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How to elevate your cloud solutions practice

AZURE MANAGED SERVICES PLAYBOOK FOR CSP PARTNERS

Azure managed services playbook for CSP partners

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Introduction

Cloud is disrupting traditional IT faster than we think. Today, with 80%[1] business deploying or fully embracing the cloud, we have 'crossed the chasm' and are in the 'early majority' stage of the adoption curve. All of this means more opportunities for cloud solution providers. IDC discusses this opportunity extensively in "The Booming Cloud" report.

One of the biggest opportunities for partners is to help customers navigate the superior functionality of cloud offerings, and manage their production workloads running in the public cloud. Whether your primary business model is IT consulting, systems integration, managed IT services, data center hosting, outsourcing, or value-added resale, cloud managed services provides you with an opportunity to add a new, higher margin business line that can provide a more stable, steady stream of recurring revenue. A report by 451 Research indicates that cloud managed services is projected to be a $43B market by CY2018, growing at a rate 60% faster than the growth in infrastructure only services.

At Microsoft, we launched the Cloud Solution Provider (CSP) program specifically for partners looking to tap into this booming opportunity. Today, more than 500 partners are providing managed services on Azure via the CSP program.

This playbook is meant for all Microsoft partners—including SIs, hosters, resellers and VARs—looking to tap into this massive opportunity and set up a managed services business on Azure. This book provides a framework for those looking to build a managed services practice—and some best practices for those who are a little further along on their cloud MSP journey. This book is especially valuable for partners who are either transacting or looking to transact via the CSP platform and license structure. The insights in this playbook are sourced from interviews and surveys with more than 50 Cloud MSPs. These interviews were conducted by AMI Partners Inc.

The playbook not only answers the "Why managed services?" question, it also addresses the "What is it?" and the "How to build" type of questions regarding managed services practices. Over the course of this e-book, you will find answers to the following questions:

1. What makes a Cloud Managed Service Provider (MSP)?

2. Why should Microsoft partners develop a managed services practice on Azure?

3. What kind of managed service offerings can cloud partners provide on top of Azure?

4. What kind of investments – in people, process, and tools - do partners need in order to set up a strong managed services practice on Azure?

Whether your focus is on small, mid-market, or large, enterprise-level companies, you can benefit from the insights and best practices in this playbook.

Your road to cloud profitability starts here: Let's begin.

[1]Source: IDC CloudView 2016 Survey, 2016, n=11083

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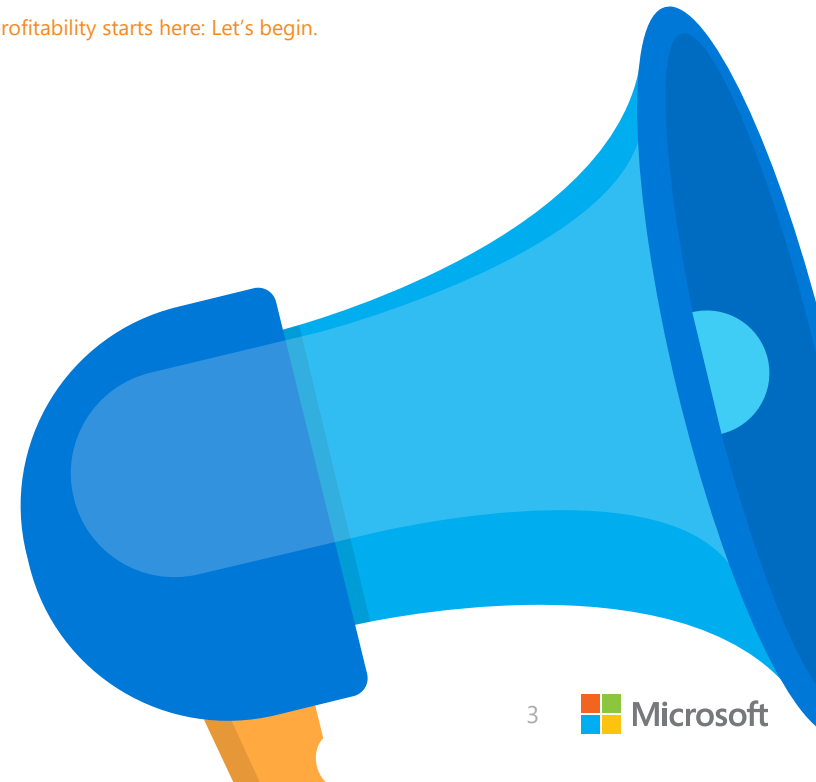
CHAPTER 1

Who is an Azure Managed Services Provider?

What is a cloud MSP?

The pivot from traditional to cloud managed services

TRADITIONAL MSP VS. CLOUD MSP

Managed services is not a new business model. For more than 20 years, large enterprises have relied on service providers to manage their IT assets. Whether you call them an Outsourcer, an RMM provider, or a Managed IT provider, service providers have been managing their customers' workloads—either in their own data centers or those operated by their customers.

Cloud, however, requires a new method of management because of its focus on scale, elasticity, and automation. For CIOs, cloud represents a paradigm shift in the way they think about embracing IT. **Dev-ops has completely changed the way applications are developed and maintained.**

The hyper-scale nature of cloud provides a completely new meaning to scalability, elasticity and resiliency – and has redefined how applications are architected and delivered. The pay-as-you-go model provides a fail-fast, agile method of app development. Device and data proliferation means customers want to—and can—do so much more with their IT assets, with cloud providing the computing resources to do so. Because of cloud, **CIOs are demanding a new way to think about data governance and security.**

A cloud MSP is someone who helps their customer transition to (and embrace) this paradigm shift in technology—by guiding them in all aspects of their cloud journey. From consulting to migrations, to operations management, cloud MSPs show customers all the benefits that come with cloud adoption. This Gartner report highlights the importance of cloud-based professional and managed services.

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What is a cloud MSP?
The pivot from traditional to cloud managed services

AZURE MSPS

Successful Azure MSPs differentiate themselves by building a practice around DevOps, automation, and cloud-native application design. They use the best Azure features while designing solutions—be it IaaS, PaaS, or SaaS offerings—in order to meet their customers' demanding, unique business requirements. Essentially, they act as a one-stop shop for their customers by providing a common support, provisioning, and billing experience—all with a flexible PAYG business model. They don't see their managed services practice as separate from hosting, SI, resale, or

application design business streams. Instead, they incorporate all of these valuable services as a unified managed services offering to their customers.

Most importantly, an Azure MSP is a modern partner. Modern partners focus on differentiation, modern sales and marketing tactics, highly optimized operations, and customer life cycle value management.

Click to read more about IDC's point of view on a Modern Partner.

FOUR PILLARS OF THE MODERN PARTNER

Differentiate to stand out
Pursue a specialized strategy and create intellectual property (IP) services to differentiate your business.

Modernize sales and marketing
Utilize digital marketing and build a scalable sales engine to enhance your go-to-market strategy.

Optimize your operations
Get the most from your people, process, tools, and tracking to improve your operational health.
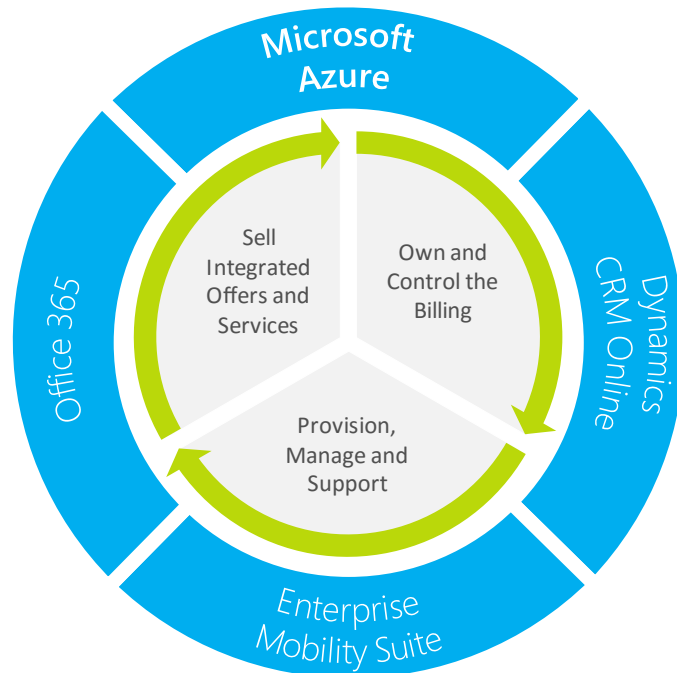
Deliver customer lifetime value
You've worked hard to land your customers. Become a trusted advisor and keep them for life.

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Why cloud managed services?

Cloud implementation = business benefits

Microsoft Azure

- Office 365
- Dynamics CRM Online
- Enterprise Mobility Suite

- Sell Integrated Offers and Services
- Own and Control the Billing
- Provision, Manage and Support

With CSP - Microsoft partners can offer managed services not just for Azure, but for all Microsoft cloud services products including Office 365, EMS, and Dynamics CRM Online

DEEPEN YOUR CUSTOMER RELATIONSHIP

- Truly engage with customers, meet their needs, and solidify relationships
- Deep relationships unlock further revenue opportunities – especially with cloud migration and net new app development

RECURRING REVENUE

- Month in, month out billing to customers for managed services packages
- Ensures a constant revenue stream as opposed to a project based method
- Revenue grows as customer cloud spend grows

HIGHER MARGINS

- Typical managed services gross margins (50-60%) higher than professional services (40-50%) and resale services (10-20%)
- Margins increase with scale and automation

UNLOCK PORTFOLIO OPPORTUNITIES

- Diversify your managed services portfolio with Azure
- Add new offers like cloud dev/test, cloud backup and data recovery, cloud native app design, etc. to your practice
- Serve global customers with Azure's geographic presence

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Why cloud managed services?

Managed service market size

CAGR 25%

$130B

$60B

	2014	2018	
MANAGED SERVICES	$17B	$43B	
CORE INFRASTRUCTURE SERVICES	$42B	$74B	
TOTAL CLOUD AND HOSTING REVENUE	$59B	$117B	
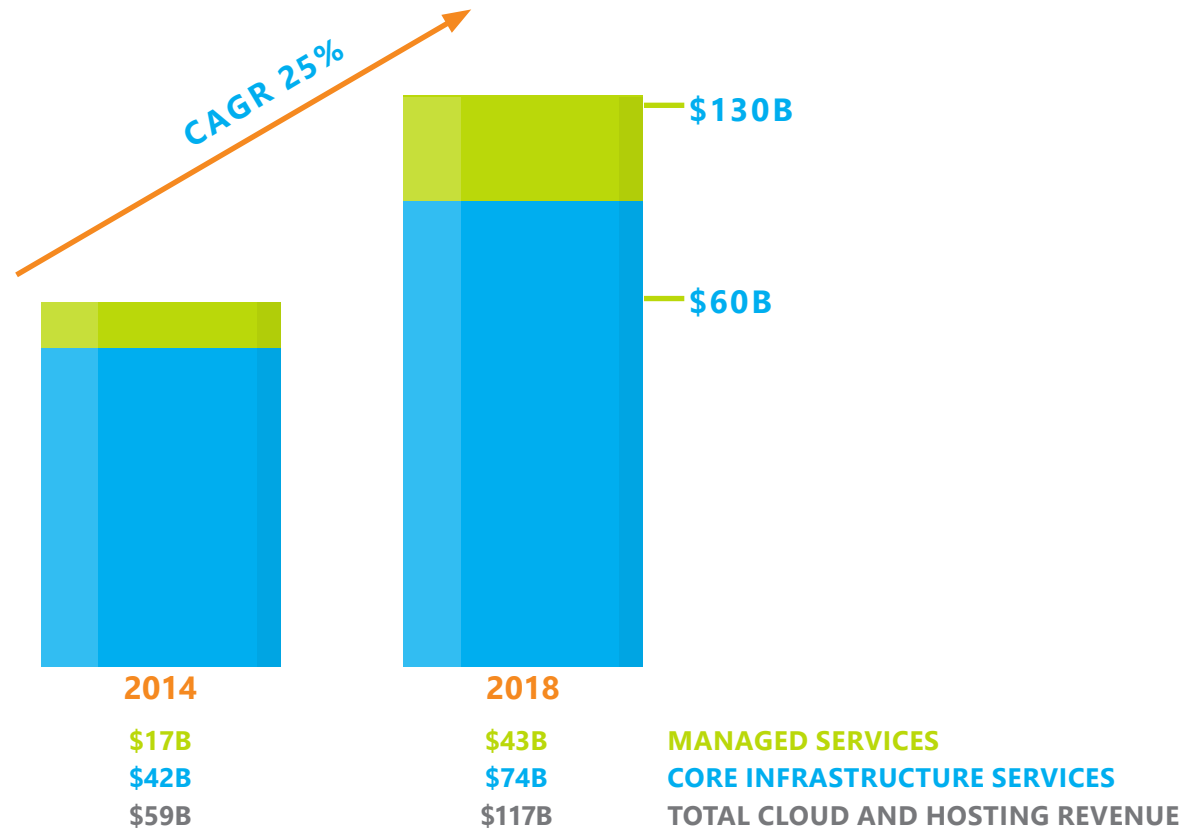
Managed services revenue for cloud services providers will grow from 17B in CY14 to $43B in CY18.
This growth rate is 60% faster than revenue from infrastructure only services.

Source: 451 Research, Market Monitor: Cloud computing - Worldwide managed services, 2014-2018

Azure managed services opportunities

MSPs can perform many functions for their customers in the cloud. Whether you're looking to specialize in one function or span a range of functions, there exists tremendous opportunity for partners in the Azure managed services business. Keep in mind, it is rare for a single partner to provide all of these services. However, offering a differentiated and well-executed service—or handful of services—presents significant potential for partners looking to either begin or expand an Azure MSP practice.

PLANNING

- Assess customer's IT environment and determine the data and apps that are viable opportunities for Azure migration
- Offer customers a roadmap for Azure adoption and associated values
- Provide a TCO and ROI analysis for moving their applications to Azure

- Cloud Readiness Assessment
- Solution Analysis, Scope, & Design
- Data Architecture Design

- Cloud TCO and ROI analysis
- Business Opportunity Identification

ENABLEMENT

- Migrate viable workloads to Azure
- Re-platform applications to run in the cloud
- Optimize workloads running in hybrid and public cloud environments
- Help your customers with staging, testing, and validation before moving their production environments to Azure

- Systems Integration
- Data center Migration
- Backup and Disaster Recovery

- App re-platform
- Database Development
- Deployment Services

OPERATIONS

- Offer support while delivering on SLAs and uptime guarantees
- Operate and monitor your customer's Azure and hybrid cloud environments
- Provide your customers with governance over their cloud usage by managing their billing and Azure capacity planning

- Help Desk Support
- User Rights & Account Management
- Performance and App Troubleshooting
- Proactive monitoring
- Health Checks
- Training

- Security Management & Identity Protection
- Virtual Machine Management & Upgrading
- Cloud Usage Forecasting
- Billing Management
- Capacity Planning
- 3rd Party Application Management

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MSP profitability

Revenue mix and profit margins

REVENUE MIX FOR AN AVERAGE CLOUD MSP

- **IP** — 10%
- **MANAGED SERVICES** — 50%
- **HOSTING** — 5%
- **PROJECT/PROFESSIONAL** — 20%
- **RESALE** — 15%
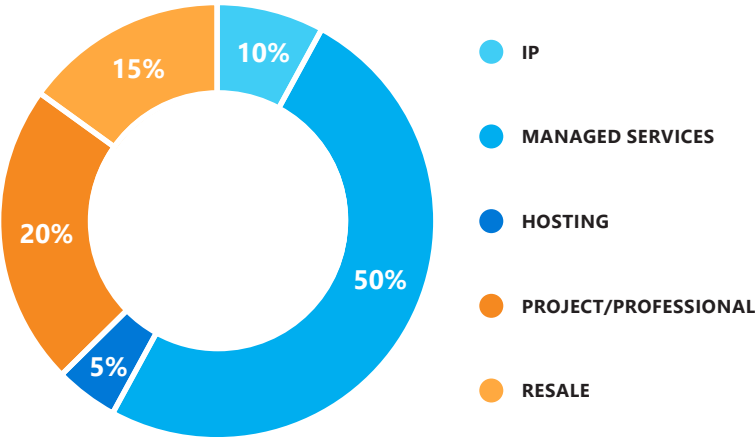
TYPICAL MARGINS BY SERVICE MODEL

RESALE	PROFESSIONAL SERVICES	MANAGED SERVICES
<20%	40-50%	50-60%
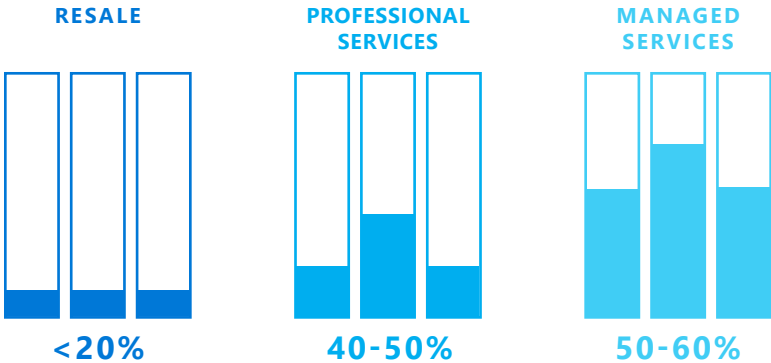
WHAT MSPS ARE SAYING

"Managed services have better margins than IT projects (often, we spend more hours than we originally planned). With managed services we are expecting a certain revenue stream. Managed services are 60-70% profit margins compared to 30-40% for IT projects, so twice as profitable." -US-based cloud MSP

"What is different about us is we began as a professional service organization. We saw where trends were heading in the industry. We adopted the managed services business and then the cloud piece since there was growth in the industry." -US-based cloud MSP

Source: Cloud MSP research by AMI Partners, Inc. N=50

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How do MSPs make money?

Pricing models

$ $$ $$$ $$$$ $$$$$

A-LA-CARTE	PER VM/NODE	% OF CLOUD SPEND	PER USER/DEVICE	PER PROJECT/APP
Each function: support, backup, monitoring, etc., has a separate SKU and consumption meter - most common for SMP focused MSPs	Managed Service tiers charged per VM/Node/Instance - most common pricing model, especially for infrastructure services	Managed Service tiers charged as percentage of underlying cloud spend - faster growing price model; typically used by born-in-the-cloud MSPs	Typically used for Managed Apps/Mobility offerings or when building per user, finished services in Azure - most common pricing model used for applications such as Magento, Sitecore, Sharepoint online, and Power BI on Azure	Commonly used for finished solutions abstracted from the infrastructure - typically has the highest margin and usually involves some degree of Intellectual Property development

MSP service offerings

Packaged offerings, typically priced as three tiers

EXAMPLE MSP SERVICE CATALOG

ESSENTIALS

- 24 X 7 support with 24 hr response
- Basic IT support (patching, updates, configuration management, identity management)
- 30 day backup
- Proactive infrastructure monitoring and alerting
- Monthly health reports and dashboards
- Basic anti-virus and anti-malware support

ADVANCED

- 24 X 7 support with 1 hour response times
- Shared TAM and architect support
- Basic IT support (patching, updates, configuration management, identity management)
- Unlimited backup, self-serve point-in-time restore
- Proactive infrastructure, DB and app monitoring and alerting
- Advanced threat analytics, anti-virus and anti-malware support
- Real-time health reports and dashboards

PREMIUM

- 24 X 7 support with 15 min. response times
- Direct access to L3 support
- Dedicated TAM and architect support
- Unlimited backup, self-serve point-in-time restore
- BCDR SLA - 15 mins RPO, 1 hr RTO
- Proactive infrastructure monitoring and alerting
- Proactive capacity planning, performance and cost optimization
- Deep Security (WAF, DDoS, Threat analytics, anti-virus, anti-malware, email and web protection)
- Proactive runbook authoring
- Advanced operational intelligence and custom dashboard on usage, performance, governance, and cost

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Managed services: under the hood

Breaking down the functions of an MSP

The cornerstone of a managed services practice is exactly as the name implies: Services. Those looking to begin an MSP practice need to figure out what kind of services they want to offer. Whether you want to simply provide basic cloud support, or you want to start a full service MSP practice by offering everything from assessments to advanced security solutions, there is room in the MSP world for your business.

Most Azure MSPs offer seven discrete areas of functional support, as outlined below. Their managed services offerings are developed by combining these functions in the form of service packages. Within each function, there is a spectrum of services that MSPs can provide, depending on their customer needs and their capabilities. In this chapter, we will discuss each of these functions in detail as well as the value-add spectrum of offerings within each function

1. Cloud assessment and planning

2. Cloud migrations/deployment

3. Infrastructure operations management

    • Configuration management

    • Automation/Dev-ops

    • Backup & Disaster Recovery

    • Identity management

4. Monitoring

5. Cost optimization

6. Security

7. Support

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Cloud assessment and planning

ATTRIBUTES OF ASSESSMENT

2016 marks the inflection point for cloud adoption for both SMB and enterprise customers. Most customers today have already started taking cloud seriously. However, not every customer is savvy enough to build a robust cloud strategy. Many don't have granular visibility into their IT infrastructure – and are not able to quantify the benefits in cost, agility, speed, and time to market that cloud brings. Others, while aware of the benefits, don't know where to start from – and are unsure of how ready their staff, systems, tools, and processes are for public cloud. This is why **most managed services engagements begin with a cloud assessment**. A cloud assessment determines which workloads are ready to move to Azure, and in what fashion (lift-n-shift, re-platform, or replacement with a new deployment model). Customers require a partner who can provide the proper roadmap and guidance to optimizing their workloads in Microsoft Azure.

KEY CUSTOMER CHALLENGES/QUESTIONS

1. How do I get more speed, agility and performance for my IT assets?

2. How do I decide between hosted private cloud vs public cloud deployments? How do I factor in both for my short to medium term IT strategy? How do I decide the first apps to take to cloud?

3. Do I need to train my staff again after a cloud migration? What other changes do I need to make in my IT staffing?

4. How do I control 'shadow IT', or 'zombie apps' or workloads that are consuming more resources than the value they are delivering?

ASSESSMENT AND PLANNING PROCESS

ASSESS

1. Assess enterprise environment, infrastructure, workloads, and applications. Assessing applications and workloads for cloud readiness allows organizations to determine what applications and data can, and cannot be readily moved to a cloud environmen and what delivery models (public, private, or hybrid) can be supported.

PLAN

2. Create infrastructure maps based on app dependency and performance; identify shadow IT. It is common for an application being migrated to a cloud service to have connections of various kinds with other applications and systems therefore, the application owners need to understand the impact of these connections and address it.

VISUALIZE

3. Group apps based on interconnectivity and dependencies, tweak groupings based on insight gleaned from assessment and infrastructure mapping. Integration between apps is traditionally classified into three categories: process integration (sharing functions), data integration (sharing data), and presentation integration (sharing user interface).

PREPARE

4. Determine customer's app groups cloud viability, readiness, and cost of migration. Prioritize apps based on how well they score for each "cloud readiness" metric and how mission-critical they are to a customer's business. Right-size any over or under utilized resources. Address any security or privacy issues.

ESTIMATE

5. Estimate TCO of running applications on-premises vs. in the cloud with accurate inputs on labor, infrastructure, tools, training etc. Calculate the ROI of migration from on-premise to cloud.

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OPTIONS FOR BUILDING ASSESSMENT CAPABILITIES

There are a number of methods and tools available to build a viable assessment practice:

- First is to develop an in-house team skilled in conducting assessments. This requires developing some checklists, questionnaires, and workshop modules to guide your clients

- If you don't have this experience in-house, consider partnering with an IT consulting company with a cloud practice

- To bring more accuracy and reduce your cost of delivery, consider leveraging tools (or build one) that can scan an on-premises environment and map workloads. There are many 3rd party applications or tools to assess a customer's environment and workloads

ADDING VALUE TO CLOUD ASSESSMENTS

While cloud preparedness assessments and migration plans provide value to customers looking to depart on their cloud journey, there are ways to augment this basic functionality that provide even more value to customers. The gradient below highlights a few value-added options that Cloud MSPs provide as part of cloud assessments.

MICROSOFT TOOLS INCLUDE:

> Azure Channel Pricing Calculator
> Azure IaaS Cost Estimate Tool
> Azure TCO Calculator
> VM Readiness Assessment Tool
> Operations Management Suite - Application Dependency Monitoring (OMS-ADM)

COMPLEMENTARY TOOLS INCLUDE:

> Cloudamize
> Idera
> RISC Networks

DISCOVER

Analyze all workloads and performance stats in a customer's IT environment—both physical and virtual—including VMs, historical use data, core network infrastructure, servers, and data centers

DISCOVER + VISUALIZE

Discover + present visualizations of all workloads, app performance, network traffic, and other metrics and provide performance tuning and application optimization guidance

DISCOVER + VISUALIZE + TCO

Discover + Visualize + recommend migration options and provide the customer with end-to-end TCO comparisons between on premises, Azure cloud, and hybrid solutions

Cloud migration / deployments

DEFTLY DEPLOYING

You've assessed your customer's environment, workloads, applications (and their dependencies). You've painstakingly planned their cloud migration strategy. Now it's time to put that preparation into action.

The deployment offering of an MSP practice means leaving behind the world of plans and tests and venturing into the realm of taking action. **While everything looks good on paper, it's the successful zero-downtime migration of a production application—with live users—that forms the trust test, ultimately determining whether the migration is labeled a success or a failure.** This is the point in the cloud journey where data will be migrated and apps will be decommissioned, re-platformed, remediated or consolidated—all while providing a seamless experience for the customer.
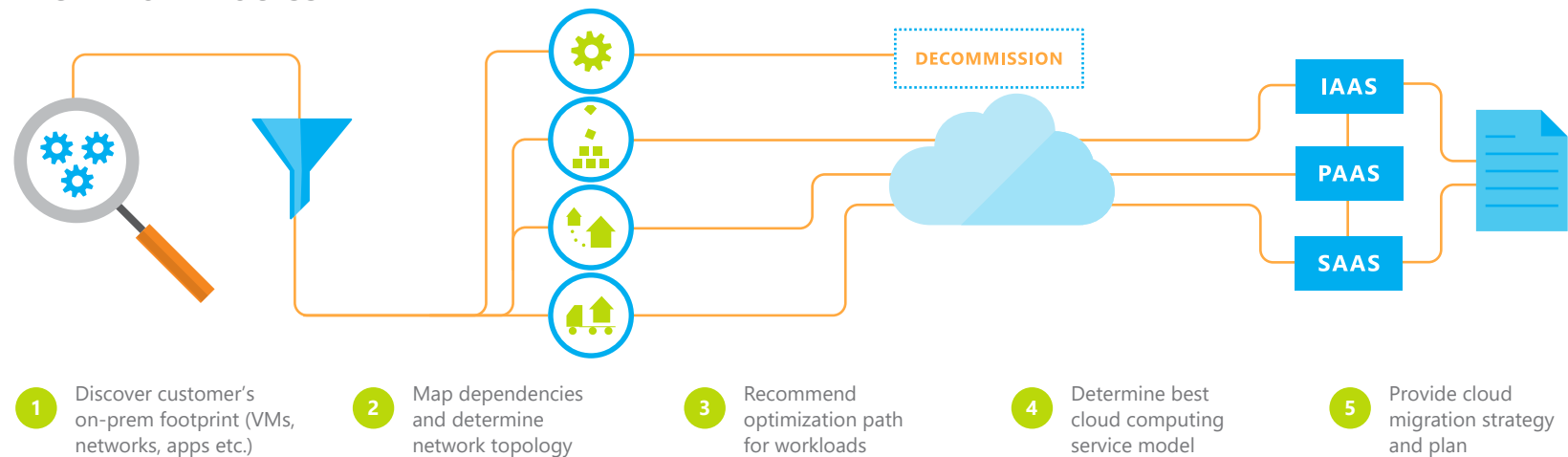
KEY CUSTOMER CHALLENGES/QUESTIONS

1. Will you build my entire application architecture on Azure , including 3rd party web services?

2. Will you stage and test my applications before they go live on Azure?

3. Will you migrate my workloads to Azure? Will you take care of architecture changes in order to meet the reliability, scalability, and availability requirements?

4. Will you help me with code changes required for my app to adopt to Azure? Will you help me facilitate self-healing, auto-scaling and a secure deployment on Azure (if my application demands that)?

5. Will you ensure that my data and processes respect the compliance and privacy requirements that my industry needs (e.g. HIPAA, PCI, SOX etc.)?

6. Will you provide me with sandbox environments with key tools to accelerate product development?

MIGRATION PROCESS

DECOMMISSION

IAAS

PAAS

SAAS

1. Discover customer's on-prem footprint (VMs, networks, apps etc.)

2. Map dependencies and determine network topology

3. Recommend optimization path for workloads

4. Determine best cloud computing service model

5. Provide cloud migration strategy and plan

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MIGRATION PLANNING

Once you've determined what workloads will move to Azure, you need to come up with a migration plan. There are several key things to keep in mind while planning a migration:

1. What application components am I migrating?
    Are they storage data, web servers, Databases, single VMs, N-tier apps, or entire datacenters?

2. Will this be a lift-n-shift migration or will this involve any degree of re-platforming or code factoring? Which Azure region(s) will I migrate to?

3. What kind of availability, scalability, security, and auto scaling patterns should I introduce in the apps?

4. Will the entire migration process be automated or will it be a combination of manual and scripted effort? What automation tools will I use?

5. How will I test the apps in cloud for performance and availability before turning over?

6. How do I use my customer's existing software licenses when migrating to Azure? Can I make use of programs like Azure HUB or License Mobility?

MICROSOFT TOOLS INCLUDE:
> Azure Site Recovery
> Azure Application Architectures

COMPLEMENTARY TOOLS INCLUDE:
> Appzero
> Cloudamize
> Vision Solutions

DECOMMISSION

- Shutting down inefficient or obsolete business applications
- Retaining access to the historical data
- Decommissioning has many steps that need to be followed for security and compliance purposes

SUSTAIN

- Your customer's app is integral and efficient enough to continue in its current on premises deployment
- No migration necessary
- Often most mission-critical, data sensitive apps are last to move to cloud

LIFT-AND-SHIFT

- As-is migration of aps and data from an on-premises datacenter to Azure
- Often immediate benefits in cost, scalability, availability, elasticity, or management features

RE-PLATFORM

- Minor architect or code changes on an application to work on a different platform
- Often minor code changes are required to remove performance bottlenecks and increase an app's operability on Azure

RE-ARCHITECT

- "Right-sizing" resources running an application
- MSPs will consolidate various app tiers (when possible) or re-architect the app for PaaS

ORCHESTRATE

- Orchestrate how the various app components will interact and move in the migration process
- Important for complex apps or for entire data center/rack migrations

NEW DEPLOYMENTS

- MSPs provide deployment, POC and provisioning assistance for new apps that are written for Azure
- Includes dev-test, staging and testing in the desired IDE
- Architecture design and solution design assistance

APPLICATION LIFECYCLE MGMT

- End to end management of application development lifecycle including governance, development, and maintenance of apps

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Infrastructure operations management

INFRASTRUCTURE MANAGEMENT - THE NUTS AND BOLTS OF MANAGED SERVICES

Now that the customer's data is in cloud, your real responsibilities begin —ongoing operations management. As part of this offering, you provide the base management services your customers are looking for: automation and orchestration, patching updates, configuration management, backup and disaster recovery, and identity management. Customers expect all of these tasks to be 'managed' by their partner.

KEY CUSTOMER CHALLENGES/QUESTIONS

1. Will you backup my data? Will I recover all my data in case of downtime? How soon?

2. Will you take care of updates, patching, password resets and add related management tasks? Do I need to hire even one IT resource to manage my Azure environment?

3. Will you help me with creating user accounts, permissions and subscriptions for every department, project, and application?

4. Will you ensure my staff has the correct data access permissions based on my access policies?

5. Will you configure all services, and train my staff on configuration settings?

6. Will you provide disaster recovery to my mission critical applications in case of outages? How quickly will I be able to gain full productivity after a disaster?

7. Will you templatize my deployments and provide my staff with deployment/config/testing templates that they can use?

CORE OPERATIONS RESPONSIBILITIES

CONFIGURATION MANAGEMENT

- Managing PCs and servers
- Keeping software up-to-date,
- Setting configuration and security policies
- Patching, updates, password reset
- QoS checks, resource rightsizing

BACKUP / DISASTER RECOVERY

- Backup for all apps, workloads, and data
- Self-serve and on-demand restore with robust SLAs
- DR for mission critical applications with excellent RPO and RTO SLAs

IDENTITY MANAGEMENT

- User account management
- Single sign on
- Federating identities for users within the organization, across all LOB apps, workflows, and data repositories
- Managing role based access

AUTOMATION / DEV-OPS

- Automating everything – from config, DR, IAM tasks to staging, release, and testing
- Offer a complete Dev-ops experience, Treating Infrastructure as Code with Powershell, Chef, Puppet
- Using the full power of Azure Resource Manager (ARM) – writing custom ARM templates for the customer's unique needs
- Treat automation not as a service – but a way of delivering managed services

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⚙️ Configuration management

KEEPING IT ENVIRONMENTS IN LINE

This step is crucial to the operations function of your MSP practice. When configuring your customer's cloud-powered IT environment you will: manage PCs and servers, keep software up-to-date, set configuration and security policies, and monitor system status while giving employees access to apps on the device they choose.

Additionally, your customers will expect you to update their OS, software, and apps, monitor and remediate client devices for compliance purposes, apply security patches, set passwords, and remotely administrate computers. You will also manage networks and control the users and devices accessing them, troubleshoot problems with connectivity and configuration, and track, log, and report any configuration changes.

KEY CUSTOMER CHALLENGES

1. Customer lacks technical expertise required to efficiently manage PCs, servers, software, user access, and policies

2. Customer lacks a unified toolset for implementing an appropriate configuration management work stream

3. Customer lacks a unified management plan and instead carries out changes on live equipment on an ad hoc basis

MICROSOFT TOOLS INCLUDE:
> Azure Audit Logs
> Azure Resource Manager
> Operations Management Suite
> System Center

COMPLEMENTARY TOOLS INCLUDE:
> Ansible   > Puppet Labs
> CA Technologies > Saltstack
> Chef

CORE OPERATIONS RESONSIBILITIES

PATCHING
Ensuring operating systems are continuously updated

PASSWORD RESETS
Ensuring continual access to resources in case of forgotten or misplaced passwords

AUDIT AND TROUBLESHOOT
Auditing, logging, and troubleshooting all deployment operations and changes

CONFIGURATION AND POLICY MANAGEMENT
Ensuring customers are delivered pre-configured resources with the right access policies in place

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Automation / Dev-Ops

AUTOMATION BREEDS EFFICIENCY

For MSPs, automation and orchestration are extremely important functions to a successful practice. Your ability to automate routine tasks allows you to lower your delivery costs and offer superior SLAs – driving a virtuous cycle of efficiency and repeat business. Automation is the key to creating the right balance between cost, reliability, speed, and time to market.

In a dev-ops world, customers expect you to provide continuous integration, deployment, and automation for all their applications. Everything from code deployment to testing, staging to release, can be automated. This is an opportunity for you to help your customers leverage the full dev-ops experience of developing on Azure.

For Dev-ops on Azure – PowerShell is your best friend. It automates all the tasks that you can perform on the Azure management portal and is your gateway to dev-ops on Azure. As a successful Azure MSP, you need to go beyond hiring powershell, Chef, or Puppet engineers. You need to create ready-made runbooks for commonly used tasks. You need to be able to create ARM templates on the fly for stitching together multiple resources and automating their deployments. You need to support applications built in all languages (e.g. PhP, Python, Java, Node.js) and all web-service frameworks (e.g. Apache, Tomcat, Nginx) and web-service frameworks.

MICROSOFT TOOLS INCLUDE:
> Azure Automation
> Azure PowerShell
> Azure ARM template library on Azure.com
> Azure ARM template library on Github

COMPLEMENTARY TOOLS INCLUDE:
> Chef
> Puppet Labs

KEY CUSTOMER CHALLENGES

1. Lack of resources and knowledge to maintain their own system and integrate automation capabilities

2. Automation tools are perceived as too complicated and too expensive to implement

3. Lack of familiarity with dev-ops approach to operations - or unable to bring the cultural change required to adopt dev-ops as a way of doing things

4. Fear and uncertainty surrounding the loss of control associated with automation

5. IT environments are not mature or well defined enough to warrant automation

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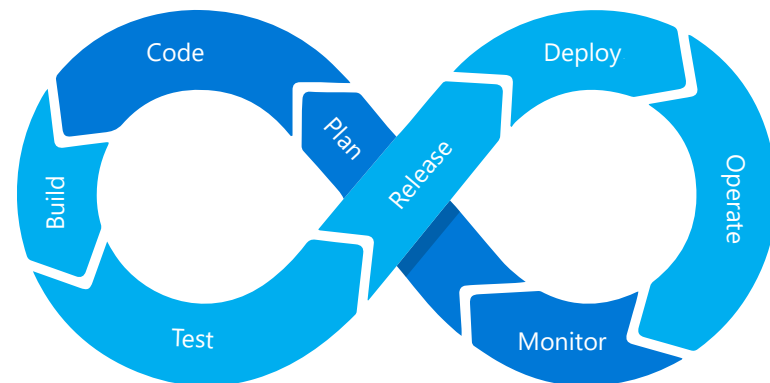
Backup and Disaster Recovery

OUTSMARTING THE UNTHINKABLE

Simple paradigm of public, private, or hybrid cloud: customers expect workloads to be protected. MSPs need to devlop backup plans base don policies determined by customers and regulatory bodies, in whatever country the customers operate in, to ensure safety and long term retention of sensitive data for audit and compliance regulations.

In addition, customer workloads need to be protected from planned and unplanned downtown, as this can cause adverse business, brand, and in some cases, legal effects. Azure provides detailed guidance on building applications that are backed up, disaster proof, and highly available. For MSPs, this is an important service offering within operations and for your practice as a whole.

KEY CUSTOMER CHALLENGES

1. Will you help me restore my data when it is corrupt or lost? Will you take care of my data's long term retention compliance requirements?

2. Will you protect my mission critical applications? Will you make DR and recovery plans and run DR drills?

3. Will you ensure business continuity in case of any interruption? What kind of SLAs will you provide?

MICROSOFT TOOLS INCLUDE:
> Azure Backup
> Azure Site Recovery
> Azure Traffic Manager
> Data Protection Manager

COMPLEMENTARY TOOLS INCLUDE:
> CommVault
> Symantec
> Veeam

VALUE ADD SPECTRUM - DISASTER RECOVERY

DR and managed failover with 1-4 hours RTO and RPO

DR and auto failover with 15 -30 mins RTO and RPO

DR and auto failover; monthly/quarterly DR drills and custom recovery plan authoring
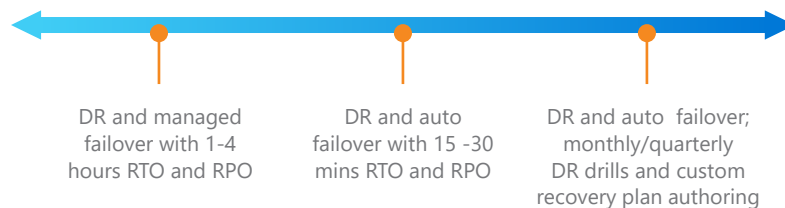
VALUE ADD SPECTRUM - BACKUP

Blob Snapshotting

Backup and point-in-time restore (30 days - 1 year)

Backup and point-in-time restore for long term data retention (1 - 99 years)

Microsoft
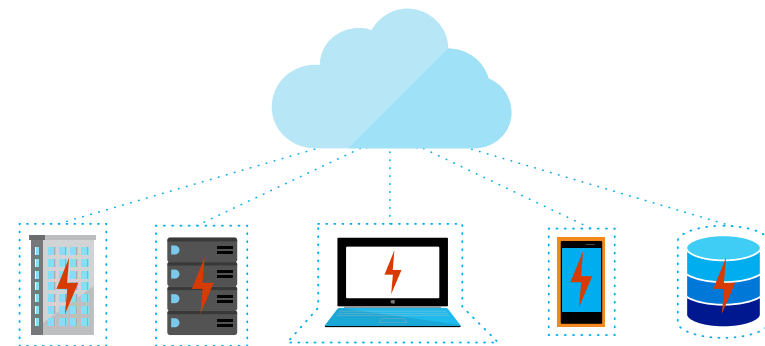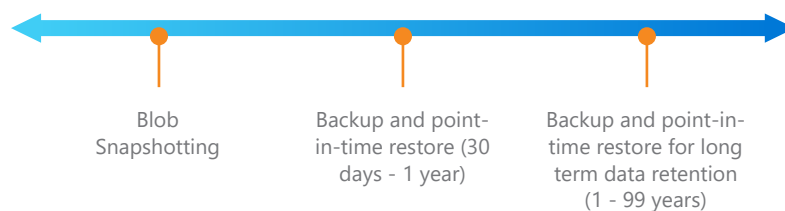
Identity and access management

IDENTITIES ARE IMPORTANT

Identity Management is another "Must-Have" service offering for Cloud MSPs. For MSPs focused on productivity and mobility solutions, ID management is a natural add-on. However, ID management is an integral part of infrastructure deployments as well. It's a security discipline in which an MSP will conduct the administration of IDs on behalf of their customers. This ensures the right individuals have access to the right on-premises, hybrid, or public cloud resources--at the right times for the right reasons.

To meet customer needs, in their ID management offering, MSPs will define user group resource policies in Active Directory, implement single sign-on, federate identities across apps and other resources, and handle rights management - ensuring that the right users have the correct access. On behalf of their customers, MSPs that develop mature ID management policies can lower associate costs and become more agile in supporting new business initiatives - all while staying compliant with industry and regulatory standards.

MICROSOFT TOOLS INCLUDE:

> Microsoft Azure Active Directory
> Microsoft Azure Active Directory Premium
> Microsoft Enterprise Mobility Suite
> Microsoft Intune

THE VALUE OF IDENTITY MANAGEMENT

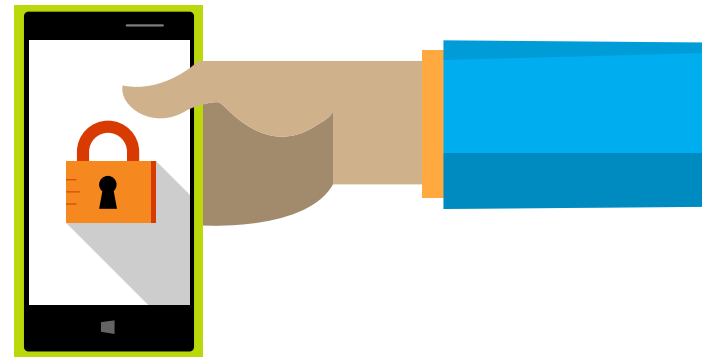| USER ACCESS MANAGEMENT	USER TAGGING AND CHANGE MANAGEMENT	SINGLE SIGN-ON	MULTIFACTOR AUTHENTICATION
A simple but important aspect of ID management that gives admins the power to identify and control the state of users logged in to the network. MSPs, on their customers' behalf, can add or delete users, query or filter users, set access policies and enforce strong authentication when users access resources. This can be done using CSP partner center and Azure portal.	Use Azure tags and manage the logging of all user activity on Azure. Maintain multiple Azure subscriptions as well as role based access for individual users for specific subscriptions and specific Azure resources.	Enabling your customer to have access to their resources by using a single set of user credentials and a unified authentication method across Azure, hosted infrastructure, on-prem infrastructure and other SaaS apps free your customers from multiple authentication processes for different apps access.	A method of ID authentication that requires more than one verification process (e.g. phone verification), adding a valuable second layer of security to signing-in and any transactions. MSPs can provide improved application security with Microsoft Azure Active Directory Multi-Factor Authentication (MFA).

Microsoft

Cloud monitoring services

MONITORING: KEEP AN EYE ON YOUR CUSTOMER'S IT ENVIRONMENT

Back in the 2000s, Managed Services was synonymous with Remote Management & Monitoring (RMM). In the cloud world, the tools and requirements have evolved, but the problem statement hasn't fundamentally changed. How do I monitor the health and performance of my IT infrastructure? There is no easy answer to this and customers expect their service providers to solve it for them. **Most mid-market and enterprise organizations simply do not have the time, resources, or dedicated staff required to monitor every aspect of IT, and this is where MSPs add the most value.** While Azure offers many monitoring capabilities built within the platform – there is still a place for partners who (a) provide additional, deeper monitoring tooling (b) triage the false positives from the real alerts (c) proactively act upon the alerts before any measurable loss in performance.

KEY CUSTOMER CHALLENGES

1. I don't have the time or resources to monitor all my hosted and internal IT assets.

2. I need a single pane of glass view that tells me how all my apps and VMs are performing, at any point in time.

3. I find it challenging to diagnose the root cause of breakdowns or outages.

4. How do I respond to so many alerts? How do I differentiate the false positives from the concerning ones?

KINDS OF CLOUD MONITORING

SYSTEM HEALTH MONITORING
Complete monitoring of VMs, CPU utilization, memory usage, storage IOPs, and OS performance. Includes monitoring of application performance and operation health, and dashboards and reports on system health.

LOG ANALYTICS / ALERTING
Every client, device, and user accessing a network produces data that is logged. Analyzing those logs can offer deep insight into performance, security, resource consumption, and a number of other meaningful metrics. Powerful log management tools collect, correlate, and visualize all the machine data from multiple systems in one place.

DATABASE MONITORING
A view into your customer's database that helps MSPs ensure high availability of database servers. The process involves keeping logs of size, connection time and users of databases, analyzing use trends, and leveraging data to proactively remediate issues.

APPLICATION PERFORMANCE MONITORING (APM)
End-to-end tracking of all aspects of an application (or webpage). App monitoring involves watching every part—from shopping carts to registration pages— of a customer's app(s) for performance issues in an effort to provide the best user experience possible.

OPTIONS FOR MONITORING

What you'll monitor and how you'll go about doing it will vary from customer to customer. Your customers may want to monitor infrastructure, DB, or apps. Some want to see the health status, availability and traffic patterns of their applications in real time while others only care about an uptime SLA. Some may want to listen in to all alerts while others may leave the alerting and response management to the MSP.

In many cases, monitoring becomes an extension of service management. **MSPs can apply filters and take the feed of their monitoring alerts so that it automatically raises a ticket in their ticketing systems.**

Whatever the type or level of monitoring your customers are looking for, manual processes will make an already difficult task impossible. That's why Azure provides extensive documentation and tooling, in addition to a robust ecosystem of tools you can leverage for monitoring your customer's Azure environment.
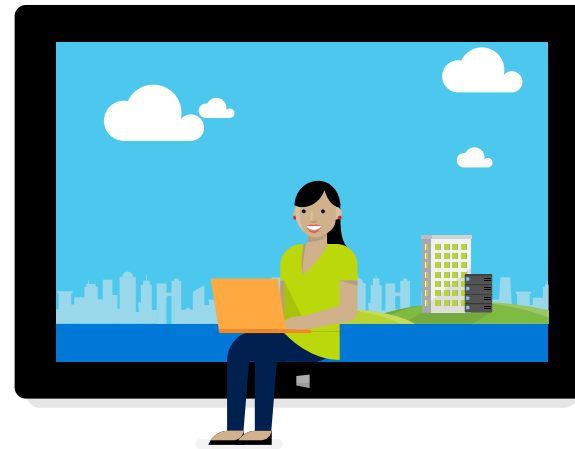
MICROSOFT TOOLS INCLUDE:
> Azure Application Insights
> Azure Diagnostics
> Azure Log Analytics
> Operations Management Suite
> System Center

COMPLEMENTARY TOOLS INCLUDE:
> AppDynamics   > New Relic
> DataDog   > ScienceLogic
> Nagios   > Splunk

MONITORING VALUE ADD SPECTRUM

INFRASTRUCTURE, DB AND OS MONITORING	LOG ANALYTICS / REPORTING	APPLICATION PERFORMANCE MONITORING	CUSTOM VISUALIZATIONS
As an MSP, if you intend to offer monitoring services, infrastructure, OS and DB monitoring (across CPU usage, memory, storage, IOPS and performance) represents the bare minimum of what you need to offer. Apart from monitoring functionality in the Azure portal experience, MSPs can also use Azure diagnostics.	Servers, switches, clients, and end user devices produce vast amounts of logged information every time they access the network. These reportable logs contain oceans of valuable data that can offer insight into enterprise inefficiencies, resource consumption, security vulnerabilities and root causes of downtime.	APM involves end-to-end tracking of every facet of an application—down to the code—and remediating errors and inefficiencies. APM strives to detect and diagnose complex application performance problems. For self-serve app monitoring by developers, Azure offers application insights.	The most sophisticated MSPS build custom dashboards/workspaces, exposing system health and performance metrics. These visualizations can be built in Power BI and are often upsold as an additional service, or included in a premium SKU. Develop your own customer visualization tools in your control panel, or author custom Power BI runbooks to differentiate from your competitors.

Microsoft

Cost optimization

THE BOTTOM LINE

One of the biggest fears that customers have when it comes to adopting cloud is the fear of runaway spending. After all – cloud is unpredictable. It is PAYG. It scales on demand. It is charged like a utility bill.

"How can I forecast my utility bill?"

This is where partners come in. By helping customers manage their cloud spend. By **performing deductive and predictive analytics on their past and expected cloud spend respectively.** By helping them make sense of their Azure bill and attribute the spend to different projects, departments, teams, applications and cost centers. If done correctly, this function can add a lot of value to both your practice and your customers.

KEY CUSTOMER CHALLENGES/QUESTIONS

1. Public cloud is unpredictable. How do I forecast and budget my spend?

2. How do I know which department is consuming how much cloud?

3. There are 35 VM sizes on Azure. How do I know which one to choose without blowing my IT budget?

4. I want a single source of truth for all my cloud billing and invoicing. Can you do that for me?

OPTIMIZATION PROCESS

USAGE VISIBILITY

As an MSP, allowing your customers granular visibility into usage by department, project, region, workload, app or users allows CIOs to attribute chargeback and prioritize their IT spending. CIOs care about complete financial transparency into their cloud spend and an MSP can help them do that.

COST CONTROL

You've helped your customers identify some inefficiencies and redundancies, now it's time to take action. IT departments that implement effective IT cost optimization—through visibility—can free resources for increased innovation and creativity. Sometimes the cost savings allow for additional investments in cloud – which means more money for the MSP.

FORECASTING

Demand and cost forecasting are both aspects of the cost optimization offering that can add value to your MSP practice. By effectively forecasting both resource demands and costs, you can help your customers accurately forecast their cloud spend.

BILLING MANAGEMENT

Give your customers a simplified view into cloud costs and remove the complexity of analyzing, budgeting, tracking, forecasting, and invoicing public cloud costs.

RESOURCE UTILIZATION

Like successfully identifying consolidation possibilities, making sure that resources are properly provisioned, "right-sized", and utilized is a big part of an MSPs cost optimization offering.

Microsoft

BUILDING COST OPTIMIZATION CAPABILITIES

In order to effectively control and optimize costs on behalf of your customers, MSPs need visibility into a customer's IT environment and the correct tools for effectively lowering their client's IT costs. For this particular function of an MSP practice, both visualization and analytics are needed. That's why there are Microsoft and 3rd party tools you can leverage for visualizing and optimizing your customer's IT environment costs, on premises, on Azure, or in a hybrid deployment.
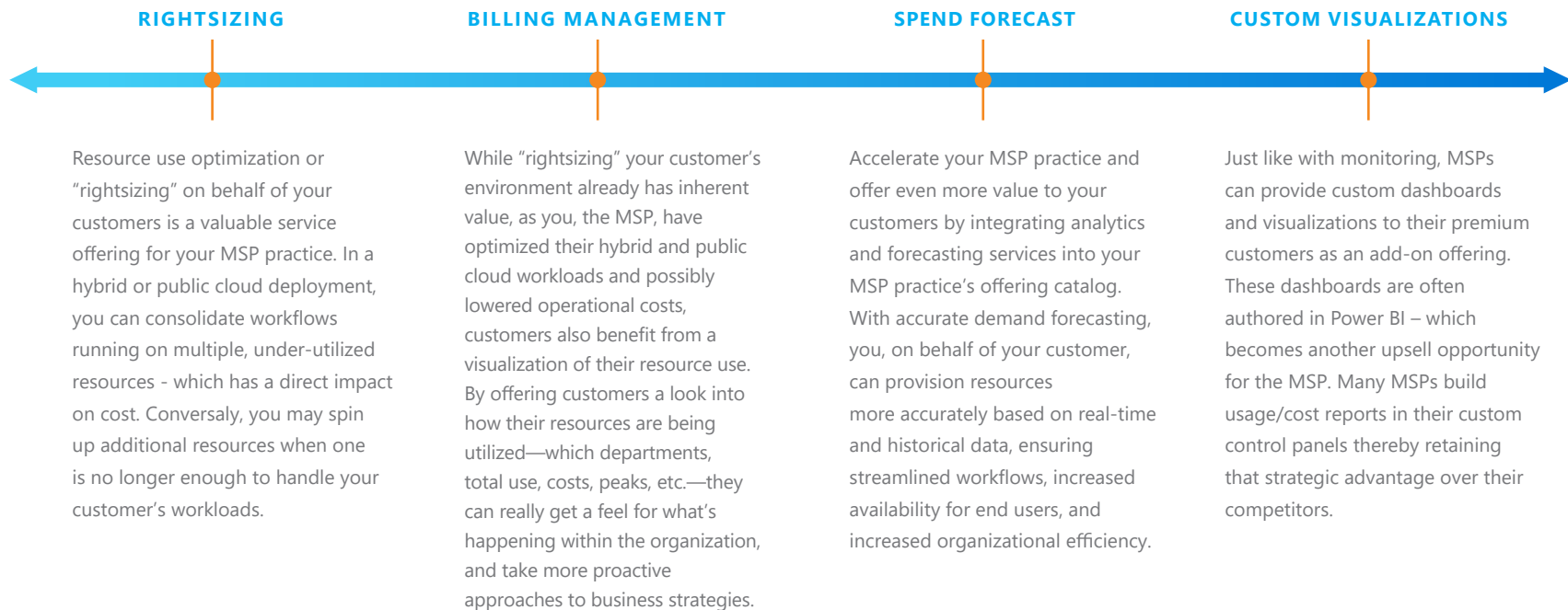
THE VALUE OF COST OPTIMIZATION

There are many aspects to cost optimization that add varying degrees of value to both your MSP practice and the customers you serve. While the goal with any cost optimization offering should be increased efficiency and lowered TCO, the "levels" you, as the MSP, choose to offer will differ and can range from "rightsizing" to harnessing the power of analytics to offer actionable intelligence with demand forecasting.

MICROSOFT TOOLS INCLUDE:
> Azure Usage and Ratecard APIs

COMPLEMENTARY TOOLS INCLUDE:
> Apptio   > Cloudability
> Cloud Cruiser > Cloudyn

RIGHTSIZING	BILLING MANAGEMENT	SPEND FORECAST	CUSTOM VISUALIZATIONS

Resource use optimization or "rightsizing" on behalf of your customers is a valuable service offering for your MSP practice. In a hybrid or public cloud deployment, you can consolidate workflows running on multiple, under-utilized resources - which has a direct impact on cost. Conversaly, you may spin up additional resources when one is no longer enough to handle your customer's workloads.

While "rightsizing" your customer's environment already has inherent value, as you, the MSP, have optimized their hybrid and public cloud workloads and possibly lowered operational costs, customers also benefit from a visualization of their resource use. By offering customers a look into how their resources are being utilized—which departments, total use, costs, peaks, etc.—they can really get a feel for what's happening within the organization, and take more proactive approaches to business strategies.

Accelerate your MSP practice and offer even more value to your customers by integrating analytics and forecasting services into your MSP practice's offering catalog. With accurate demand forecasting, you, on behalf of your customer, can provision resources more accurately based on real-time and historical data, ensuring streamlined workflows, increased availability for end users, and increased organizational efficiency.

Just like with monitoring, MSPs can provide custom dashboards and visualizations to their premium customers as an add-on offering. These dashboards are often authored in Power BI – which becomes another upsell opportunity for the MSP. Many MSPs build usage/cost reports in their custom control panels thereby retaining that strategic advantage over their competitors.
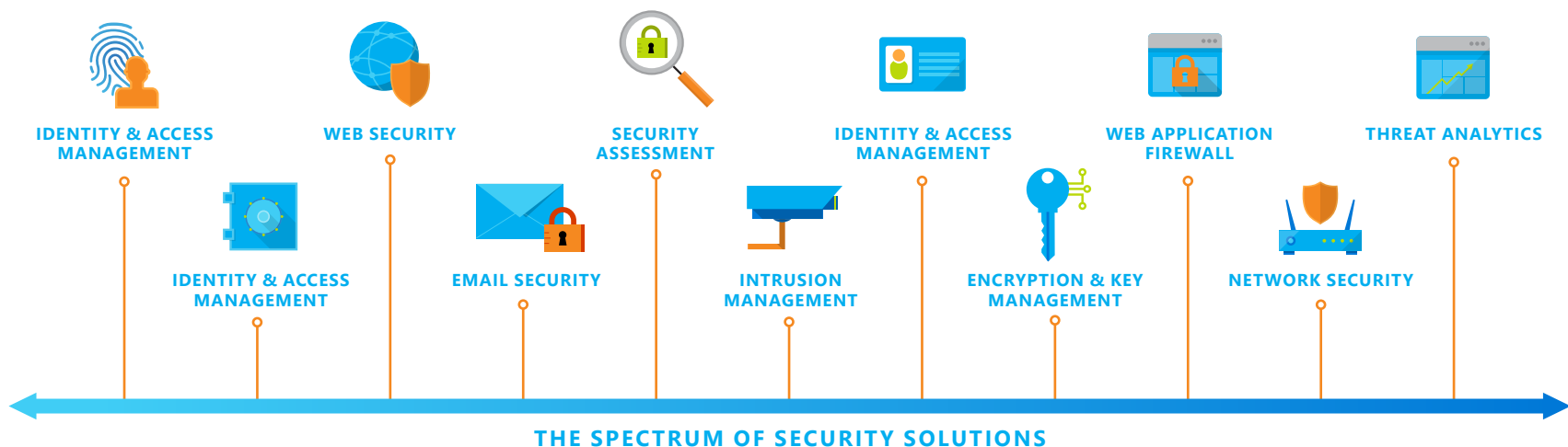
Microsoft

Security

THE SECURITY LANDSCAPE

The current digital security landscape for businesses can accurately be described in one word: complicated. More numerous and advanced threats, more nebulous and complex compliance requirements, more difficult and intricate infrastructure to secure. Simply put: keeping data, workloads, and users secure is more than a full time job and organizations are having trouble keeping up. The graphic below illustrates the myriad of offerings and postures taken by security companies, highlighting the fragmented nature of the market. However, this harsh environment represents a significant **opportunity for partners looking to offer security as a managed service.**

For even the most adept IT and Incident Response teams, effectively handling patching, malware threats, and intrusion detection can be too difficult to manage without help. MSPs can offer their services to ensure enterprise clients are secured. But in this age where we hear about security breaches almost daily, how can you help your customers stay ahead of the game, and avoid becoming a statistic?

KEY CUSTOMER CHALLENGES/QUESTIONS

1. Lack the tools and expertise to effectively get ahead of security threats and compliance risks

2. Unable to identify, assess, and mitigate security risks

3. Able to detect threats, but are unable to correctly respond in a timely fashion

4. Unfamiliar with security best practices and overall threat landscape

5. Confused with the myriads of offerings out there

IDENTITY & ACCESS MANAGEMENT

WEB SECURITY

SECURITY ASSESSMENT

IDENTITY & ACCESS MANAGEMENT

WEB APPLICATION FIREWALL

THREAT ANALYTICS

IDENTITY & ACCESS MANAGEMENT

EMAIL SECURITY

INTRUSION MANAGEMENT

ENCRYPTION & KEY MANAGEMENT

NETWORK SECURITY

THE SPECTRUM OF SECURITY SOLUTIONS

Microsoft

Securing the enterprise

Microsoft has leveraged its decades-long experience building enterprise software and running some of the world's largest online services to create a robust set of security technologies and practices. These help ensure that Azure infrastructure is resilient to attack, safeguards user access to the Azure environment, and helps keep customer data secure through encrypted communications as well as threat management and mitigation practices, including regular penetration testing. You can read more about Azure's security practices on the Azure Trust Center.

SECURITY OFFERINGS	PROTECT	DETECT	RESPOND
IDENTITY	Eliminate passwords, use multi-factor authentication, move to risk-based conditional access	Proactive notification of suspicious behavior and unusual authentications	Automatically elevate access requirements based on risks
DEVICE	Device encryption, management of devices, consistent compliance	Auto-identify suspicious or compromised endpoints	Block, quarantine suspicious devices
APPS & INFRASTRUCTURE	Identify unsanctioned apps and enforce policies on cloud resources, monitor cloud data	Detect any deviations from baseline, policies, or behavior	Deploy new controls and block risky apps
DATA	Policy-based data separation, containment, classification, and encryption	Notification of any attempts for unauthorized data access	Revoke unauthorized access to documents, wipe device data

MICROSOFT TOOLS INCLUDE:

> Advanced Threat Analytics
> Azure Rights Management
> Azure Security Center
> Azure Trust Center
> VM Optimization & Assessment Tool

> Cloud App Security
> Enterprise Mobility Suite
> Microsoft Antimalware
> Secure Islands

COMPLEMENTARY TOOLS INCLUDE:

> Barracuda
> Checkpoint
> Fortinet

> Imperva
> Palo Alto Networks
> Trend Micro

Microsoft

Support

TAKING CARE OF YOUR CUSTOMERS

It should go without saying that one of the most important functions for your MSP practice will be supporting your customer once their applications and data are firmly in the cloud or sitting in a hybrid deployment. No matter how well a cloud or hybrid environment is planned, provisioned, operated or monitored, problems will arise, and those problems will need to be remediated.

It's your job as an MSP to offer support to your customers to deal with outages, breaches, inefficiencies, and disaster scenarios. MSPs need to consider the level of support that makes sense for their practice—in terms of resources and revenue—as well as what makes sense to the customers they serve.

KEY CUSTOMER CHALLENGES

1. Lack the expertise and resources to troubleshoot problems

2. Inability to determine the root cause of performance issues and glitches

3. No knowledge of how to remediate problems if they are able to correctly identify them

4. Do not want to spend time and resources fixing problems

THE SUPPORT DIMENSIONS YOU NEED TO THINK ABOUT

SUPPORT AVAILABILITY

The more support you, as an MSP, offer, the more valuable your practice is to customers.

8x5   16x5   24X7
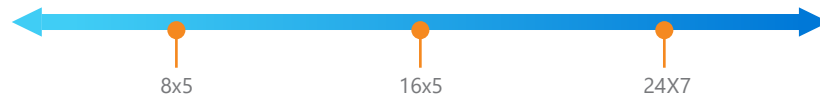
LEVEL OF SUPPORT

Determine what level of support expertise you provide in your service offerings.

LEVEL 1 — LEVEL 2 — LEVEL 3

Customer service   Advanced troubleshooting   Specialized architects

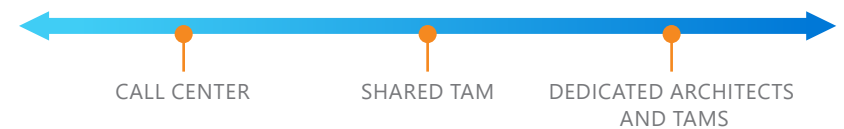### TIME TO RESPONSE / TIME TO RESOLUTION

Add value to your customers and your practice by responding to problems quickly.

24 HOURS   4 HOURS   2 HOURS   1 HOUR   15 MIN

ACCOUNT MANAGEMENT

When customers need help, a call center is nice. A support staff committed exclusively to your customers is even better

CALL CENTER   SHARED TAM   DEDICATED ARCHITECTS AND TAMS

Microsoft

Building an MSP support practice

SUPPORT FUNCTIONS TO THINK ABOUT

USER SUPPORT: provide support for frequently asked questions, set-up and usage, best practices, questions around billing and invoicing, break-fix support for developers, architecture design and solution design support for architects.

SYSTEM SUPPORT: provide customers with information on any service interruption, relay expectations on when the system will be back online.

PRODUCT SUPPORT: provide support when the Microsoft product is not working as expected or the service stops working. Escalate to Microsoft when the issue cannot be resolved with existing documentation and/or training

CSP SUPPORT RESPONSIBILITIES

"Partners transacting in CSP are required to provide end customers with support that meets their expectations, and local business and legal requirements"

MICROSOFT SUPPORT PACKAGES FOR MSPS

BEST

PREMIER SUPPORT FOR PARTNERS
Most comprehensive support for partners with highly complex customers – whether in the cloud, hybrid, or on-premises

Account Management: Assigned
Service Delivery: On-site and remote
Deployments Covered: Cloud, Hybrid, On-premises
Problem Resolution: Fastest response (1st priority, 1/2/4 SLA, CritSit)

BETTER

ADVANCED SUPPORT FOR PARTNERS
Advanced support for partners who are growing their cloud business with moderately-complex customers

Account Management: Pooled
Service Delivery: Remote
Deployments Covered: Cloud, Limited Hybrid
Problem Resolution: Faster response (2nd priority, 1/2/4 SLA)

GOOD

MPN TECHNICAL SERVICES
MPN Technical Services - foundational support for partners who are establishing their cloud business

Account Management: N/A
Service Delivery: Remote
Deployments Covered: Cloud, Hybrid, On-premises
Problem Resolution: Standard response (3rd priority, 2/4/8 SLA)

> Learn more about the support programs and benefits available to your business at aka.ms/partnersupport

Azure Managed Services Spectrum

This grid can be used as a template to determine the breadth and depth of offerings as you design your managed services offer. In the next few pages, we will see a few example offers launched by MSPs—and how they map to this grid.

Assessment & Planning	Migration	Deployments	Infrastructure Management				Monitoring	Cost Optimization	Security	Support
			Config Management	Backup & DR	Identity Management	Automation/ DevOps				
Application Recovery	Lift and shift	Solution design & architecture support	OS updates, upgrades and patching	Snapshotting	Subscription management	ARM template authoring and deployment	Basic infrastructure management (OS, compute, storage, network)	Usage and spend analytics	Anti-virus/ Anti-malware	24/7 support
App dependency mapping & visualization	Re-platforming/ Re-architecting	Dev-test, POCs and App performance testing	Password resets	Managed Backup (Short-term)	User access and RBAC management	Continuous integration & deployment	Advanced infrastructure monitoring (basic + firewall/DNS/ load balancer etc.)	Spend and usage forecasting	Security and risk assessments	Uptime and response SLAs
Azure TCO analysis	App decom-missioning	Auto-scale design and deployment	Resource configuration and policy management	Long term data retention	User tagging and change management	Application life cycle management	Alerting/alarms with response SLAs	Tagging and audit trails	Intrusion detection and remediation	System health monitoring
Migration ROI analysis		Compliance and regulation support	Audit log management	DR planning and DR drills	Single sign on and Multi-factor authentication		Database monitoring	Custom invoicing	Security information and event management	IT Service and incident management
Migration planning		Deployment automation	Deployment operations and troubleshoot-ing	Automated failover and restore			App performance monitoring	Capacity planning and resource optimization	Web application firewall	Custom control panels/ customer portals
							Log analytics & alerting		Encryption and key management	
Dedicated account management and architect support										
Governance and planning										
Compliance and regulation support										

Azure MSP offer: Example 1

Service provider offering Azure managed services to mid-market and enterprises.

This Microsoft partner leveraged its strength in support and infrastructure management to build its base managed services offering—incorporating varying levels of security, monitoring, and migration services to the premium tiers, thus differentiating the offer.

Offering	Base Tier	Middle Tier	Premium Tier
Support SLA	Response SLAs (24hr standard, 4hr severe)	Response SLAs (4hrs standard, 1hr severe, 15min crit-sit)	Response SLAs (4hrs standard, 1hr severe, 15min crit-sit)
VM Management		Yes	Yes
Monitoring	Platform monitoring only	Access to custom monitoring portal with platform and health monitoring	Access to custom monitoring portal and with platform and health monitoring
Backup	30 day VM backup	1 year backup	1 year backup
Security		Managed anti-virus / anti-malware	Managed anti-virus / anti-malware
Migration Support		Lift-n-shift tool access	Custom migration services
Automation Support	Access to template library	Custom template design	Custom dev-ops services
Account Management	Shared TAM	Dedicated TAM	Dedicated TAM
Architect Support	Architecture design for standard use	Custom architecture design and deployment. Architect support for onboarding	Custom architecture design and deployment Long-term architect support
Governance	Monthly reports	Monthly account review	Weekly account review

Assess	Migration	Deployments	Infrastructure Management				Monitoring	Cost Optimization	Security	Support
			Config	Backup & DR	Identity	DevOps				

INDEX > MANAGED SERVICES: UNDER THE HOOD > AZURE MSP OFFER EXAMPLE 1

Microsoft

Azure MSP offer: Example 2

Global SI offering Azure managed services to enterprises.

This example template represents a partner who already has deep expertise in Azure infrastructure deployments, gained from an established consulting business. It built a managed services practice by going deep on monitoring and support and later adding a security offering to the premium tier service package. This is a great template for enterprise-focused partners who want to provide a holistic set of managed services, with multiple offering tiers.

Offering	Base Tier	Middle Tier	Premium Tier
IT Service management	Yes	Yes	Yes
Configuration, change management			Yes
Network management			Yes
Monitoring		OS monitoring and alerting	OS monitoring, alerting and auto-ticketing
Identity management RBAC, subscription management	Yes	Yes	Yes
Identity management Advanced authentication and MFA			Yes
Infrastructure management Patching and updates		Yes	Yes
Security - antivirus, endpoint protection, firewall, log analytics			Yes
Managed Backup w/ enterprise SLAs		Yes	Yes
Managed DR and failover w/ enterprise SLAs			Yes
Support – 24/7	Level 1 and 2 only	Level 1 and 2 only	Level 3 escalation support
Account management		Shared TAM	Dedicated TAM

Assess	Migration	Deployments	Infrastructure Management				Monitoring	Cost Optimization	Security	Support
			Config	**Backup & DR**	**Identity**	**DevOps**				

Microsoft

Azure MSP offer: Example 3

Traditional MSP offering Azure managed services to mid-market customers.

This Microsoft partner focused on traditional data center management. Deciding to replicate their skillset in the cloud, they built their first Azure MSP offer — Azure IaaS management and support. Their offer did not include any sophisticated DevOps or migration services. By only offering "must-have" services in the beginning, they were afforded a rapid time to market. Post-launch and after receiving customer feedback, they built their next tier of offerings.

Offering	Base Tier	Middle Tier	Premium Tier
Basic Infrastructure Management OS Monitoring - Anti-Virus - Patching - OS Troubleshooting - Network Management - Virtual or Direct Connectivity-	Yes	Yes	Yes
Security Services - IDS, file integrity monitoring, log management, web application firewalls		Yes	Yes
Replication & DR services		Yes	Yes
Compliance Support			Yes

Assess	Migration	Deployments	Infrastructure Management				Monitoring	Cost Optimization	Security	Support
			Config	Backup & DR	Identity	DevOps				
			▨	▨	▨		▨		▨	▨
			▨	▨					▨	▨
			▨	▨					▨	▨

Microsoft

Azure MSP offer: Example 4

Regional SI offering Azure managed services to SMB.

This offer template characterizes a regional SI focused on small and medium businesses. While building its MSP offering, it pivoted on features that SMB customers care about—basic infrastructure management, monitoring, and support—and leveraged its strengths in providing deep assessment, migration, and deployment services. This example represents a good template for small SIs that are just beginning to launch their Azure MSP business.

Single offering for all customers

- Current infrastructure assessment
- Migration planning
- Application design and deployment
- 24/7 support
- OS monitoring
- Alerting
- Data backup
- Monthly reporting

Assess	Migration	Deployments	Infrastructure Management				Monitoring	Cost Optimization	Security	Support
			Config	Backup & DR	Identity	DevOps				
■	■	■	■	■	■		■			■
■	■	■								

How to Build an Azure MSP Practice

The journey toward a successful Azure MSP practice will be different for every partner due to a number of factors such as market conditions, the type of practice partners wish to start, and available capital and resources.

There are some prescribed steps that a partner can follow to facilitate the transition from SI, hoster, CSP, or traditional services provider, to a cloud MSP:

BUSINESS PLANNING

- Conduct market and customer research
- Create your business plan
- Evaluate tools

OFFER DESIGN

- Build POCs and test in Azure
- Engage in training and certifications
- Build the service offerings
- Pilot the offering

GO TO MARKET

- Marketing and sales enablement
- Differentiate your offerings
- Nurture the business

Business planning

Conduct copious amounts of research. Model and project. Author your roadmap for transitioning to an Azure MSP.

CONDUCT MARKET & CUSTOMER RESEARCH

"Are you interested in cloud managed services?"

This is a step that seems obvious but often goes overlooked: talk to your existing customers. Gauge their interest in Azure managed services. Have they explicitly asked for it? Is their business already in the cloud? Are they thinking about transitioning from an on-premises environment to a cloud environment? Learn everything you can about your customer's business, virtualization and cloud initiatives, their interest in Azure, and their need for managed services.

Talk to your top 10 customers, get their feedback, and internalize it. Figure out what their biggest pain points are in regard to support, security, infrastructure management, etc. Identify where they get — and if at all possible — how much they pay for these services. This customer data will prove invaluable in validating your business plan assumptions.

Read and internalize as much market research as you can by talking to industry analysts from Structure Research, Gartner, Forrester and 451 Research. Additionally, talk to peers who are offering managed services. See if they have come out with any reports on cloud managed services or pertinent industry trends—especially in your region or market.

IDC predicts that greater cloud spending will exceed $500B by 2020.

Microsoft

CONDUCT MARKET & CUSTOMER RESEARCH CONT.

"What am I going to offer?"

The next phase of building a sound business plan requires some introspection. Do an inventory of your existing skills and competencies. Do you already do assessments? Migrations? Do you run a support help desk? Are you experts at System Center and other similar management tools? Do you have familiarity with Dev-ops tools like Chef and Puppet, or scripting tools like PowerShell?

On page 32 you will find a grid that provides a breadth and a depth spectrum of the discrete functional offerings that a Cloud MSP can choose from. You can use the grid as a checklist as you develop your own offerings.

While thinking about what cloud managed services you'll offer customers, the first step is to separate the "must-haves" from the "nice-to-haves." According to our research, mature MSPs typically offer 3-5 distinct functions or services. They start with the "must-have" services and gradually add other functions, eventually building an offering that acts as their true differentiator. On pages 33 to 35, you can find example service catalogs of Cloud MSPs.

For example, if you already provide Azure consulting, think about building your practice around assessments, migrations, or application design. Then add in basic 24/7 support capabilities. On the other hand, if you are already providing 24/7 support and service management for your hosted infrastructure, you can differentiate by extending your ITSM systems to integrate with Azure—creating a unique, specialized, and superior support experience.

WHAT MSPS ARE SAYING

"We talked to other MSPs to get a better understanding of cloud. Our senior management conducted a comprehensive study to understand the pros and cons of adopting the new technology."
-Medium US-based cloud MSP
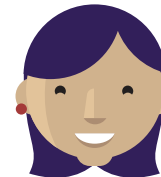
"The monitoring piece is a must have. We're running into more staffing issues. Companies are shrinking and increasingly focused on LOB apps. They don't want to maintain staff to monitor endpoints/critical infrastructure. Clients rely on us to look at critical state, things causing system degradation, backup as a service is a big deal. They are compelled to do so due to regulatory requirements." -Technical Services Director, Small US-based Azure MSP

Microsoft

CREATE YOUR BUSINESS PLAN

"What's the bottom line?"

You've determined your customer's interest in Azure managed services. Now it's time to crunch some numbers and see if an Azure MSP practice is financially right for you.

Develop a detailed profit and loss (P&L) analysis and an exhaustive business plan. Your business plan should, at least, include the following components:

- Detailed pricing strategy and business model, including average revenue per customer and projected growth rates

- Start-up costs, in this case the total cost from ideation to actual launch with live users

- Total operating expenses, including people (staffing and training), processes (new methods and practices), and tools

- Detailed breakeven and ROI analysis

Once you've composed your business plan, construct an ROI model that spans 1-5 years and determine which type suits your risk profile and return expectations. Best practice business modelling involves building a bottoms-up and a top-down view of your practice, using one model to question the assumptions in the other. Both models should converge with realistic and pragmatic assumptions.

WHAT MSPS ARE SAYING:

"We customize our pricing models as per our customers' requirements. We have fixed pricing models on the basis of usage, per device and per month. In fixed pricing models, customers have a certain limit of data usage and are charged according to that. We have fixed pricing on the basis of per user and per device as well. We have a certain limit up to which there is a fixed amount charged and as the limit exceeds we charge extra accordingly." -Small US-based cloud MSP

Ask for a separate budget as "Startup Costs". Give yourself some buffer of operating expenses in case of launch delays. Track the PnL separately from the rest of the business

Microsoft

BUSINESS PLANNING CONT.

"How much should I charge?"

It's now time to figure out how much to charge and how you'll bill your customers. First, decide the optimal pricing model you want to start with: pre-pay or Pay-as-you-go? Flat fee or Variable? Do you intend to charge per VM/node, per app, or per user? Or do you intend to keep it 100% variable and charge as a percentage of underlying cloud spend? Determine the pricing structure that works best for you, your practice, and your customers.

Most MSPs choose variable pricing tiers. Once you've locked on the levels, tier structure, and methods of pricing, decide your underlying SKUs and align your pricing models with the service offering you've decided to move forward with.

A best practice for determining the optimum pricing model: don't rely on market research alone. Sometimes the correct course of action is to simply ask your customers what model suits them the best, and what/how much they are willing to pay for.

Factor in changes in seller compensation with the new cloud pricing. Typically with a pre-pay contracts model, sellers are paid based on the number of commitments or licenses they sell. Conversely, pay-as-you-go contracts reward sellers based on the amount of Azure services a customer uses—usually per month.

WHAT MSPS ARE SAYING:
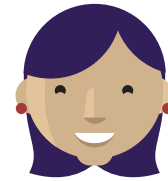
"We carved out a business plan to discuss what our services would look like, what our add-ons looked like. We gave ourselves a window to do testing in first 6 months, and a goal to get at least 3 clients to sign up for the service. Once 50% or more of our clients were on the service, then we started prospecting outside our existing database. We needed to make sure we had an understanding of the pitfalls before targeting new customers." -Owner and CEO, Small US-based Azure MSP

Microsoft

EVALUATE TOOLS

In order to develop a strong Azure MSP practice, you and your team need to have deep expertise in a variety of management and security tools. As an Azure MSP, you can either choose Microsoft's 1st party tools, as well as tools developed by Microsoft's technology partners (ISVs), or both.

"Best of breed" tooling

The most common approach to tooling is to use the best tool for each function your practice will offer — assessments, deployments, support, monitoring, migration etc. This approach provides more options for your customers, while helping you differentiate your offerings with specialized tooling. For instance, you can use TrendMicro for virus protection, Barracuda Networks for web application firewall, Alertlogic for alerting and threat analytics, and Symantec for data loss prevention. While each tool does something different, they're all security and endpoint protection tools.

One of the drawbacks to the "best of breed" approach, however, is that it requires cloud MSPs to have strong in-house training expertise and the skills required to rapidly integrate new tooling. Additionally, these systems often don't "talk" to each other or to a central management console, creating extra work on the integration front.

"Central Management Platform"

To ease these communication and interoperability complications, most MSPs use a central management platform, which is typically a CMDB/ITSM suite with a central management console. Most management functions, e.g. application discovery, remote monitoring, provisioning, billing, invoicing, backup, support, ticketing, etc. are provided by the central ITSM tool or via plug-ins.

WHAT MSPS ARE SAYING:
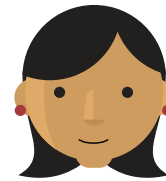
"We had to throw away tools since AWS/Azure already had native tools – we wasted time and effort in developing tools that became obsolete. We went through lots of iterations to identify the right capacity sizing, but due to lack of experience it hurt us." -US-based cloud MSP

"We may have overinvested. We were just sitting there waiting for customers. We probably had too much hardware assets – it's like owning a hotel building and renting out only two rooms. It's a combination of assuming too much from the client base that we had. Purchasing things that may not have been required or needed." -US-based cloud MSP
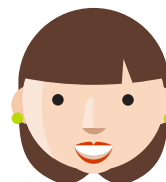
"Once we chose a vendor we had to use the product ourselves. There's nothing that we sell our clients that we don't use ourselves. Once you identify the market potential you have to decide whether you want to spend the time chasing it." -Small US-based cloud MSP

Microsoft

EVALUATE TOOLS CONT.

The most sophisticated MSPs develop their own management consoles. While not feasible for everyone — especially if your practice is just beginning — this method allows for a high degree of customization and almost ensures seamless integration with a customer's system. Often, these Cloud MSPs can charge a premium for custom consoles, as customized development of this nature represents unique IP.

Pricing and licensing

Our research has shown that the average number of tools partners use to deliver cloud-based managed services is 13. Some MSPs manage as many as 30 vendor relationships — including the tools used for their on-premises management needs.

You can choose from two licensing options for these tools:

(a) Bring Your Own License (BYOL)
(b) Purchase via Azure Marketplace

In both cases, you also have two pricing options to choose from:

- Purchase directly and deploy on behalf of your customer, allowing you to pass on the associated costs to your customer as part of the overall solution price

- Let the customer handle the purchasing while you manage the deployment and administration

Regardless of which method you go with, here are some general best practices for selecting the tools that will help you build your Azure MSP offer:

- Start with tools and functions you are most familiar with

- Avoid choosing based solely on functionality — think about training costs, maintenance costs, licensing requirements, customization options, and ease of integration

- Consider adopting a pay-as-you-go model for tools instead of pre-buying licenses — even at deep discounts

- Create custom runbooks and management packs for more speed and agility — reducing delivery time and costs

GROSS PROFIT BY ACTIVITY

Resale	Professional Services	Managed Services	Packaged IP
15%	35%	45%	70%
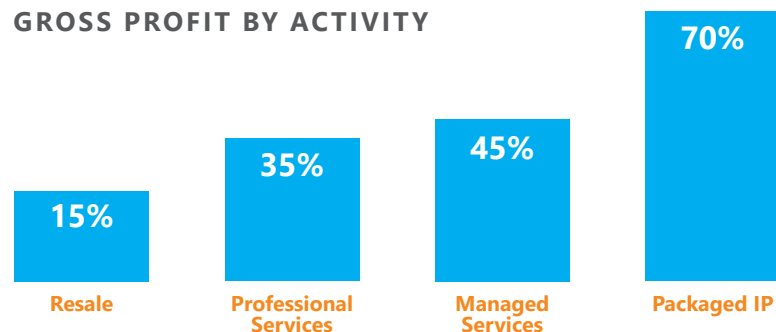
In a recent study on managed services best practices it was discovered that MSPs saw 45% gross profit, higher than both resale and professional services. While packaged intellectual property (IP) shows the highest gross profit, expensive custom implementations of your IP should be avoided. Source: IDC Research

Microsoft

Offer design

Prove the viability of the concept. Lay out milestones and timelines for launching services. Train your staff on Azure. Generate pricing and profitability models. Pilot the offering.

PROOF OF CONCEPT

"Will this actually work?"

Let's see what you've accomplished so far. You've spoken to customers and conducted external market research. You've looked inward and determined what you'll offer and how you'll differentiate. You've obtained executive endorsement, figured out your pricing and bundling strategy, and evaluated the tools you'll need. And you've built a rock-solid business plan.

Congratulations. You have just laid the foundation. Now it's time to take the next step in the transformation journey by building the right set of offers.

What offers?

As part of your business planning efforts, you already have an idea of the types of offers you intend to launch. Now is the time to go deeper and test your capabilities around delivering that.

Microsoft

PROOF OF CONCEPT

Testing

Every new platform has its own nuances which need to be tested before launching. You need to test the common, shared services that you will provide to the majority of customers—independent of a customer's specific application requirements. This includes testing the management and monitoring tools, the ITSM and ticketing tools, firewall and configuration management tools, and any runbooks or automations you may have built. You should also test your offering with other commonly used Azure IaaS services such as compute, storage, and networking.

Azure CSP provides you multiple options so you can test your solutions in an inexpensive manner.

CSP sandbox: Make sure you are taking advantage of the CSP sandbox capability. Every Microsoft partner on-boarded in CSP has access to $200 of test accounts for every subscription they provision.

Azure trial accounts: Azure trial credit ($200 per subscription) is similar to the CSP sandbox except they are available to anyone with a Microsoft account.

Azure Passes: Azure passes are timebound Azure credits that can be used for POCs/testing environments that are bigger than the $200 limit provided by Azure trial accounts. They are available to select partners. Talk to your Microsoft representative for access to Azure passes.

Azure documentation

There is a vast array of documentation available for Azure. Here are some important ones to remember:

- Azure best practices on availability, scalability, security, auto scaling, and monitoring—make sure you check your solutions and offerings for performance, latency, availability and scalability in multiple Azure regions

- Use the Azure IaaS MSP operations guide for all operations best practices on Azure – specifically for partners on-boarded in CSP

- Azure Partner Readiness Catalog (APRC), Channel 9 videos, Azure blog, and Azure GitHub pages

Microsoft

AZURE TRAININGS

"Can you do this? No? Time to learn."

Once you've tested your offering in a sandbox environment and determined both its operability and viability, it's time to get your operations and delivery staff up to speed and comfortable with working on Azure. You need to answer three key questions before starting:

- How many individuals do I need trained on Azure, with what level of expertise?

- Do I upskill my existing staff or hire new experts?

- What training resources do I need to use?

1. Resourcing needs

Begin by figuring out how many Azure experts you need before you launch the offer. Additionally, determine how quickly you plan on ramping them up. Our research tells us that most mid-size MSPs start their Azure MSP practice with 3 to 5 certified Azure architects at launch, rapidly growing to as many as 20 certified Azure architects within the first 12 months.

While most MSPs bring in Azure experts at Level 2 support and above, you should make sure your frontline support staff is also conversant with Azure. Typically Level 1 support engineers will need access to Azure portals, monitoring data, and billing dashboards—all of which require basic Azure trainings.

2. Hiring

This decision is completely dependent on your organization's hiring philosophy. Upskilling existing staff, especially if they are underutilized may be a more inexpensive way to build Azure readiness within the organization.

On the other hand, external hires make sure you can ramp up faster on this business and come without any negative legacy organizational work processes that may slow them down. However, it's more costly to hire new staff. Whatever option you choose, make sure your senior architects (including existing ones) are well versed with Azure. They will be expected to handle most of the customer engagements in the first few months.

3. Azure trainings

You will need to ensure that your new hires, as well as existing staff, are well aware of the latest and greatest in Azure. This doesn't just apply to architects, the same goes for solution sellers, as well.
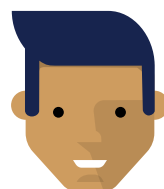
"We invested a lot of time in training our resources and building up the tools and automations and tools for our support staff so that once we launched Azure we had a staff that could support customers from day one." -Director, Product Management, Small US-based cloud MSP

On the next two pages, you will find a detailed Azure readiness and enablement plan for your sales staff and the technical staff. Click on any box to know more

Partner readiness and enablement map
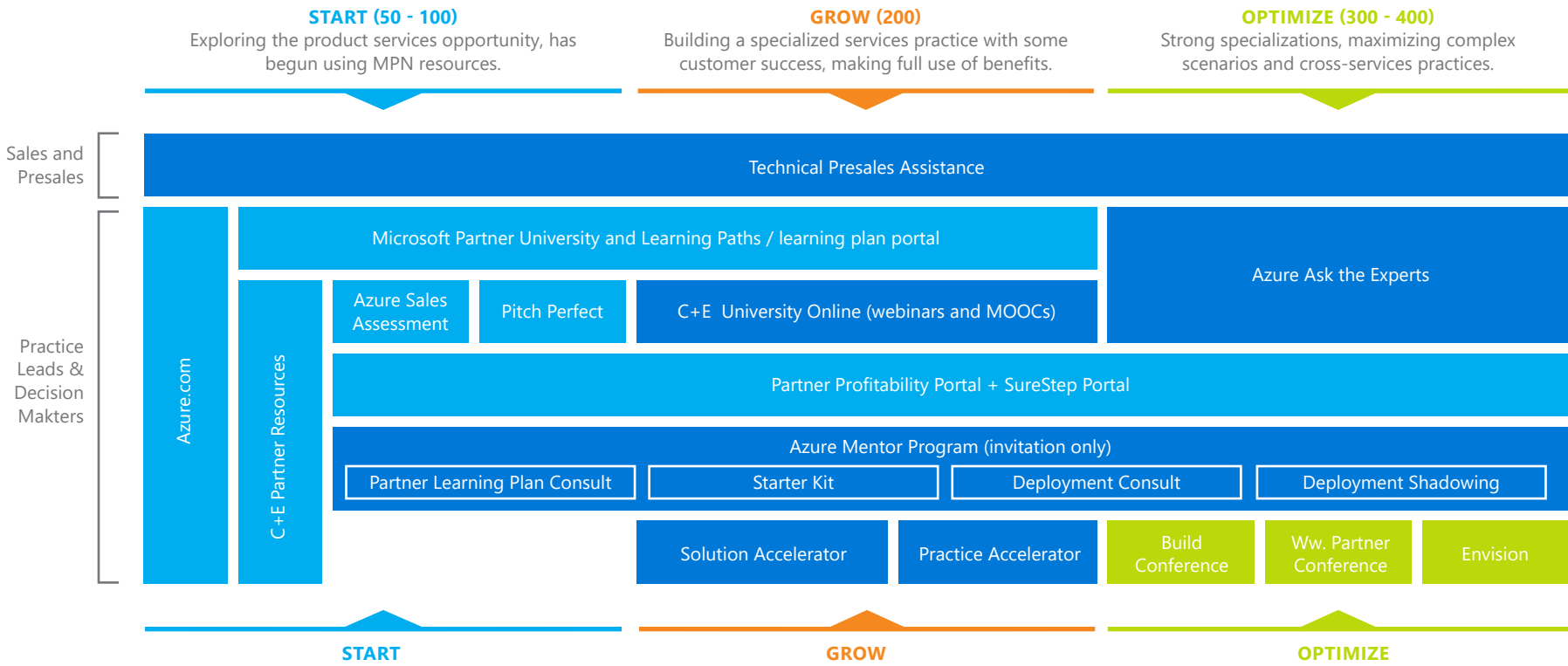
Sales Track

START (50 - 100)	GROW (200)	OPTIMIZE (300 - 400)
Exploring the product services opportunity, has begun using MPN resources.	Building a specialized services practice with some customer success, making full use of benefits.	Strong specializations, maximizing complex scenarios and cross-services practices.

Sales and Presales

Technical Presales Assistance

Practice Leads & Decision Makters

Azure.com

C+E Partner Resources

Microsoft Partner University and Learning Paths / learning plan portal

Azure Ask the Experts

Azure Sales Assessment | Pitch Perfect | C+E University Online (webinars and MOOCs)

Partner Profitability Portal + SureStep Portal

Azure Mentor Program (invitation only)

Partner Learning Plan Consult	Starter Kit	Deployment Consult	Deployment Shadowing

Solution Accelerator	Practice Accelerator	Build Conference	Ww. Partner Conference	Envision

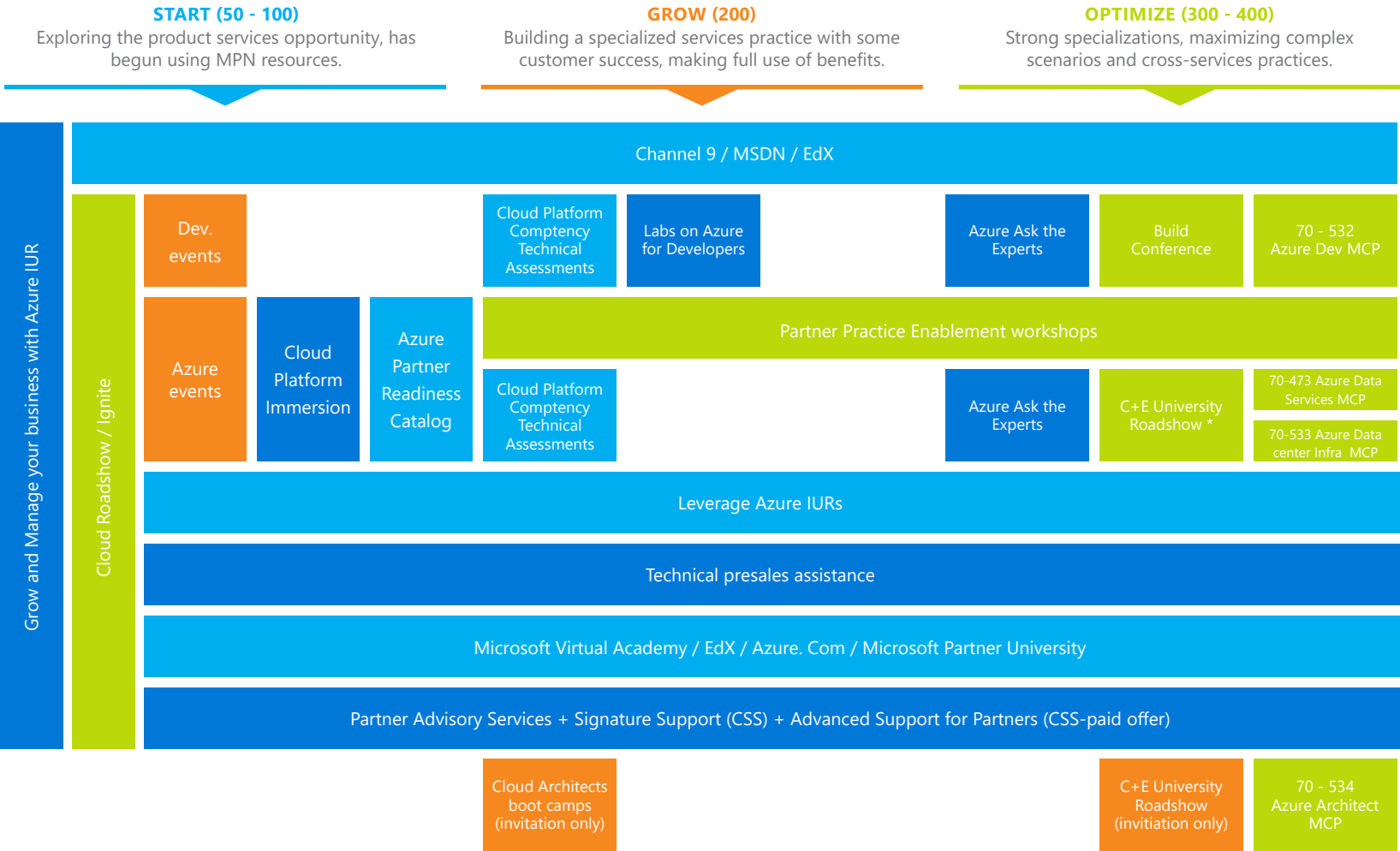**START** **GROW** **OPTIMIZE**

Click each box to learn more!

- On-demand online
- On-demand or live
- In-person or on-demand
- In-person only

Microsoft

Partner readiness and enablement map

Technical Track

START (50 - 100)
Exploring the product services opportunity, has begun using MPN resources.

GROW (200)
Building a specialized services practice with some customer success, making full use of benefits.

OPTIMIZE (300 - 400)
Strong specializations, maximizing complex scenarios and cross-services practices.

Solution Developers

Grow and Manage your business with Azure IUR

Cloud Roadshow / Ignite

Channel 9 / MSDN / EdX

Dev. events

Cloud Platform Comptency Technical Assessments

Labs on Azure for Developers

Azure Ask the Experts

Build Conference

70 - 532 Azure Dev MCP

IT Implements

Azure events

Cloud Platform Immersion

Azure Partner Readiness Catalog

Partner Practice Enablement workshops

Cloud Platform Comptency Technical Assessments

Azure Ask the Experts

C+E University Roadshow *

70-473 Azure Data Services MCP

70-533 Azure Data center Infra MCP

Leverage Azure IURs

Technical presales assistance

Solution Architects

Microsoft Virtual Academy / EdX / Azure. Com / Microsoft Partner University

Partner Advisory Services + Signature Support (CSS) + Advanced Support for Partners (CSS-paid offer)

Cloud Architects boot camps (invitation only)

C+E University Roadshow (invitiation only)

70 - 534 Azure Architect MCP

Click each box to learn more!

On-demand online

On-demand or live

In-person or on-demand

In-person only

PRICING MODELS

### "What level of service can I offer you?"

Most MSPs price their managed services offerings in tiered bundles including a base tier, a middle tier, and an advanced tier. Advanced tiers aren't just about premium support SLAs and better account management, they also include access to special tooling and support around performance optimization, endpoint protection, and budget management.

The table below is an example of a tiered pricing model:

These services can be charged in different ways—per user, per device, per instance, per app, or simply a fixed fee. All of these are valid pricing models and the choice depends on the nature of the managed services as well as customer's willingness to pay.

Refer to the "Who is an Azure Managed Services Provider?" section for the comparative breakdown of different pricing models

Tier	BASIC	ESSENTIAL	PREMIUM
Services Included	• Basic IT operations management (Patching, configuration etc.) • 24/7 monitoring • Monthly health reports & dashboards • 24/7 help desk	• Advanced level IT operations management including performance monitoring • 24/7 monitoring and alerting • Daily health reports & dashboards • Backup with recovery SLAs • 24/7 help desk with aggressive response SLAs	• Advanced level IT operations management including performance monitoring • 24/7 monitoring and alerting • Custom real-time health reports & dashboards • Backup and DR with recovery/failover SLAs • 24/7 help desk with aggressive response SLAs • Billing management and cost optimization • Dedicated account management
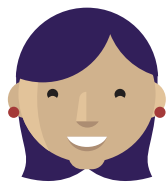
"We paid for more capacity than we needed at the time. We looked at number of customers who used the system, how much DB, how much IO cycles based on users. We calculated how many CPUs/time we'd need. We came up with a number and doubled it to be safe. However, when we looked at the bandwidth utilization we realized that we were only at 30% utilization which meant 70% was wasted." -US-based cloud MSP
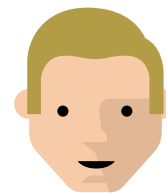
"We're not the type of people who want the best ones from the beginning. We believe in educating them,, so it's okay that they're young, it's okay that they're millennials. We can teach them things. We're not looking for the ones that can, we're looking for the people that want to."
- Finn Krusholm, CEO, CloudPeople

Microsoft

PILOT THE OFFERING

"I would like you to try this and tell me what you think."

During your initial release, test out your offering with a few pilot customers. The key objective of the pilot is to get as much feedback as you can, enabling you to fine tune your offer. With that in mind, try to choose the right set of customers for the initial pilot of your offering. An ideal pilot customer is one who:

- **Can devote time and resources** to really test out the breadth of your solutions—including edge cases. This test customer will help answer questions like:

  - How will a customer be compensated in the case of a SV1/A incident?

  - How will you resolve third party issues—either hardware or software—that the MSP can't handle?

- Will give you **detailed feedback on both the solution and pricing**. They will also provide feedback on things like:

  - Their experience working with your architects and help desk

  - Typical response times

  - Usability and intuitiveness of applications

- **Is similar in profile**—size, industry, business needs, compliance needs, etc.—to the customers you eventually plan to target with your offering

While most pilots run for free—or at a significant discount—make sure you **test for pricing in the pilot**. While a lot of customers may like the idea of an Azure MSP managing their cloud needs, only a true early adopter is willing to pay full price for the service.

Based on our research, the two biggest elements of good feedback in the pilot phase revolve around the viability of pricing and the ability to meet the support and management SLAs. The pilot testing phase allows you to make any necessary adjustments in your pricing tiers, as well as address any glaring performance or operability issues.

"We tracked different metrics such as customer satisfaction and demand. We tracked feedback that we received from our clients and noted any specifications they further required with our services. This tremendously helped us understanding the domains we lacked in." -US-based cloud MSP
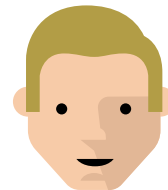
"We did our beta testing with a couple of small customers who knew they wanted to move to cloud. Their commitment and small size of the project meant we could complete the testing with only a couple of engineers." -Large US-based hoster, now offering cloud managed services

Go to market

Launch the offer with live users. Reach profitability by growing your internal sales and marketing engine. Ensure continued success by pivoting when market trends shift and competition increases. Continue the Microsoft partnership.

MARKETING AND SALES ENABLEMENT

Marketing and sales enablement are intrinsically linked to one another. Marketing—inbound and outbound—is about increasing awareness and generating leads. Sales enablement is about training the sales force on the new messaging and positioning so they can pursue those leads—even ones from an existing customer base. Even if you intend to launch your Azure MSP offering with a subset of your sellers, it is important to have some kind of readiness planned for your core solution sellers and technical sellers. Prepared with the proper materials, they will be able to deftly answer customer questions on the new offerings.

49% of partners work with other channel partners in an effort to offer a more complete solution, an IDC study concludes. IDC recommends having a dedicated salesforce trained in consultative selling.
Source: IDC Survey, 2016

Microsoft

The marketing and sales enablement activities begin before the offer is formally launched in the market. Listed below is a checklist comprising common marketing/sales enablement practices that often come before or accompany a wide, public market launch:

PRODUCT MARKETING

☐ Identify customer and buyer personas

☐ Define value prop, messaging and positioning for each persona

☐ Define core offer for each persona

☐ Create pricing structure

☐ Build a To-customer Pitch Deck

SALES ENABLEMENT – READINESS AND TRAININGS

☐ Assess Inside-sales/Tele-sales readiness

☐ Ensure customer care team readiness

☐ Guarantee solution seller readiness

☐ Ready your Solution Architect

☐ Prepare your Partner/Channel

☐ Announce your offering internally, company-wide

☐ Create a sales toolkit

LAUNCH PLANNING

☐ Create your digital assets—website copy and design, landing pages, offer pages, pricing, testimonials, call to action

☐ Engage SEO and SEM

☐ Write blogs and white papers

☐ Generate press releases

☐ Host a launch event and conferences

POST-LAUNCH DEMAND GENERATION

☐ Create banner ads

☐ Engage in tele-sales campaigns

☐ Host webinars

☐ Begin email campaigns

☐ Attend industry roadshows and conferences

"It's crucial to stay flexible against competition and adapt to changing trends in the industry. We consider launching new offerings and keep experimenting with them to provide our customers with better services than our competition." -Mid size US-based cloud MSP

"We had to educate the sales team to weave managed services into conversations from Day 1. We have a large marketing department, lead gen is one of the things we do. We had to rebrand the website, put out webinars, rewrite call scripts, and develop cloud marketing materials." -US-based cloud MSP

DIFFERENTIATE YOUR OFFERINGS

Based on our research, MSPs differentiate in multiple ways.

IaaS vs PaaS — While most MSPs start with IaaS and build offers like cloud application management, backup, and infrastructure management, they find a differentiating niche in managing PaaS services, especially for cloud-native applications.

Support as a differentiator — Knowing that technical support is one of the most important services expected from a cloud MSP, partners differentiate through superior SLAs for response time, resolution time, and application uptime.

> "We have heard that challenge over and over again, from so many customers that we really decided to develop IP around it. We were the first one in the market." -CEO, US Based SI turned MSP

Workload type — Mobile app development, Ecommerce, digital websites, media services, ERP, and CRM are examples of workloads being used by Azure MSPs to differentiate themselves.

Specific industries — Healthcare, financial services, and the public sector are three common verticals that are challenging to build service offers around. If you choose to specialize in heavily regulated industries like these, you can benefit from Azure's compliance certifications.

Security — Most cloud MSPs offer basic firewall and anti-virus services. Consider specializing in log analytics, alerting, intrusion detection and threat analytics to differentiate your practice in the fragmented security space.

Unique IP — The biggest opportunity for differentiation is to develop intellectual property, whether it's a proprietary assessment framework, runbooks/scripts that automate basic tasks, custom data visualizations, or a process that brings all the elements of the managed services business together in a seamless way.

To know more about how modern partners are differentiating in cloud, read the IDC ebook.

Microsoft

NURTURE THE BUSINESS

"What can we do better?"

Congratulations. Your Azure MSP business is officially up and running. Now what? As a new Azure MSP, you need to constantly evaluate and build on your service offerings by listening to customer feedback, analyzing market trends, and responding to shifts in product maturity cycles.

Increased technology adoption – Most MSPs launch a "Minimal viable offering" and continue to evolve their product lines with time. Some obvious technology areas of investments are automation/dev-ops, advanced analytics and deep security offerings. Others foray into application design and development services. An important area of differentiation is to move into cloud-native application design and management—focusing on containers and microservices. Use the MSP offering grid on Page [insert] as a checklist to determine your next level of investments.

Continued hiring and training – An average Cloud MSP grows by 120% in the first year, and breaks-even within 6-9 months after launching. This aggressive growth demands aggressive hiring—especially with sales and technical staff often growing by 3-4x in the first year. Make sure you have a plan in place for continued hiring and training. Use the partner enablement map on page 47 to see what resources are available for your training and readiness needs.
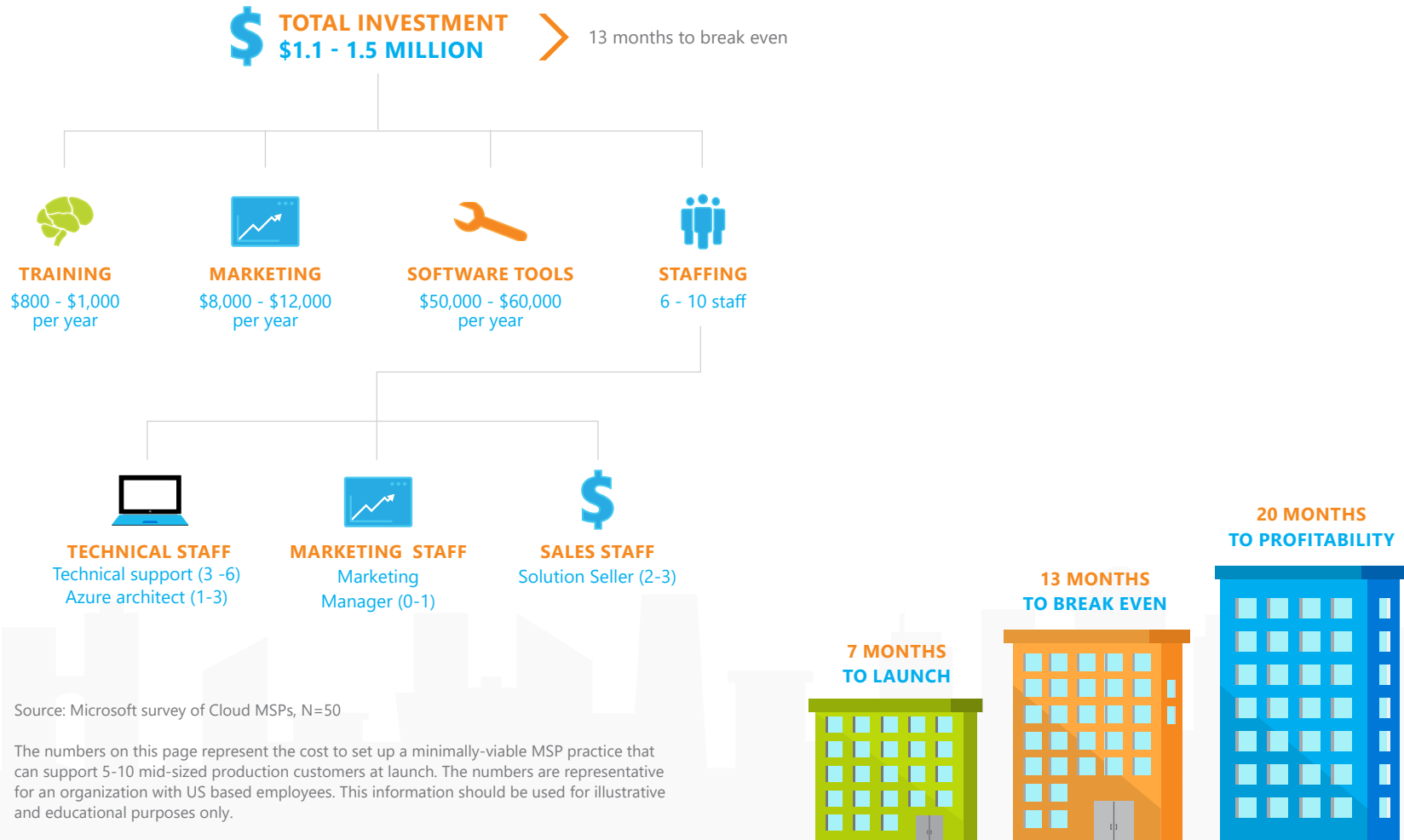
Executive sponsorship and review
The venture into managed services presents a major transformation imperative for most organizations—requiring significant change management and adaptability. It is important to have a C-level executive sponsor for the transformation program, even after the launch of the business.

A few best practices to keep in mind:

- Treat the MSP business as a separate business unit/revenue stream with its own P&L. As such, it should be tracked separately from the rest of the business in all executive reviews.

- Define key success metrics and closely track them in every leadership review. The metrics should be a combination of revenue and adoption statistics.

- Closely track upsell and cross-sell opportunities with other business streams. Answer questions such as "How many professional service deployments are converting to managed services?" or "How many operations projects started with an assessment?" Make sure to maintain relevant up-sell and cross-sell targets.

Microsoft

Cost of setting up an MSP practice

What does it take to set up a minimally-viable MSP practice?

**$ TOTAL INVESTMENT
$1.1 - 1.5 MILLION** > 13 months to break even

TRAINING
$800 - $1,000
per year

MARKETING
$8,000 - $12,000
per year

SOFTWARE TOOLS
$50,000 - $60,000
per year

STAFFING
6 - 10 staff

TECHNICAL STAFF
Technical support (3 -6)
Azure architect (1-3)

MARKETING STAFF
Marketing
Manager (0-1)

SALES STAFF
Solution Seller (2-3)

**7 MONTHS
TO LAUNCH**

**13 MONTHS
TO BREAK EVEN**

**20 MONTHS
TO PROFITABILITY**

Source: Microsoft survey of Cloud MSPs, N=50

The numbers on this page represent the cost to set up a minimally-viable MSP practice that
can support 5-10 mid-sized production customers at launch. The numbers are representative
for an organization with US based employees. This information should be used for illustrative
and educational purposes only.

Helpful links for Azure MSPs

Cloud Solution Provider (CSP)	
CSP technical and business documentation	aka.ms/CSP-in-a-Box
CSP portal on Microsoft Partner Network	aka.ms/CSPreadiness
CSP Yammer Group	aka.ms/cspyammer
CSP FAQs	aka.ms/CSPFAQ
CSP partner center administration	partnercenter.microsoft.com/pc/dashboard

Cloud Solution Provider (CSP)	
Azure internal use rights	aka.ms/ActivateIUR
IDC report on Cloud Market opportunity for Partners	aka.ms/boomingcloud
Cloud Partner Profitability resources	partner.microsoft.com/en-us/solutions/cloud-partner-profitability
Microsoft Partner Network (MPN) Cloud Competencies	partner.microsoft.com/en-us/solutions/cloud-is-our-core
Partner Resources for Azure IaaS and Hybrid Cloud practice developments	aka.ms/HybridPracticeAccelerators
Partner resources for EMS practice development	aka.ms/EMSPartner
Partner resources for Data platform practice development	aka.ms/datapartner
Partner resources for Azure IOT practice development	aka.ms/azureiotpartner

Azure documentation	
Azure Documentation Center	azure.microsoft.com/en-us/documentation
Azure Trust Center	azure.microsoft.com/en-us/support/trust-center
Azure Platform Overview	azureplatform.azurewebsites.net
Azure Partner Readiness Catalog	aka.ms/APRC
Azure quickstart templates (Azure.com)	aka.ms/Azure/QuickStart
Azure quickstart templates (Github)	aka.ms/azure/github

Partner readiness and enablement resources	
Microsoft Partner University	partner.microsoft.com/en-us/training
Microsoft Virtual Academy	mva.microsoft.com
Channel 9 videos	channel9.msdn.com
Azure Mentor Program (AMP)	Aka.ms/azuremp
Azure Support for Partners (Advanced)	Aka.Ms/ASfP
Azure Support for Partners (Premier)	Premier Support for Partners

Microsoft