



# Why You Must Own the Office 365 Relationship



# Office 365

Love it or hate it, Microsoft® Office 365™ is the productivity suite of choice for the majority of business professionals across the globe today, with over 85 million active users and counting.<sup>1</sup>

But even with such vast and growing adoption, many technology solution providers just like you still have reservations about offering their customers Office 365.

**The top objections to delivering the service include:**

1. "It's too complicated."
2. "Customers will buy direct."
3. "There's no value I can add."
4. "The margins are too thin."
5. "Recurring billing can be a nightmare."
6. "Migration is a hassle."

Over the next several chapters, we'll address each of these concerns head-on and give you actionable ways to strengthen your position as a trusted advisor to your customers, while at the same time growing your bottom line.



## Overview

### Users

- Office 365 commercial has 85 million monthly active users ([Nasdaq](#))<sup>1</sup>
- Highly regulated fields prefer Office 365 to other providers ([ComputerWeekly.com](#))
- According to Gartner, cloud email is in early stages of adoption and gaining traction with 13 percent of publicly listed companies around the globe using one of two major cloud vendors, Microsoft being the leader.
- 8.5% of public companies use Office 365
- Gartner predicts that by 2018, government agencies will be citing security as a reason to move to, rather than stay away from, public cloud services. ([ComputerWeekly.com](#))

Source: [Gartner](#)

### Opportunity

- Office 365 recurring revenue is growing at a rate of 70% per year
- By joining Microsoft's Cloud Solution Provider program, you can retain ownership of your Office 365 customers ([MSPmentor](#))
- You can increase your Office 365 margin from a few percentage points to double digits by joining Microsoft's Cloud Solution Provider program and partnering with the right cloud distributor

### Support

- New platforms—like the Pax8 [Command Console](#)—automate, provision, and simplify many administrative, quote-to-cash functions

# The Biggest Cloud Product is Getting Bigger

Do you know what the #1 cloud product is? Office 365. Worried that market is already saturated? Don't be. With revenue currently growing at a rate of 70% per year, there's plenty of money to be made.<sup>2</sup>

Think of how much more attractive your managed services offerings could become by adding Office 365 to your services list. It's something many companies want and will find with or without you, one way or another.

While your customers could certainly get the service from another provider—or go direct—that could weaken your position as their trusted advisor, and open the door to a competing company stealing them away from you.

Including Office 365 in your managed services offering is a way to ensure you have something your clients can't live without. It's a foot in the door for all the other services you offer. Plus, adding it to your arsenal also proactively prevents your competitors from luring your hard-earned customers away with it later.

Make sure the foot in your customers' door is yours by being their single source that meets all their outsourced Information Technology (IT) service needs.

## Be the Essential IT Provider

It's hard to imagine a productive office environment that doesn't include cloud-based email, word processing, electronic spreadsheets, and presentation tools. Most companies need these handy tools at their fingertips—at any time, and from anywhere—to perform essential business tasks.

Why, then, would you allow anyone else to fulfill such an essential need for your customers? As their trusted technology advisor, your name should be the first they think of when considering essential business services and software.

And yes, while you could pass your customers directly to Microsoft, doing so would put you in a precarious position that could make customers question if working directly with other vendors might make more sense than going to you for all their technology needs.

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### *Did You Know?*

The cloud productivity suites aren't just for enterprises. Gartner notes far-reaching adoption across organization of various sizes in a variety of regions and industries.

Source: [Gartner](#)<sup>3</sup>

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Source: [ComputerWeekly.com](#)

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Pushing a customer directly to a vendor tells the customer: "I have no value to add beyond what the vendor offers." This is an unfortunate state of affairs when one considers that it is possible to add value to Office 365 services.

The simple act of grafting Office 365 services into your existing managed services suite will save your customers time and hassle from a billing standpoint.

### **Objection #1**

***"It's too complicated."***

The potential for growth is astonishingly simple. According to Gartner, Office 365 is used in only 8.5% of public companies, and it's favored in highly regulated industries, creating an unprecedented opportunity for lucrative expansion.

Source: [ComputerWeekly.com](http://ComputerWeekly.com)

### **Objection #2**

***"Customers will buy direct."***

If you get ahead of customers' migration to Office 365, guide them through the process, and register to be a Microsoft Cloud Solution Provider, you will own that relationship indefinitely.

## Limited Window of Opportunity

Enterprising Managed Service Providers (MSPs) are already signing on to become Cloud Service Providers (CSPs) with Microsoft for Office 365. By acting now, you can secure your customers' Office 365 business while retaining ownership of the relationship and reaping double-digit margins.

Leaving Office 365 off your list leaves the door open to competitors. Once they inevitably win your clients' productivity business, it's not likely those clients will turn that revenue over to you unless something goes terribly awry.

### Why Bundling Is a Win-Win

Changing service providers or working with multiple MSPs for different technical services can be painful for your customers. With so many programs and tools making it increasingly easy to offer Office 365, you can now help them take their productivity to the cloud without taking on hefty administrative tasks.

And let's face it: asking your customers to work directly with Microsoft support isn't going to earn you any good will. They don't know your customers the way you do, and they can't provide the level of granular care your customers have most likely come to expect from you.

Many MSPs are already simplifying the billing and management of 365 services with tools like Pax8's Command Console, and you can, too. With efficient workflows and handy automation and aggregation, offering Office 365 goes from 'too complicated' to easy money.

### **Capitalize on these programs and tools before your competitors do:**

- Microsoft's [Cloud Solution Provider](#) program
- Pax8's [Command Console](#) platform
- [Pax8](#)'s partner program, where Office 365 margins are in the double digits, without having to charge higher end-customer prices than Microsoft does.

## Capture Greater Margins

One of the biggest concerns keeping MSPs from selling Office 365 is margin. Many feel the margins are simply too razor-thin to warrant the effort required to deliver Office 365 services to clients.

It's perfectly understandable. You're in the business to make money, and low, single-digit margins aren't going to keep your lights on. Pax8 understands this, and has created a program to be more reseller-friendly.

By partnering with with a cloud distributor and entering the Microsoft Cloud Solution Provider program, you can capture double-digit margins and continue to fully own your client relationships. You hand nothing over, retain the benefit of delivering more comprehensive services, and capture much greater margins.

## Companies Are Consolidating Services

Organizations are finding it increasingly attractive to replace standalone hosted email services—like Hosted Exchange—with Office 365. If this trend continues, even if you are selling or using Hosted Exchange now, you won't be for much longer.

The cloud and its benefits have arrived, and your customers want in. Many companies are finding that Office 365 makes more sense for their business because of the anytime, anywhere accessibility it offers paired with seamless integration with other Microsoft tools they're already using.

For most, email is a vital business tool they can't function without. In fact, many business owners say that Office 365 and hosted email is the technology most closely associated with their business's success.

When email solutions fail or integrate poorly with other essential business tools, productivity suffers. And in a 'do more with less' economy, that's not acceptable for many businesses working hard to get ahead.

### Pulling IT All Together

Whether your customers buy Office 365 from you or Microsoft, their price will be the same. The only difference is that they'll receive better service from you, and you'll get to capture more margin for yourself as well.

As your customers' trusted technology advisor, you're always going to be the first person they call when something goes wrong. Instead of having to redirect them to someone else who's less familiar with their business, consider extending your managed services offering to include Office 365. It's one less headache for you—and them.

### Objection #3

*"There's no value I can add."*

The simple act of incorporating Office 365 business services into your existing managed services packages can save your customers a good deal of time and effort, making it well worth it for them to purchase it from you instead of going direct. With you, they get a holistic solution instead of a time-consuming, siloed approach to technology services.

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**Objection #4**

*“The margins are too thin.”*

This may be the case with other distributors, but Pax8 has customized an Office 365 bundling program to give resellers greater revenue opportunities and higher margins.

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**Objection #5**

*“Recurring billing can be a nightmare.”*

With new software solutions designed to automate billing popping up left and right, billing for recurring revenue doesn't have to be a nightmare anymore. By choosing the right cloud distribution partner, they can enable a seamless billing process and integrate with your existing accounting and business management platforms.

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**Objection #6**

*“Migration is a hassle”*

Migration tools and services make moving to the cloud a breeze. Nowadays, you don't have to sink weeks or months into migrating customers to the cloud on your own. Instead, leverage a helpful service to shorten your time to value.

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## Deliver a Total Solution

As you're likely well aware, productivity tools are only part of a comprehensive managed services offering. And while Office 365 security is predicted to improve by 2018, it's not there yet.

In fact, according to a recent [Symantec study](#), Microsoft has the worst email security.<sup>4</sup> For this reason, it's important to offer a comprehensive bundle that includes security, business continuity, data management and recovery, and other business-critical services.

Plus, offering more services means more revenue and margin for you, making it a no-brainer. Customers get more comprehensive coverage to reduce downtime, and you get to strengthen your bottom line.

By closing the gap between your line card and the solutions your customers need to succeed, you'll reduce customer churn and drive greater customer loyalty. Why would they look elsewhere if you're satisfactorily meeting all their technology needs?

Office 365 is part of a total managed services solution, and by choosing the right cloud distributor, you could be making double digit margins on Office 365 itself, and even more with other cloud services you bundle with it. Best of all, Office 365 renews automatically, so you can sidestep high-pressure renewal conversations by securing recurring Office 365 revenue that doesn't expire.

## Secure Your 365 Margins

The opportunity is clear. Organizations of all sizes are interested in the benefits cloud-based productivity solutions can bring, and sooner or later they'll make the move to productivity in the cloud—with or without you.

By making Office 365 a part of your offering now, you can take advantage of higher margin opportunities, and help your customers gain the flexibility to painlessly do business from anywhere there's an Internet connection.

**As you make this journey, choosing the right cloud distributor is of utmost importance. At Pax8, we are committed to:**

- Giving you margins in the double digits on Office 365 opportunities
- Making migration, provisioning, billing, and management easy via our Command Console platform that fully integrates with the ConnectWise PSA
- Providing sales and marketing support
- Helping you craft holistic, cloud-based managed service offerings for your customers

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***Why purchasing Office 365 through Pax8 makes sense***

- Pax8 is your Wingman for all things Cloud
  - Easy Migrations
  - Unified Command Console
    - Online/Self-service purchase process
    - Up to date analytics
  - Multiple billing options
    - Monthly or annually
    - Bill on behalf – we bill your customers, so you can focus on selling!
  - High speed provisioning
  - Cloud-focused sales support
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If you're ready to start capturing double-digit margins with Office 365, contact a Pax8 solutions specialist at (855) 884-PAX8 today.



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***Grow your Cloud***

- Bundle opportunities with other Pax8 vendors (Security, Backup, IaaS, etc)
  - Increased customer loyalty
  - Double digit margins
  - Marketing-On-Demand makes it easy to be an industry expert
  - Monthly Recurring Revenue (MRR) – paid out every month
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## Sources

1. Trefis Team, "Microsoft Earnings: Cloud Adoption Takes Center Stage As Revenue Improve Slightly", [Nasdaq](#), Oct. 24, 2016
2. <http://marketrealist.com/2016/02/microsofts-productivity-business-performed-fiscal-2q16/>
3. "Gartner Says Cloud Email Is Gaining Traction Among Enterprises Worldwide", [Gartner](#), Feb. 1, 2016
4. "Microsoft Office 365 only includes basic, signature-based anti-malware capabilities, which can't detect or block most of today's sophisticated targeted and zero-day attacks without adding their advanced threat protection solution at additional cost." [Symantec](#), June, 15, 2015

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## About Pax8

Pax8 is the leading value-added cloud distributor offering top cloud products and solutions to the IT channel. The company is driving the business transition to the cloud through its comprehensive enablement and technology. The Pax8 cloud marketplace provides efficient and intelligent cloud product configuration so service providers can easily create and customize bundled solutions for their customers. To fuel partners' success, Pax8 offers on-demand marketing programs, sales assistance and training, provisioning automation, and subscription billing. As the experts in cloud innovation, Pax8 is well-engineered to sell, assemble, and deliver quality cloud solutions to its worldwide channel of service providers.



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