies provides a scalable IT solution designed to deliver 100 percent of your critical business services from our secure data centers. This eliminates unnecessary spending on infrastructure, guarantees service levels for all services, and empowers your users with secure access from any device, anywhere.

For more information on N-able Technologies and our Managed Cloud solution for MSPs visit www.n-able.com.

ABOUT N-ABLE TECHNOLOGIES

N-able Technologies, Inc. is a leading global provider of complete IT management, Automation and MSP business transformation solutions. N-able N-Central® is an award-winning RMM and MSP Service Automation Platform. N-able has a proven track record of helping MSPs standardize and automate the setup and delivery of IT services in order to achieve true scalability. N-central is backed by comprehensive business enablement support services and a unique freemium licensing model. Thousands of MSPs use N-able solutions to deliver scalable, flexible, profitable managed services to over 100,000 SMBs worldwide. With offices in North America, the Netherlands and Australia, N-able is 100% channel-friendly and maintains strategic partnerships with Microsoft®, Intel®, IBM®, CA®, and Cisco® among others

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