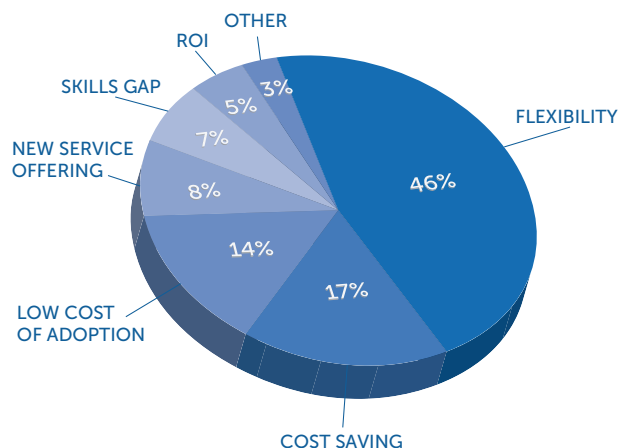# BEST PRACTICES
for Building a
Successful Cloud Practice

6 market-proven tactics from the world's most successful managed service providers

Let's get right to it: The cloud is here to stay. Thanks to software-as-a-service (SaaS) solutions such as email and collaboration, small and mid-sized businesses that were once encumbered by the weight of their IT infrastructure are now finding themselves more agile and better able to refocus IT initiatives on core business—at the front of the house.

They are also better able to reduce hardware and facility space, lower IT operational support levels, access and rapidly deploy newer technology with little monetary risk, and finally set predictable service levels within budgetary requirements.

WHY SMBs ARE EMBRACING CLOUD SERVICES

Pie chart: OTHER 3%, ROI 5%, SKILLS GAP 7%, NEW SERVICE OFFERING 8%, LOW COST OF ADOPTION 14%, COST SAVING 17%, FLEXIBILITY 46%

When faced with these benefits, combined with the fact that many SaaS solutions are affordable, customizable and instantly scalable, the decision is an easy one for most resource-strapped SMBs.

With SMBs forecasted to triple their spending on managed services in the next five years, the potential for growth is indeed promising. But these attractive conditions are also attracting more players.

As the market becomes more competitive, many "easy sell" products like Exchange are no longer being viewed as vendor specific but as a commodity.

"Commoditization in the cloud will happen at a much more granular level. Technologies will standardize various components and features, but services will be differentiated to add significant value over those base capabilities."

Source: cnet.com

Microsoft's 2013 Global Hosting Partner of the Year.
SherWeb.com

SherWeb

Therein lies the key to success: the ability to differentiate services and add value for the customer.

"[...] our clients, which include the leading passenger ground transportation companies in North America & Western Europe, demand robust and professionally managed services with high availability. SherWeb has enabled us to exceed these requirements without the expense of maintaining our own team of in-house Exchange administrators."

Derek MaxWell, President,
Maxwell Unified Networks, Inc.
Souderton, Pennsylvania

6 RULES TO GROW BY

Here are some best practices of MSPs who have already built a thriving business in the cloud.

1. FOCUS ON WHAT YOU DO BEST.

One of the biggest mistakes MSPs make when enlisting to resell SaaS services is they forget what it is they do best.

While it can be tempting to jump on any opportunity for profit, MSPs that are most successful reselling SaaS solutions respect their competencies. Hosted Exchange, Online Backup, and Hosted Lync solutions are an easy sell, but it's your ability to adequately sell, support, and market them in the cloud that will determine your potential for success.

"This may mean making a significant or even complete change from your current on-premise or transactional practices," says Mathieu Leblanc, Partner Network Director at SherWeb, a global provider of hosted Exchange and other leading Microsoft hosted applications. "By focusing on your expertise, you will be less likely to feel a need to compete on price."

2. CHOOSE PRODUCTS THAT FIT YOUR BUSINESS.

Know your product stack. SherWeb, a long-time hosting provider and Microsoft's 2013 Hosting Partner of the Year, built its success around high-demand products that can be married to many horizontals and verticals, such as Exchange, SharePoint, Lync, and online backup.

But what works for one MSP may not work for another. It's not just a matter of determining whether your business is ready to accept the rewards and challenges of the cloud; the same applies to individual cloud-based products.

Do your research. Do you have the business and technical acumen to resell and profit on Dynamics CRM or SharePoint? Or does it make more sense to simply focus on products that are consistently easier to sell but which may incur lower individual return?

3. MEET CUSTOMER NEEDS.

Unless you have deep pockets, avoid the trap of casting a wide net in the hopes of snagging as many fish as possible. Focus your energies and investment dollars on customers that will benefit most from your solution.

"Striving to always meet the customer's needs is the most direct route to building a profitable and long-term relationship," says Oktay Yildiz, Partner Network Manager at SherWeb. "When customers see that you are contributing directly to their success, they will be much less likely to shop around for a lower price."

SherWeb

4. BECOME IRREPLACEABLE.

Most companies tend to rely on a few trusted vendors or partners to simplify management. To win their business, start with an effective product stack and become a full solutions provider.

If you are in a position to increase your product offering, consider outsourced IT, network and security monitoring, asset and resource management, backup and data loss prevention, and lifecycle build/maintenance activities.

By becoming customers' IT 9-1-1, not only will they turn to you first, they'll shudder at the thought of not having you around.

5. DIFFERENTIATE YOUR SERVICES.

Be ready to face competitive challenges and to protect your business model to reduce the temptation to compete on price.

While the cloud offers exciting and profitable opportunities for traditional on-premise MSP or solutions providers, the common elements of market segmentation such as geographical boundaries are no longer a sure win when competing in the cloud.

To successfully sell in the cloud, you must be prepared to:

Avoid showcasing.

Standardize your product and services as a suite or a total solution. Don't showcase. Allowing clients to segregate any one of your products can lead to cross-market comparisons and potential price wars. The key to success is selling value-added services that meet customer needs, not a cheap, one-sizefits-all commodity. For instance, offering email encryption along with Hosted Exchange to customers that need to comply with HiPAA, SOX, and GLBA.

Make it your own.

Offer products like Hosted Exchange as one you own but host off premise. SMBs will ask you to support competing services like Google Apps or Microsoft Office365. Maintain the position that you have acquired support and management efficiencies which are leveraged by the tools and equipment you control, and that any cost advantage will be mitigated by an equally similar cost inefficiency of supporting a competing solution.

Keep adding value.

Some products like online backup, Lync, and even SharePoint and Exchange allow novice users to setup and manage basic aspects on their own. This can lead to a diminished value of your services from your client's perspective. Be prepared to get under the hood of your product and develop specific business (vertical) solutions. This will significantly enhance the value of your product and services, and remove the commodity stigmatization.

6. PARTNER WITH AN EXPERIENCED VENDOR.

Research potential business partners carefully before leaping into the cloud. Start by looking at their channel program, infrastructure and SLA.

MSPs will often partner with SherWeb because they know that as one of Microsoft's most trusted partners and with a proven track record with Exchange, SharePoint and Lync hosting, its partner program with round-the-clock technical support and all-inclusive migration services will make it easier for them to resell—and manage—these high-demand products.

By choosing a partner that takes care of the complex back-end, MSPs can also focus on reselling and repackaging products with their added-value services to maximize long-term sales.

SherWeb

CEMENTING LONG-TERM SUCCESS

Evidence shows that cloud computing is a viable business model with an extremely bright future. All the major IT players have already jumped into the cloud or are gearing up to do so in the near future.

WHY IT PLAYERS ARE GETTING INTO THE CLOUD

$677 BILLION IN 3 YEARS	**SaaS = 60% OF ALL SPENDING**	**NORTH AMERICA = 59% OF ALL NEW CLOUD SPENDING**
Forecasted global spending on cloud services from 2013 to 2016 Source: Gartner	SaaS will remain the largest public IT cloud services category, capturing 59.7% of revenues by 2017. Source: IDC	Followed by Europe at 24%, for the period 2013-2016 Source: Gartner

As more and more players get into the lucrative SaaS game, the rules for winning are changing. This document offers a clear roadmap for carving out a successful niche in the ever-growing—and ever-changing—cloud market.

ABOUT SHERWEB

Since 1998, SherWeb has been helping businesses increase agility and trim IT overhead with our best-in-class cloud services. Today, more than 25,000 customers in over 100 countries are working more productively thanks to the added value we build into our wide range of SaaS, IaaS and PaaS solutions. SherWeb also has a growing network of 4,000 partners who successfully resell our affordable and customizable cloud services in over 50 countries.

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