

WITH NEW PROGRAM, MSP HOPES TO BECOME THE MVP OF OFFICE 365



By Karen D. Schwartz

As a veteran managed services provider based in Buffalo, N.Y., MVP Network Consulting has its share of customers that are more than satisfied with the Office 365 productivity suite. But, despite general satisfaction, MVP Network Consulting Vice President Richard Young says he's been waiting somewhat impatiently for Rackspace's new Office 365 for resellers program since Rackspace first notified its partners it would be available—so much so that MVP became part of the beta program.

Microsoft Office 365—including Exchange, Outlook, SharePoint, Skype and Office—has become a go-to collaboration tool for organizations that need to get work done in an effective manner. The combination of functionality provided across all of these products and the ability to collaborate seamlessly across different platforms and devices from anywhere is changing the way companies do business.

Microsoft reports that more than 5 million new seats of Office 365 are being added every quarter, and this migration represents an almost unprecedented opportunity for new recurring revenue streams and improved customer relationships. Indeed,



there are many really good reasons for MSPs to resell Office 365 directly to their customers, including:

- Eliminates the many challenges that come with customers and end users running outdated copies of Office, Exchange or SharePoint
- Economies of scale achieved when more customers use the same productivity suite
- Shows value to customers by reducing costs associated with hardware and volume licensing

Rackspace has recently announced that it is offering Office 365 CSP and Advisory for Reseller and Referral partners. These new offerings will allow MSPs and value added resellers (VARs) to resell or refer Office 365 from Rackspace, providing benefits that include:

- Ownership of customer relationships, including billing, which opens the door to cross and upselling
- The creation of new monthly, reoccurring revenue streams
- Access to Rackspace's award-winning Fanatical Support
- The ability to create unique packages including other Rackspace products

Young said his company has been supporting customers' migration to Office 365, but only at the outset—when the customer is setting up its account with Microsoft. Young said his team would work with the customer, helping it navigate the enrollment process to ensure that things were being set up correctly. But, once it came time for the customer to enter its credit card info, the transaction was between the customer and Microsoft—not MVP.

When customers saw that email was made available in Office 365, they sometimes questioned the value of buying email through MVP, which partners with Rackspace to sell Exchange Email and Rackspace Email.

"Today, when a customer starts using Office 365, we walk them through the sign-up process directly with Microsoft," Young explained. "The issue is that [this model] puts them directly in front of Microsoft and its email offering, which we are competing against. Every time we do that, we're essentially competing against ourselves."



“We have been looking forward to this new program so we can improve customer service and support, increase profitability, and make managing licenses easier.”

—Richard Young, Vice President,
MVP Network Consulting

With this new program, MVP will be able to sign up its own customers, controlling the information, licensing and billing process.

Now that Rackspace is offering a complete Office 365 platform, Young believes the entire engagement will be much smoother and effective—for both customers and for MSPs such as MVP.

“We have been partners with Rackspace for four or five years, but we haven't been selling Office 365 through them—just hosted Exchange mail and Rackspace Email,” Young said. “We have been looking forward to this new program so we can improve customer service and support, increase profitability, and make managing licenses easier.”

When MVP began supporting Office 365 about two years ago, the company wanted to offer what it considered the best services to its customers. Because MVP strongly believes that Rackspace's hosted Exchange is a superior hosted email service to Exchange hosted by Microsoft and provides much better support, it sells only the

Rackspace-hosted email to its customers, along with the Pro Plus version of Office 365 (Office apps without email). This allows them to piecemeal an offering together that makes sense from a financial and customer satisfaction standpoint. At the time, the only way to provide Pro Plus was directly through Microsoft, which cut MVP out of the deal.

Young sees many potential benefits to the new program.

For example, because Rackspace provides a partner portal where partners can administer Office 365, he expects to experience much easier licensing tracking.

He also expects that customers will appreciate the improved customer service, both through MVP and Rackspace. With the former model, Microsoft insisted on providing all of its own support, which customers often found frustrating.

“When you are dealing with Microsoft, it helps to be a high-level user who can understand the command shell and things specific to Exchange, for example. If you can’t speak that language, you’ll have problems,” he said.

This screen shows the process for adding Microsoft subscriptions using the Rackspace control panel.



OFFICE 365 CSP AND ADVISORY

The goal of this new program is to help VARs and MSPs improve customer retention and increase recurring revenue by reselling or referring Office 365 from Rackspace. It is geared specifically to VARs and MSPs currently unable to resell Office 365 directly.

Benefits include:

- More control over customer relationships, including billing
- Higher revenue
- Access to Rackspace’s 24x7x365 Fanatical Support
- The ability to create unique packages including other Rackspace products
- Sales and marketing help from Rackspace
- Rackspace technical expertise

With the new program, MVP can keep tighter control over the support process, running interference between the customer and Rackspace. From his experience reselling Rackspace Email, Young already knows the support process works exceptionally well. “With the Rackspace support, you just tell them what you want to do in plain English, and they figure it out for you,” he said.

Most importantly, Young expects MVP to increase its Office 365-related revenues after making the switch. When the company was going through Microsoft, MVP received no recurring revenue on sales of Office 365. Rackspace has a different model: Instead of billing the end customer directly, Rackspace bills the MSP, allowing the company to decide how much to mark up its products and services.

“Not only will it give us more control over profit with Office 365 directly,” said Young, “but it will allow us to add additional services like security, anti-virus and anti-malware and bundle it in a way that makes financial sense.” ●