



# Selling Office 365 the Smart Way!

## Summary

Competing with Microsoft on price is a losing proposition. Your clients are better served by buying what you do best – supporting Office 365. Build value for what you do by using pricing to show your strengths.

Reselling Office 365 has become a study in declining margins and increasing workload. For MSPs, this often results in reselling Office 365 as a “favor” to clients. But margins aren’t the only issue:

1. New paid Microsoft support requirements are increasing the costs and complexity of being a direct CSP.
2. CSPs are required to provide support for the most complicated consumer-focused cloud offering on the market.
3. Indirect CSPs must compete against direct CSPs who can offer discounts and still make money.
4. CSPs bear all the receivables risk of collection.
5. Office 365 client billing is often challenging, and manual oversight or revision is not uncommon.

And last, but certainly not least, Microsoft publishes their retail price and offers the product direct.

## A Client’s Value is Based on the Price You Charge

*Understanding how price communicates value is the first step to getting paid fairly.*

Before digging into a smarter way to sell Office 365, let’s talk price.

The difference in any value-based pricing strategy is the perception of the user. Why would clients assume that the MSP charging more per managed workstation is a “premium” firm? Price – It’s the same reason that Nieman Marcus is known as a “premium” department store.

To bring this discussion back to Office 365, if you charge the same as Microsoft, you will be perceived as offering the commodity version of Office 365 available to everyone. By charging more and creating the value-justification to explain the difference, you can differentiate your offering, achieve higher margins and increase client retention.

Creating a unique product that is available only from your company is the first step in breaking out of the Office 365 commodity competition. For the rest

of this paper, we'll talk about "Office 365 Platinum". This product name can be anything aligned with your business and that denotes a premium offering. Your product can come in multiple versions – "Platinum Lite" and "Platinum Advanced" or in other forms of packaging that let your clients feel they are making a better decision while also making a simpler decision.

For clients, Office 365 presents the opportunity to address multiple areas of concern including:

- **Productivity (Email, Word, Excel)**
- **Collaboration**
- **Analytics**
- **Internet Security**
- **Data Security**
- **Identity Security**
- **Compliance Requirements**
- **Legal Requirements**
- **Migration**
- **Deployment**
- **Administrative Support**
- **Monitoring**
- **User Support**

Part of the Office 365 selling process is surfacing and addressing these concerns. Then, pointing out that direct from Microsoft only addresses the first item on this list. The rest require setup, support, training and additional resources.

## Sell Smarter, Sell Office 365 "Platinum"

*If your clients wanted just "Office", you would never have the opportunity to present your solution. Microsoft makes it easy to buy online, but they don't make it easy to implement.*

For all these negatives, selling 365 is still a winning proposition. Office 365 offers new revenue and project opportunities related to security, conferencing, training and device management to name just a few. But these revenue opportunities require more effort and new products. If you want to make money on just licenses, you need to stop selling Office 365.

Instead, sell “Office 365 Platinum”. “Platinum” is your own unique product that is a combination of Office 365, support, add-ons and pricing that creates a secure, productive, transformative and unique solution.

## Sample Platinum Bundle

Using add-ons such as CloudRadial and Microsoft’s ATP, your Platinum pitch to clients becomes:

More importantly for your firm, your revenue and profits (assuming 10% margins) change substantially as this comparison shows.

Feature	Office 365	Office 365 Platinum
Email, Calendar, Tasks	✓	✓
Microsoft Office Apps	✓	✓
PC, Mac, iOS, Android & Web Versions	✓	✓
U.S. Based Support	–	✓
Phone & Conferencing Setup & Support <sup>1</sup>	–	✓
Dedicated Account Manager	–	✓
Full Service Administration	–	✓
Advanced Email Threat Protection	–	✓
Customizable Intranet	–	✓
Cloud Applications Menu	–	✓
Shared 365 Calendars	–	✓
Company Directory	–	✓
Centralized Messaging	–	✓
Knowledge Base & Training	–	✓
Security Training Courses & Certifications	–	✓
Consolidated Service Portal	–	✓
Infrastructure Reporting	–	✓
Policy Monitoring	–	✓
Compliance Tools	–	✓

<sup>1</sup> Requires Microsoft Phone / Cloud PBX

## Sample Platinum Pricing

Selling the Platinum version more than doubles your margins for basically the same effort. More importantly, it helps communicate that there is a better way to deploy Office 365 and your firm has that expertise.

License	Office 365			Office 365 Platinum			Margin
	Price	Cost	Profit	Price	Cost	Profit	
Business Essentials	5.00	4.50	.50	<b>10.00</b>	<b>7.30</b>	<b>2.70</b>	<b>27%</b>
Business Premium	12.50	11.25	1.25	<b>19.00</b>	<b>14.05</b>	<b>4.95</b>	<b>26%</b>
E1	8.00	7.20	.80	<b>14.00</b>	<b>10.00</b>	<b>4.00</b>	<b>28%</b>
E3	20.00	18.00	2.00	<b>28.00</b>	<b>20.80</b>	<b>7.20</b>	<b>26%</b>
E5	35.00	31.50	3.50	<b>44.00</b>	<b>32.50</b>	<b>11.50</b>	<b>26%</b>
E5 + Phone	47.00	42.30	4.70	<b>65.00</b>	<b>50.50</b>	<b>14.50</b>	<b>22%</b>

## Take Advantage of Other Benefits

*It turns out that improving your client experience is very beneficial to your bottom line.*

A tool like CloudRadial not only boosts your bottom line and provides numerous benefits to clients, it also helps your firm create a scalable approach to account management through:



- **Self-service sales**
- **Business-policy opportunities**
- **Improved QBRs**
- **Streamlined ticketing**
- **Better trained and self-reliant users**
- **Greater direct exposure to client end-users**

Taking your knowledge of best industry solutions and packaging them into a single offering that your clients can easily understand is a great way to avoid the Office 365 margin death spiral. Your own Office 365 package helps you stand out among a very competitive landscape and in the process of defending your price, you'll be educating your clients on the real choices they have with Office 365 deployment.

## About CloudRadial

CloudRadial is the number one solution for MSP account management. Tightly integrated with ConnectWise and Autotask, CloudRadial makes it simple for any account manager to have a scalable process to implement the smarter ways to sell Office365.

For more information, schedule a demo at our website [www.cloudradial.com](http://www.cloudradial.com).

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