



# PARTNER PULSE



TOP DRIVERS OF SATISFACTION, DISSATISFACTION, AND SUGGESTED COURSE CORRECTIONS FOR MICROSOFT

## IAMCP: THE VOICE OF THE PARTNER COMMUNITY TO MICROSOFT

This report is delivered quarterly to Microsoft from the IAMCP and features 3-5 top issues bubbling up in the partner ecosystem worldwide. The commentary in this report is selected through a process of open solicitations and forums in the IAMCP chapters which are then delivered to the IAMCP International Board who assesses and prioritizes the feedback into key themes and then summarizes suggestions from the chapters and their own brainstorm.

**“Don’t ask partners to do more than Microsoft is willing to balance with value and clear ROI (e.g. PinPoint profiling).”**

**“Microsoft should demonstrate that they understand more the bottom line of partners so that the impact of any changes that need to be introduced are measured.”**

# OVERVIEW

## Current Environment:

**MPN rolls out WW:** Partners are currently faced with the new Microsoft Partner Network (MPN) changes where Microsoft is asking partners to get trained on the latest Microsoft products. This requirement may be challenging for some partners given the volume of new products in the largest product launch wave in history.

**Cloud computing causing excitement, confusion:** Many partners, particularly infrastructure partners, are facing a new future reality and are considering how to shift their business to accommodate.

**Tougher economic times draw importance on trusted value-added relationships with vendors:** Partners are more tuned into the vendors who are helping them through times of struggle. A partner's relationship with Microsoft is more important than ever in adding business value, planning jointly and engaging give/gets appropriate to the value delivered.

# MPN ADOPTION AND TRANSITION

## OVERVIEW

The new MPN Program is aimed at offering more value to partners and customers. However, the transition is not perceived to be easy and may be skewed in favor of larger partners.

The feeling by many partners is that Microsoft was not finished designing the program before launching into it, leaving many to feel that some of the decisions were too accelerated. Partners feel that Microsoft should do a better job communicating the changes in the MPN to customers, as well as making it simpler and more directly related to customer business needs. Customers also need to be educated on the value of the new designations.

Several subthemes of MPN persist within the partner ecosystem:

**1 Product-oriented competency may not represent business realities.** The new competency requirements mean that four employees are dedicated to each product. So, for Virtualization, AD, and Exchange Server, you're asking me to certify 12 people to address this solution stack. Today I'm sending in one architect for that solution. The customer would think I'm crazy if I sent in three architects. Similarly, I wouldn't send in 2 different people for SharePoint & App development.

Keep your segmentation, but keep it around a solution segment and not a product. It causes a size-bias which dictates where we can sell. You can't tell a small partner he can sell only to small business. That's not the reality today and you would be artificially driving your channel that direction. We want to leave choice open to the market.

**"At a time when my business is suffering economically, I cannot afford to have any bench-sitters. The new training requirements will force me to settle for 'Community Member' status until I can allocate the time to jump through the hoops of the higher level program. But first, I need to be assured that customers will be educated on the value."**

# MPN ADOPTION AND TRANSITION

**2 Revenue requirement for Gold.** We don't think that it is yet possible to capture influence revenue and until influence revenue can be measured accurately, we don't believe that this should be part of the program. This was not scheduled to roll in initially, but will over time. Currently, managed partners have a better reporting vehicle into Microsoft which again may bias toward larger partners an ability to achieve a competency.

**3 Size Bias.** Partners are concerned over the language and arbitrary limits placed on the number of "advanced" partners that will be able to achieve the Gold competencies. If there are swells of partners who are willing to work hard and get in, they should have that opportunity. Current partner perception is that Gold may be unattainable and discourage many from trying. When you double the certification requirement, it becomes harder for smaller companies.

## OTHER CONCERNS:

**Branding:** Customers don't know Microsoft's partner language. I'm in the customer account telling them about the brand 99% of the time. If you're going to drive the new brand, make sure there's value and explain what those things mean to customers. We need a huge marketing campaign to explain the difference between Silver and Gold. There are also some logistics concerns around space used by the new logo, say on a business card.

**PinPoint:** Microsoft has had many generations of these types of tools. Partners jump through hoops and see very little business coming out of these directories. Awareness, communication and training is required for Partners, for customers as well as for the MS Staff. Provide stats on how many customers will be reached, and partners would be all over it. Also, keep in mind that proximity is not essential for all types of partners which is the primary orientation of PinPoint.

## SUGGESTIONS:

- Make MPN a top priority in the field to roll out to both managed and non-managed partners succinctly and with some flexibility to enable unique circumstances that haven't been anticipated. Empower local people to make good decisions to get partners through this. Don't ask partners to do more than Microsoft is willing to balance with value and clear ROI (e.g. PinPoint profiling).
- Continue learning how to manage change. Essential to the MPN transition will be the ability for Microsoft's field to manage change through listening, understanding, applying scenarios, and offering specific roadmaps and support for partners.
- Open discussions with the partner community to thoroughly consider a third level that accommodates the 25-50 employee sweet spot of partners.

# CLOUD STRATEGY AND OFFERINGS

## OVERVIEW

Broadly, partners are yet unclear how the cloud computing will affect them, whether they are infrastructure or hosting partners. Partners need to be educated or made aware of the opportunities that this transition may imply. MS should provide a roadmap for specific transition paths.

**“I should be able to Bing or Google keywords: “profitability” “BPOS” and “Partner” and find a clear document that will convince me of profitability in cloud offerings with Microsoft and guide me towards shifting my business. That doesn’t seem to exist today but it should be someone’s key metric this year at Microsoft.”**

For a lot of partners moving to BPOS, their whole business is going to shift -- different resources, different selling strategy and business model. Currently, Microsoft is suggesting: “Start selling BPOS, get your 12% first year, 6% after that” but there’s really no revenue platform at that point. If Microsoft drives a pathway on how to transition through this model, partners will be in a better position to adjust their businesses. The three pathways might be:

- If you’re going to host, plan on necessary infrastructure resources.
- If you’re just going to sell cloud, you don’t really even need engineering or technical resources; you just need salespeople and about 4x more customers.
- Sell BPOS and offer related add-on services.

We haven’t seen Microsoft represent these pathways clearly yet. It’s a significant shift and partners need a framework and roadmap, especially to infrastructure partners. In shaping this transition, MS should demonstrate that they understand more the bottom line of partners so that the impact of any changes that need to be introduced are measured.

**1 Terminology:** Many terms are thrown into the scenario to further cause confusion: “private cloud”, “public cloud”, “Hosting”, “SAAS” – none of which provides the distinction needed for partners to understand how they are different in their business. (e.g. “private cloud” is probably very close to “hosting business”).

**2 Datacenter regulations in some regions have big implications around cloud opportunities:** In many regions (particularly in public sector), many countries such as Canada, some Europe and LatAm are not allowing the storage of data outside of their own boundaries. As partners providing cloud offerings, they will need to triple or quadruple their customer base, it will be essential for them to find new sources of revenue and these regulations may limit market accessibility in some cases.

**3 Availability of product in Action Pack:** One thing that is missing from Action Pack is BPOS. That is because you can sign up for BPOS Partner Program and get 250 seats free for a year. They expire after the first year if you have not sold 2 x 25 seat deals in that same timeframe.

This is an issue for SMB partners that focus in the under 25 seat market. They may sell 10 BPOS deals in a year but may not have more than 10 seats in any one deal. Therefore they will never hit the target. Microsoft would not want Action Pack to become an on-premise only offering.

**4 Watch out for channel conflict:** BPOS campaigns hit customers who already have a hosting partner and this can create channel conflicts. What’s more, Partners are uncomfortable with Microsoft owning the relationship with their customers. There is a good chance that companies like Intermedia or Rackspace, who offer better margins, preserve the customer relationship, and attract partners, will be partners’ first choice.

Overall, Microsoft has some catching up to do around cloud-readiness compared to Google, especially around defining ownership of global clients, licensing models, and visibility of specific solutions developed from within Microsoft.

## SUGGESTION:

- In this uncertain time, actively establish a BPOS Regional Advisory Board to assist the partners in small groups who need help with developing cloud strategies. Utilize mentors and experienced leaders to guide them through the pathway along with materials and case studies to share successful transitions within the partner community. Focus on SharePoint and the opportunity around providing these solutions as a stepping point.

# FOSTERING MICROSOFT RELATIONSHIPS AND CONNECTIONS

## OVERVIEW

For years we have consistently heard from partners regarding their challenges with building connections and relationships with Microsoft. For managed partners, the primary issues relate to the level of business acumen of the account managers and their ability to deliver enough value in the business planning stages of the relationship.

For unmanaged partners, the key challenges are navigating Microsoft when they *do* require assistance and ensuring that the benefits delivered are commensurate with the requirements asked of them.

**“Primarily the biggest challenge is the quantity of re-alignments that happen. Just when relationships and account strategy come together, things get re-aligned.”**

**1 Account Management:** Typically partners commit a CEO or high level executive to manage their Microsoft relationship and partners would like Microsoft to offer peers in business. A PAM is often a junior role. (One partner cites a PAM that is 4 years out of school and delivers little value in business planning with virtually no follow-up.) Partners would like to see more of a matching of leaders with leaders.

**2 Business Acumen Through and Through:** Throughout the MPN staffing, partners would like to see a deeper demonstration and understanding of the bottom line, so that changes and asks of partners are introduced as an impact to the bottom line. Today, marketing roles are administering the program benefits and messages without regard to the impact on our business. With a basic foundation of business understanding, models can be established whereby Microsoft and its partners can receive messaging and have conversations of relative scale of investment and profitability. Partners would like to hear more around *business thinking* at a higher level and less marketing excitement. It takes a little longer, but will be more effective with us.

**3 Appropriate Give/Gets:** Once a trusted relationship is established, the commitments and efforts must be two-way. For example, for Training Partner relationships with CPLS partners, the quality of the training material and getting that material in the time specified is key. Lately, CPLS partners have seen significant missed deadlines and poor quality. New training material has a scheduled release date. Microsoft’s commitment to the channel is RTM +90. CPLS partners schedule classes using that rule of thumb, and many times that material release date gets pushed back. Operational issues with scheduling students and moving items on training calendars is a huge challenge and a wasteful use of resources. Not to mention customer service issues when commitments aren’t met -- clients aren’t upset with Microsoft; they’re upset with the partner.

## SUGGESTIONS:

- Connect the everyday talents of PAMs with periodic leadership resources to assist in the business planning stages.
- Retain business leaders in each region. There are business leaders that are retained by Microsoft or are key Microsoft executives (could even push through our chapter members) - who have business perspectives (CXOs) that can help us move our business. Especially in a cloud environment, Microsoft could ask themselves: "Who can convince a partner business owner to make a shift away from his current on-site model where he fires his engineers and grows his sales staff?" It's going to be someone who understands business perspectives, the market dynamics and general business management: Strategy, finance, operations -- CXO level people.
- Commit account managers to account alignment for a minimum of 2 years with more seamless, disciplined transitions.
- Include the CPLS channel in the content creation with the product group. Providing early access to content would allow critical training content and product to RTM simultaneously.

## SUMMARY

### CONTINUE TO DO THESE WELL, MICROSOFT

We recognize that Microsoft does not typically focus on reports overly full of positive impacts of the business, but Microsoft is and has been loyal to their partners and partner program consistently for years. Many find it easy to keep a good relationship with Microsoft subsidiary management.

New products and new releases keeps the ecosystem alive. Partners also appreciate the vision, usability, platform integration and pricing that Microsoft consistently offers its partners. We appreciate the education (product & channel) and, while at times, it is overwhelming to find the training and information we need, the educational materials are generally good.

