

Optimizing CSP Profitability

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there is a way to do it better – find it

Thomas A. Edison



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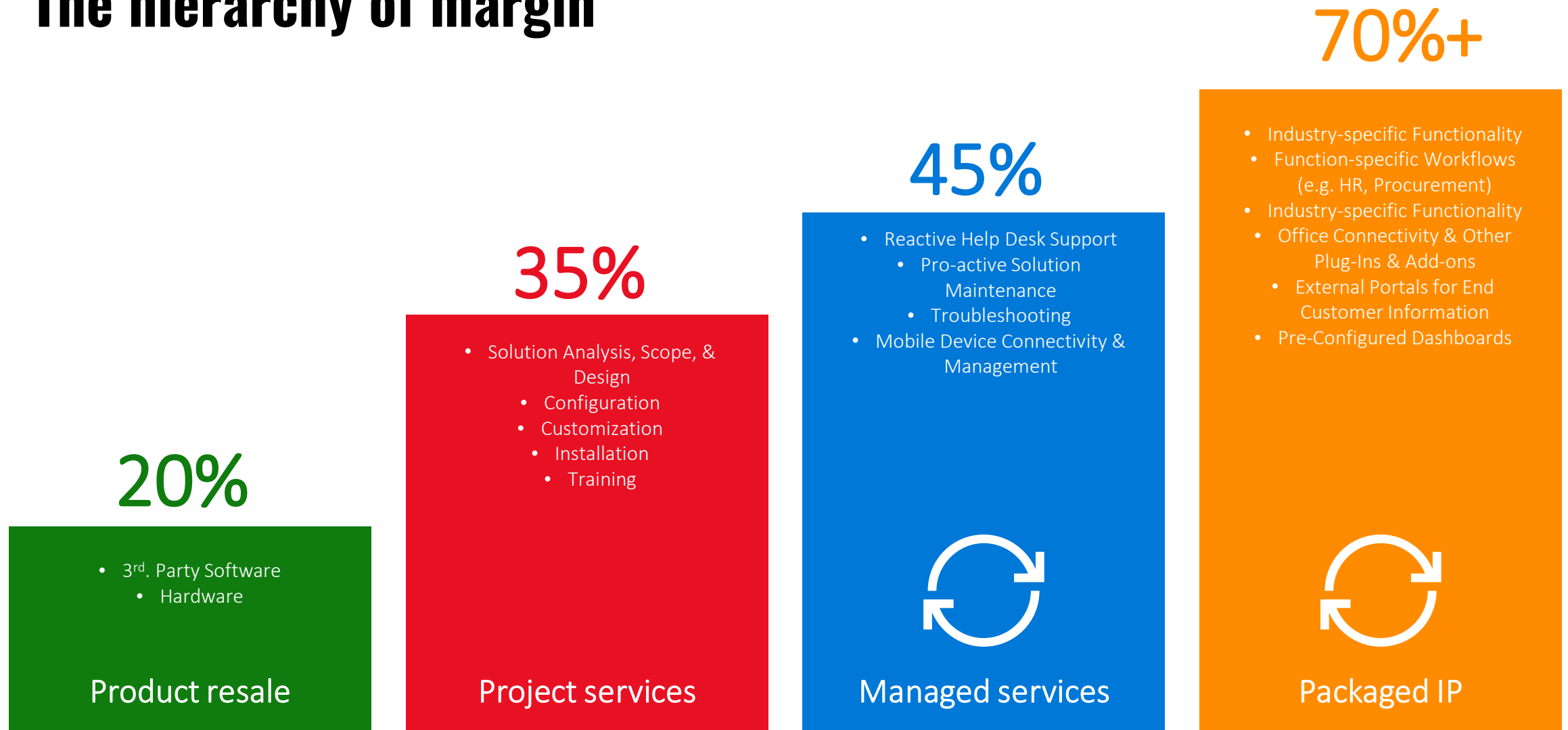
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-  QBS Group + 1ClickFactory + Plataan
-  **1,000+** Dynamics partners in **75+** countries
-  Indirect CSP Provider & Official SMB ERP Distributor
-  Licensed **20,000+** customers in Europe
-  **200+** employees with **2,000+** years of Dynamics experience
-  **700+** Dynamics 365 Business Central and F&SCM Upgrades
-  **20,000+** hours of AX/ D365 F&SCM development
-  **1,500+** NAV/ Business Central customers on Azure
-  **40+** ISVs on Marketplace, **120+** solutions
-  Microsoft ISV Development Center
-  Microsoft Learning Partner
-  **8** years in a row Microsoft Inner Circle Member for business application



The hierarchy of margin



Source: IDC 2016, Partner economics 2021



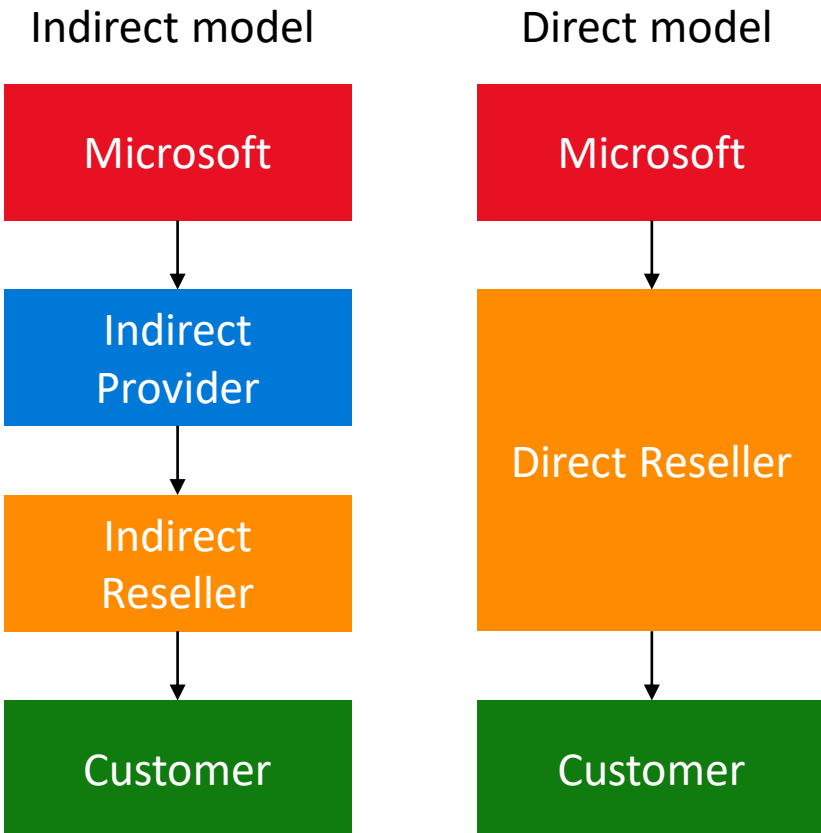
What to expect?

1. Big picture
2. Ways to increase profits
3. Ways to increase efficiencies

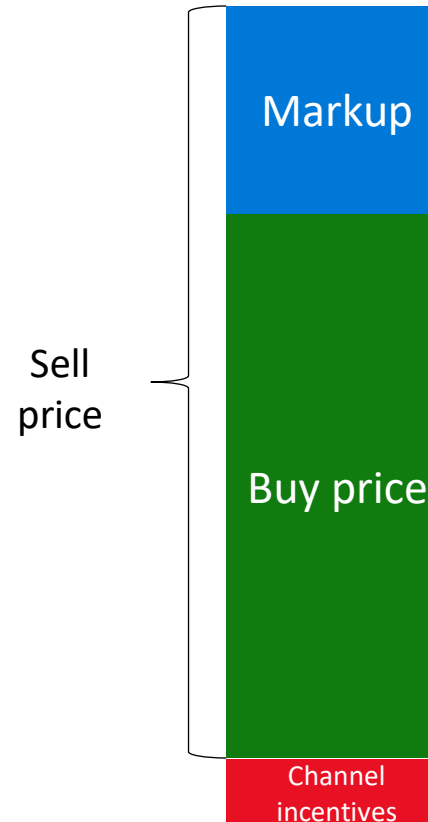


Context: Microsoft Cloud Solution Provider Program

Offer acquisition flow



Business model



Securing Channel Incentives



Ways to increase profits

- Protect / Increase your prices
- Increase the number of customers
- Increase how often your customers make purchases
- Increase the amount that customers purchase
- Increase the efficiency of product/service creation



**Get the job done, with
the least waste of time
and effort for businesses
and customers**

CSP is just one of the offering elements

What are the indirect costs associated with CSP?

- We usually measure and control business by product, vertical, customer, or functional segment.
- End-to-end offering bundles CSP together with services and IP.



Value chain

Value through CSP as any value requires a full servicing value chain



Source: M. Porter 1985



Wasteful habits

Operational inefficiencies

Manual, redundant processes

Waste

Errors

No measure where what effort goes

Missing clear goals





Procurement



Licensing



Billing



Customer lifecycle



Procurement

Tasks

- Vendor management
- Offer and marketplace access
- CSP ordering, management (auto-renew, change)
- Information ready for billing and future sales insights

Practices

- Dedicated resource for manual order entry and administration
- Automated platform to minimize the risk of error
- Extending ordering self-service to end-customers (part of the overall self-service platform)

Marketplace

- User management, rights
- Microsoft and ISV offers, own product and service bundle management
- Scheduling
- Self-service to end-customers



Billing

How do we sell?

- One time vs. recurring
- Reselling CSP subscriptions (plus the own additions) → Invoicing customers' for CSP subscriptions
- Incorporating CSP subscriptions into the own products or bundles → Invoicing customers for unique partner subscriptions

Tasks

- Product list management
- Sales price management
- Customer Mapping
- Billing Data Import
- Invoicing and Cost allocation (billing it all)
- Profitability

Must haves

- Customer mapping
- Consistent billing term
- Structured billing data
- Billing data import tools



Licensing

Tasks

- Up to speed with an ongoing change: Licensing rules and conditions, Offers, Cross product rights, Programs, Promotions, Incentives
- “How to” paths
- Keep customers informed
- Transitions

Knowledge hub

- Product-related expertise hubs cover technology and licensing
- Dedicated licensing knowledge hub
- Sales team
- 3rd party

Must haves

- Relevant/filtered updates with insights and advice
- Channel to an expert for an advice
- Sales team with Cloud fundamentals, Licensing university



Customer lifecycle

Tasks

- Land, Adopt, Expand, Renew
- Onboard
- Collect feedback, insights (upsell, forecast)
- Support and analyze to back up R&D priorities

Experience

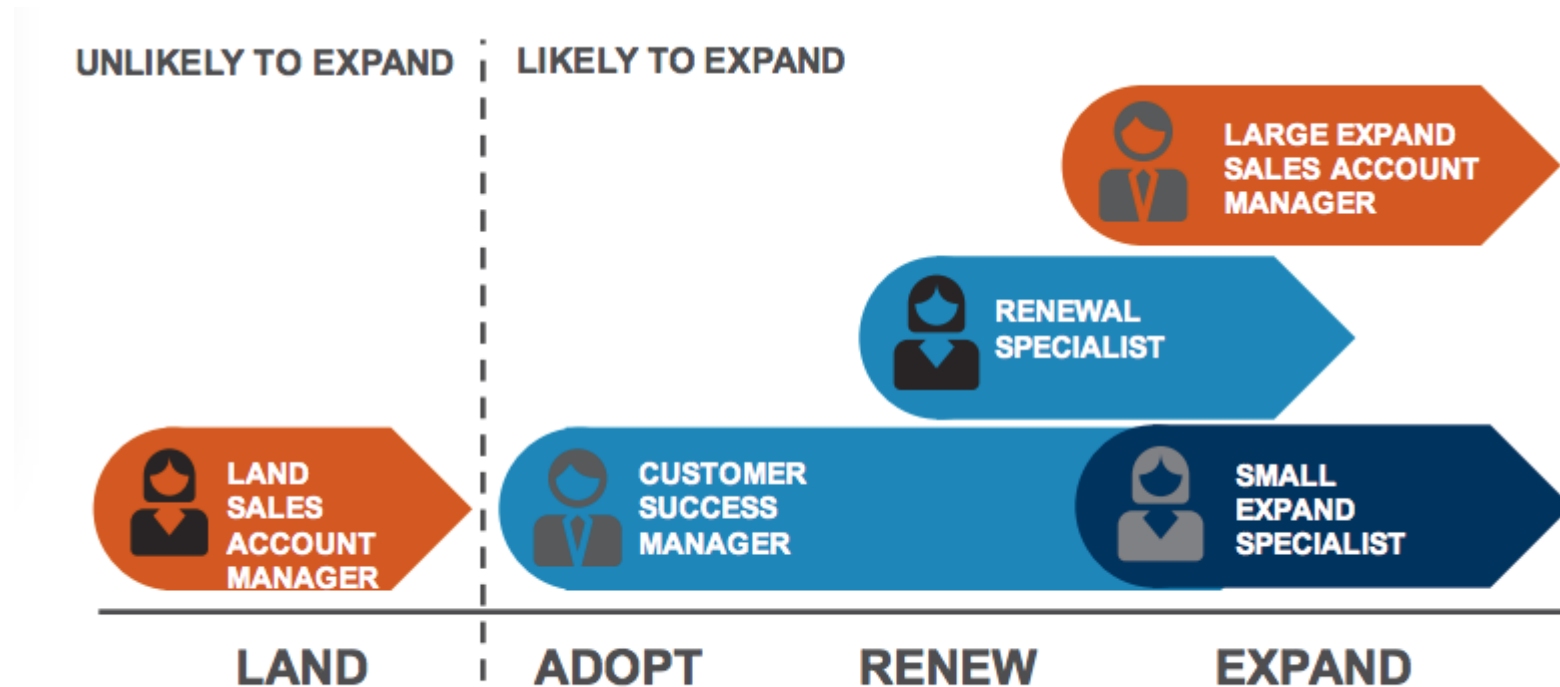
- Relationship
- Self-service
- Feedback loop

Must haves

- Onboarding guide per role or process
- Understand where you dedicate your time
- Differentiate resources per tasks requiring experience
- Public roadmap



Skill needs through the lifecycle



Source: LAER customer lifecycle model for recurring revenue business by Technology and services industry association



When are we doing good?

Sustainable scale: Valuable, Standardized, Digital

Growth

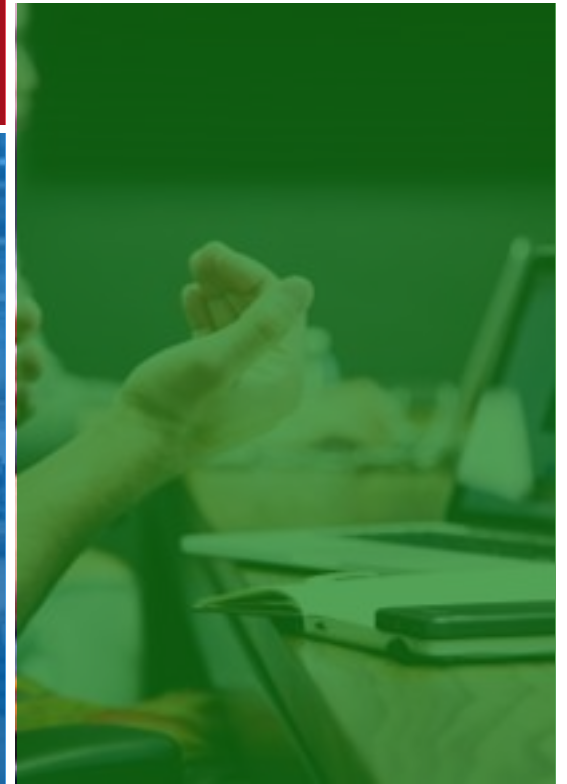
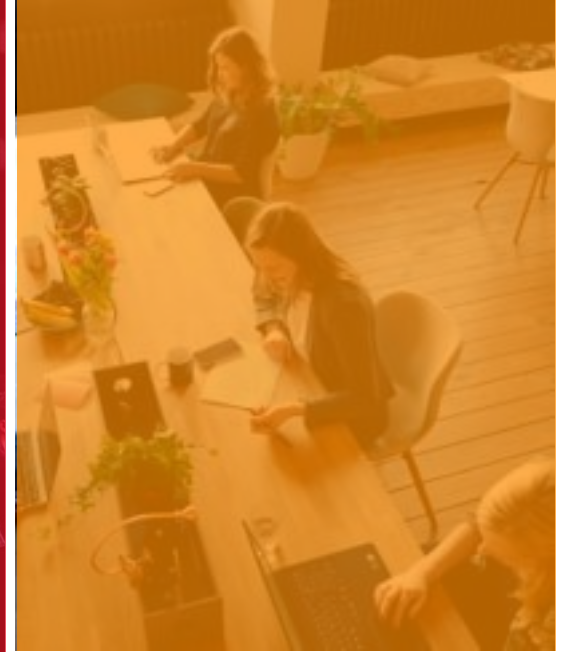
Total Recurring Revenue Growth Rate, Top-Line (Net-New) Recurring Revenue Growth Rate, TCV Bookings Growth Rate, Base Revenue Expansion Rate

Profitability








Gross Margin, Net Operating Income

Retention

Recurring Revenue Retention Rate, Contract Renewal Rate



Summary

-  Offerings, customer lifecycle management
-  Culture to streamline, standardize, automate
-  Clear goals and measures
-  Recurring-ready billing process
-  Licensing knowledge hub
-  Process for Adopt - Expand - Renew
-  Application insights (expand, foresee)





we can seize extraordinary opportunities only when we are
very good at ordinary operations

Feedback, please!

01:13

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**If action followed knowledge,
we'd all have six packs.
What action will you take?**



 **Thank you!**

 **Questions?**

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