About the Playbook

Developed by partners, for partners, as a guide for building and growing a Microsoft Business Applications practice.

This playbook provides high-level guidance and valuable resources for driving new revenue opportunities, developing strategies for marketing and lead capture, selling, and building deeper and longer-term engagements with customers through potential new offerings such as managed services.

It offers guidance on the technical skills needed, the Microsoft resources available to accelerate learning, and the key opportunities for technical delivery. The intent is to help partners understand the practice opportunity and best practices, not to re-write the existing body of detailed guidance on how to perform any given recommendation. Instead, it points to the relevant resources at any given stage of building an application development practice.

Many of the resources and programs referenced in this playbook require membership in the Microsoft Partner Network (MPN) to access. There is no cost to join. Information about the program and how to register can be found on the [MPN website](https://www.microsoft.com/en-us/partner).

Partner Practice Development Framework

The playbook is structured into five stages that take a practice from concept to growth.

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<th>Hire and train</th>
<th>Operationalize</th>
<th>Go-To-Market and close deals</th>
<th>Optimize and grow</th>
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<td>Define the offer, benchmark the practice, and identify required resources</td>
<td>Hire talent, train resources, and complete certifications</td>
<td>Prepare for launch with systems, tools, and process in place</td>
<td>Execute sales and marketing strategy to find customers and close deals with winning proposals</td>
<td>Collect feedback, identify expansion opportunities, optimize the practice, grow partnerships, and refine the offer</td>
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How this playbook was made

Many Dynamics 365 partners have assisted in the creation of this playbook, offering practical examples of best practices and recommendations. These are instructive examples and not meant to be exclusive.

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<td>Sable 37 (DXC)</td>
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<td>EBECS (DXC)</td>
<td>Sopris</td>
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<td>Hitachi</td>
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Leverage the Microsoft Cloud

“Digital transformation requires systems of intelligence that are tailored to each industry, each company, each micro-task performed by each person. Systems that can learn, expand and evolve with agility as the world and business changes.”

SATYA NADELLA,
CEO Microsoft

By 2022, IDC estimates that 70% of all organizations will have accelerated their use of digital technologies, resulting in 65% of global GDP becoming digitized, driving more than $6.8 trillion in direct digital transformation investments from 2020 to 2023.1

Cloud business applications from Microsoft provide the power, autonomy, flexibility, and agility to respond to customer demands for adaptable, scalable solutions that can truly transform their business processes. Dynamics 365 can remove the complexity of disparate CRM and ERP systems by creating modern, modular business applications that work together on a single platform, giving customers the flexibility to adopt technology when they need it to improve business outcomes. Sales, service, talent, operations, or financial workloads can be bundled or offered a-la-carte, to easily align an offering to the needs of the customer.

Dynamics 365 cloud business applications are connected by Microsoft’s Common Data Model (CDM) which allows for simpler integrations, cross-platform BI and workflows, easier purpose-built application builds, and a robust marketplace and ecosystem. Partners, businesses, developers, and end users will all be able to build industry specific apps directly from the CDM.
Why Microsoft?
Dynamics 365 offers meaningful solution differentiation:

- **Integration with existing Microsoft cloud applications**: Integration makes it easier to enter new markets using Microsoft development and management tools that partners and their customers already know – including products in the Microsoft Business Applications ecosystem, Office, Cortana, Azure, and more.

- **Extensibility**: Modular, highly customizable apps built on a unified platform of common data services, AI, and business intelligence help differentiate partner offerings and allow for multiple entry points without requiring the customer to fully replace existing systems. Additionally, the breadth and flexibility of the Microsoft platform enables partners to address complex, customized business scenarios better than off-the-shelf applications.

- **Increased revenue opportunity**: Flexible and customizable offerings can translate to higher customer satisfaction and a “stickier” solution that offers the potential of a longer-term relationship with the customer. It also means a broader range of revenue opportunities in deployment services, custom IP development, and managed services than a practice focused on deploying off-the-shelf solutions typically provides.

- **Power of the Microsoft cloud**: The industry’s most trusted cloud, with more than 70 security compliance certifications, and more regions that any other cloud provider.

The value of Microsoft’s partnership continues to grow. IDC estimated that for every dollar of revenue that Microsoft generated in 2020, partners generated an additional $9.58 of revenue through their own value creation (approximately $984 billion). That multiplier effect is expected to grow to $10.04 for every dollar of Microsoft revenue by 2024 ($1.2 trillion in partner revenue).1

1 IDC FutureScape: Worldwide Digital Transformation 2021 Predictions, October 2020
The business applications market opportunity

Digital transformation is not simply about technology—it’s a business strategy that requires leaders to re-envision existing business models and embrace a different way of bringing together people, data, and processes to create value for their customers and capture new opportunities for their organizations.

Intelligent business applications are the enabler of digital transformation. Gartner reports that through 2022, growth in enterprise IT spending for cloud-based offerings will outpace traditional (non-cloud) IT offerings.

Data is the new currency

This significant demand for intelligent business applications results from the vast amounts of data relating to people (employees), products (operations and telemetry) and customers (signals) that are available. Data is produced everywhere throughout customer organizations and is driving a dramatic change to the business environment with three dominant themes emerging:

CUSTOMER ENGAGEMENT IS EVOLVING
- Everyone is mobile, and they want to access more information, quicker
- People trust opinions from their friends and peers more than they trust brands
- It is easier than ever to switch to a competitor
- 57% of the purchase decision is complete before a customer even calls a vendor (CEB)
- 67% of the buyer’s journey is now done digitally (Sirius Decisions)
- Customer experience will overtake price and product as the key brand differentiator (Walker Information)

PRODUCTIVITY IS CRITICAL FOR BUSINESSES TO SCALE
- Resources are limited; productivity is the way to scale
- 40% of a worker’s productive time is lost when switching tasks (APA.org)
- Productivity tools are being embedded directly into business processes to save time and increase productivity
- IHS predicts 80 billion connected IoT devices in operation by 2025. (IHS)

A NEW SPEED OF BUSINESS
- New technology is enabling new business models, and it is happening at a much faster rate than ever before
- People and processes need to respond quickly to changes in the market
The opportunity by functional process

Globalization is driving digital transformation across every key business function, workflow, and process. While the transformation opportunity may be unique to each industry, the business application opportunity applies to them all.

This relentless need to innovate and evolve represents an incredible revenue opportunity for Dynamics 365 partners. A recent Forrester Research report determined that existing Dynamics 365 partners are generating $9.58 of service revenue for every $1 of Microsoft Business Applications licensing margin.

CRM opportunity

According to Gartner Inc, at the end of 2017, worldwide customer relationship management (CRM) software revenue reached $39.5 billion, making CRM the largest of all business applications markets. Gartner also suggests CRM software revenue will continue to lead all business applications markets with a growth rate of 16%. (Gartner, 2018).

This growth rate is predominantly driven by lead management, customer engagement and acquisition, and field service management, each of which is growing by more than 20% (Gartner, 2018). Client organizations want accessibility to customer data in real-time to provide a more personalized experience, with mobile and cloud solutions in the forefront.

Companies are investing in CRM to ensure compliance with the European General Data Protection Regulation (GDPR) and other consumer privacy laws. It is expected that budgets for information security, CRM and CX, marketing technology, data loss prevention, security information, event management, and security consulting will continue to grow at an accelerated rate.

ERP opportunity

According to Statistics MRC, the Global Enterprise Resource Planning (ERP) Software market is expected to grow to $74.20 billion by 2026. This represents a compound annual growth rate of 9.0% (Statistics MRC).

Key factors driving growth are operational efficiency, maintaining real-time data transparency, and a strong desire for cloud-based ERP deployments. Rising demand for ERP solutions from SMBs is another contributing factor as SaaS licensing enables small and medium sized business to leverage industry-specific business applications that were once solely the domain of the enterprise. Product and services quality improvements, the increasing maturity and accuracy of data analytics, intelligent business applications, and the need for greater workforce mobility are also driving significant ERP projects. ERP buyer purchase triggers include:

- Outdated, slow, inflexible legacy systems that hamper an organization’s ability to respond rapidly to market opportunities and customer demands
- GDPR non-compliance due to outdated, vulnerable legacy systems
- The desire to integrate smart sensors and IoT devices that support new business models
- Inability to scale to address business complexity and growth
Human capital management (HCM): Talent and HR opportunity

The overall HCM applications market is expected to reach $23.5 billion by 2022, which represents a compound annual growth rate of 3%.

INVESTMENT IN HR APPLICATIONS IS BEING DRIVEN BY SEVERAL KEY FACTORS, INCLUDING:

- Increasing employee demands
- Need for more agile recruitment and hiring
- Acute competition for key skills
- Rising social media and video recruiting
- High-volume recruitment efforts directed at a mobile workforce
- Need for enhanced communication capabilities

BUYER PURCHASE TRIGGERS INCLUDE:

- Inability to quickly attract and recruit needed talent
- Outdated, manual and/or inefficient systems that undermine HR productivity
- Increasing hiring costs
- The need to accelerate new hire onboarding to reduce time to productivity and employee turnover

Strategy that drives high-impact corporate culture, diversity, inclusion and equality
Customer Experience Opportunity
According to the Walker 2020 Customers report, customer experience is on track to overtake both price and product as the key brand differentiator.

The global customer experience management market (including both customer and field services) is expected to grow to $16.91 billion USD by 2022 at a compound annual growth rate of 23.1%. (Markets and Markets)

KEY TRENDS DRIVING THIS GROWTH ARE:
- Heightened customer expectations for real-time service delivery
- Omni-channel service response including mobile, email, call center, social media and chat
- Customer demand for personalized experiences
- Increased global competitiveness driving customer retention and brand loyalty through superior customer service

BUYER PURCHASE TRIGGERS INCLUDE:
- Inability to access a single, accurate and complete customer view
- Declining first call resolution and first-time fix rates
- Productivity issues around remote fixes
- Resource schedule optimization
- Declining customer satisfaction ratings
- Surging customer churn
Define the Strategy

Business Applications

aka.ms/practiceplaybooks
Introduction

This section of the playbook will review the steps required to define a business applications practice strategy.

Today’s business buyers increasingly expect a high level of industry knowledge and domain expertise. The following section will guide partners through the process of analyzing, identifying, and defining their core practice focus in terms of industry, vertical workload, and market specialization to create defendable differentiation.

It is also important to understand the common trigger events for the target market and how they lead to business application projects. Then see the critical elements needed to successfully define, design, and review the solution development options with regards to building, buying, or partnering.

Review the four cloud business application revenue streams (resale, project services, managed services, and intellectual property), their respective margin contributions, and their impact on profitability and differentiation.

Then explore solution pricing options. An effective pricing strategy will increase lead generation, accelerate customer acquisition, and improve profitability. It also helps clearly communicate the value proposition.

This section concludes with a review of the benefits of partnering, both with Microsoft and complementary partners in the broader ecosystem, to efficiently, and effectively, bring unique Dynamics 365 solutions to market.

For more on how to determine the value of a solution and package that value into a differentiated offer, refer to the Define the Strategy Guide.
Define the Practice Focus

A Dynamics 365 business application practice enables partners to create and deploy innovative business solutions that help customers reduce costs, streamline business processes, scale and grow, meet customer demands, attract and retain talent, deliver high quality services, and secure sustainable competitive advantage in their chosen industries.

The business applications market is both mature and highly competitive, and the barriers to entry, in terms of skills and expertise, are high. Customers expect their vendors to possess a deep understanding of both technology and industry, as well as expertise and experience resolving their specific business challenges.

Industry domain expertise has become a critical success factor and to effectively compete, partners focus on a defined industry, vertical market, or solution specialization.

In the Microsoft Business Applications Playbook survey conducted by MDC Research, partners reported that specialization is critical to success when moving to a cloud model.

Key to Success when Building a Cloud Practice

<table>
<thead>
<tr>
<th>1st</th>
<th>Becoming specialized in our offering</th>
<th>Total (n=823)</th>
<th>Sell Dynamics (n=162)</th>
<th>Does Not Sell Dynamics (n=661)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2nd</td>
<td>Building the right Cloud product</td>
<td>41%</td>
<td>34%</td>
<td>43%</td>
</tr>
<tr>
<td>3rd</td>
<td>Having the right team</td>
<td>36%</td>
<td>36%</td>
<td>36%</td>
</tr>
<tr>
<td></td>
<td>Changing our sales process</td>
<td>32%</td>
<td>34%</td>
<td>31%</td>
</tr>
<tr>
<td></td>
<td>Packaging up our products and services</td>
<td>26%</td>
<td>31%</td>
<td>25%</td>
</tr>
<tr>
<td></td>
<td>Fix pricing our services</td>
<td>22%</td>
<td>9%</td>
<td>25%</td>
</tr>
<tr>
<td></td>
<td>Having capital to fund the transition</td>
<td>21%</td>
<td>24%</td>
<td>20%</td>
</tr>
<tr>
<td></td>
<td>Building marketing capabilities</td>
<td>17%</td>
<td>24%</td>
<td>15%</td>
</tr>
<tr>
<td></td>
<td>Accelerating deployment timeframes</td>
<td>13%</td>
<td>18%</td>
<td>12%</td>
</tr>
<tr>
<td></td>
<td>Having executive buy in to drive the change</td>
<td>11%</td>
<td>12%</td>
<td>11%</td>
</tr>
<tr>
<td></td>
<td>Market demand/customer attitude</td>
<td>1%</td>
<td>1%</td>
<td>&lt;1%</td>
</tr>
</tbody>
</table>

Source: Microsoft Business Applications Practice Development Study, MDC Research, March 2018
Choose a specialization

Focus on an industry, market segment or solution specialization to drive competitive advantage.

Building a business application practice today requires specialization, differentiation, and the ability to deliver measurable customer business value quickly.

Increasingly, customers are searching for pre-configured, purpose-built industry solutions they can deploy quickly, with limited risk, at a relatively low cost. They are selecting business applications based on platform and the degree to which it is customized for their specific needs. Customers are no longer willing to invest their time and resources educating vendors about their business.

Historically, most business application partners adopted a horizontal customer acquisition strategy. Partners that still pursue that strategy today experience some of the lowest win rates in the Microsoft ecosystem. They suffer from high sales cost, long sales cycles, and low win rates. Their lack of differentiation inevitably drives them into pricing and discounting discussions.

Focusing a business applications practice on a limited number of industries, a vertical solution specialization or a market segment, allows partners to build domain expertise, which eventually culminates in a deep technical and business understanding of the challenges, pain points, and unique dynamics of the industries served. Focusing on a defined market segment also allows partners to precisely tailor their service offerings, configure more compelling solution sets and develop their own high-margin IP.

Most partners who contributed to the development of this playbook pursue three or fewer industries, while some focus exclusively on one. Limiting the breadth of the initial market enables partners to hire talent with domain expertise and quickly develop a strong working knowledge of the target customers’ business challenges and underlying business processes. This approach also reduces the risks and write-offs associated with scoping and estimating the initial customer projects. Most importantly, it enables partners to begin the process of developing and monetizing their own IP, which reinforces differentiation and drives a more profitable business model.
Industry focus
To begin, analyze potential focus areas across multiple dimensions, including market opportunity, market size, established competitors, affordability, and growth potential.

One of the most important factors to consider in selecting a focus area, is the degree of industry disruption. The greater the disruption (and requirement for change), the greater the need to explore new technology solutions. Disruption inevitably creates a sense of fear, risk, opportunity, and urgency (and new business models), which often results in a need for improved automation, new capabilities, greater control, and optimization.

COMMON INDUSTRY DISRUPTORS INCLUDE:
- Regulatory change (i.e., GDPR)
- New competitive entrants or substitute products
- Significant currency fluctuations
- Supply constraints (raw materials)
- Product or service commoditization
- Industry consolidation
- Economic factors such as interest rate fluctuations
- Changing buyer demands or behaviors
- Trade disputes

The Dynamics 365 partners we surveyed predominantly focus on the following industries

Manufacturing: 41%
Professional Services: 39%
Healthcare: 35%
Financial Services: 33%
Technology: 32%
Government: 26%
Retail: 24%
Education: 24%
Transportation: 23%
Communication: 19%
Utilities: 18%
Entertainment: 16%
Hospitality: 12%

Microsoft Business Applications Practice Development Study, MDC Research, March 2018
20-30% of the potential customers in any industry will be early adopters who view technology investments as a strategic advantage, an opportunity to improve operations, accelerate product development, improve service delivery, increase margins, and grow market share.

Another 20-30% will be laggards. They will resist new technologies and likely delay the adoption of cloud solutions. Laggards are often emotionally attached to investments in their existing, familiar, on-premises legacy systems.

For additional help determining an optimal industry focus, use this Industry Competitiveness Assessment tool to help identify the strongest focus areas: [https://neuralimpact.ca/industryassessment/](https://neuralimpact.ca/industryassessment/)

**SOLUTION SPECIALIZATION**

Another way to specialize, is to focus on a specific workload or subset of business processes. Almost 40% of Dynamics 365 partners pursue this workload strategy in selling a defined solution into multiple industries. Importantly, they typically focus on three or fewer core business problem areas. For example, many specialize on improving targeted business process or workflows.

The challenges they address across multiple industries are often similar and repeatable, which allows them to differentiate and develop accelerated deployment methodologies, strategic functionality, and repeatable IP. Solving similar business process challenges across multiple customers, in different industries and environments, allows for both industry diversity and a broader market opportunity.

Additional examples include franchise management, mega event marketing and professional services. Partners that optimize business processes and customer engagement experiences across organizations who share common business processes and models mitigate the risks associated with an economic downturn in any one defined industry segment.

A solution specialization, or workload focus also enables partners to develop complementary solution elements and IP that strengthens their value proposition, accelerates project delivery, and increases profitability.

**MARKET SEGMENT**

The specialization option that casts the widest net is focusing on a market segment with pre-configured solutions to address their core needs. SMBs, for example, typically share similar financial structures and relatively unsophisticated business processes like invoicing, inventory management, opportunity management, and customer service. But because of the differences in business processes in different industries, partners can develop an efficient, low-cost delivery team to configure solutions for each client (when required).
Vertical industry opportunities and case studies

The healthcare opportunity

Healthcare is about providing consistent high-quality care to those who need it in a timely fashion. Serving this market requires systems that support the experience of well-trained practitioners in making better data-driven decisions and taking actions that best support the needs of those they serve. Patients are demanding more control over their healthcare data and to have more insight into their medical histories. Privacy and confidentiality are increasingly critical. The healthcare industry is battling increased demand, escalating costs, labor shortages, and the need to innovate. This is an industry fraught with change and disruption and presents a significant opportunity for enterprise resource planning, logistics management, scheduling, process improvements, patient monitoring, data collection, and more.

HEALTHCARE BUSINESS DRIVERS

<table>
<thead>
<tr>
<th>Drivers</th>
<th>Focus Areas for Investment</th>
<th>Benefits</th>
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<tbody>
<tr>
<td>Growing population, aging &amp; chronic care burdens</td>
<td>Provide personalized patient and consumer experiences</td>
<td>Better health and care outcomes</td>
</tr>
<tr>
<td>Medical advances and care delivery innovation</td>
<td>Improve healthcare outcomes</td>
<td>Reduced cost of healthcare delivery</td>
</tr>
<tr>
<td>Changing healthcare financing models</td>
<td>Improve business and clinical operational efficiency and excellence</td>
<td>Improve staff efficiency and productivity</td>
</tr>
<tr>
<td>Strained budgets, shortage of physicians and nurses, lower reimbursement rates</td>
<td>Meet changing market trends with innovation</td>
<td>Effective management of healthcare resources</td>
</tr>
<tr>
<td>Technology Silos and legacy technologies</td>
<td>Adhere to increased regulatory requirements and more complex compliance</td>
<td>Improved risk management and regulatory compliance</td>
</tr>
</tbody>
</table>

PERSONALIZED PATIENT EXPERIENCES

Australian community health services provider Silverchain needed a solution to help provide independent care, dignity, and independence to over 94,000 clients through its home hospital service. Dynamics365 combined with Field Service was used to provide nurses with real time, secure access to patient data in the field. Missed visits or failure to take medication at a set time could be instantly flagged, preventing potential catastrophic consequences. The system has eliminated a clerical data entry role for nurses, allowing them to be out in the field rather than working behind a desk.

TURNING CUSTOMER FEEDBACK INTO NEW SERVICE OFFERINGS

BUPA, Australia’s largest health insurer, implemented Dynamics 365 Customer Service to replace its inbound call center complaint handling operation with an omni-channel service experience. This has enabled the business to proactively identify both opportunities to improve customer service as well as create new service offerings from the feedback collected through multiple touch point including customer sentiment from social media platforms. This has seen an increase in both customer satisfaction and staff now feeling more empowered and engaged in their jobs.
The financial services opportunity

With the introduction of PayPal, crypto currencies and other payment innovations, the financial services and insurance services industries are being disrupted. Savvy financial institutions are investing in customer relationship management systems to win the hearts and wallets of their customers. Old legacy ERP systems are unable to respond to changing customer demands. With high customer acquisition costs, dropping margins, and less customer loyalty, the financial services industry is primed to leverage business applications to gain a sustainable competitive advantage. Industry leaders are investing in leveraging data, advanced analytics, and predictive models to offer better prices more personalized products based on customer behaviors and needs.

Increased online shopping, travel, fraud, identify theft, and more have created fear and opportunities for secure business processes.

Significant opportunities exist in providing financial services organizations with solutions that can help them engage their customers in new, interactive ways, empower their employees to innovate the customer experience, optimize their operations to drive efficiencies across their business, and transform their products and services so they become a trusted advisor.

EMPOWERING EMPLOYEES TO DELIVER ON THE SERVICE PROMISE

As a small fish in a big pond, Beyond Bank has its sights set on market differentiation and growth. As a mutual bank, the focus is always on the needs of customers and the business owners. Staff members were having to sift through 15 different tabs and screens to identify the information needed to take a single customer call, which created significant inefficiencies in customer service.

IDENTIFYING THE NEXT BEST ACTION FOR THE CUSTOMER

Sentiment analysis can help financial services organizations assess the likelihood of a deal closing or the level of a customer’s loyalty. Additionally, financial services employees can generate cross-sell and upsell opportunities with a higher likelihood of acceptance, resulting in increased wallet share.

Metro Bank is using Dynamics 365 for Customer Service to eliminate the all-too-familiar pain-points experienced at a bank – the long waits, complex rules, confusing processes, and barrage of marketing offers. The bank is leveraging this technology to give customers what they want, and they’re doing it faster, making it easier, and delivering it via the
communication channel most convenient to the customer. With nearly 100% year-over-year growth, Metro Bank is succeeding — not by serving customers, but by creating “fans.”

The bank is now using Dynamics 365 to draw out real-time data from core banking processes and applications and provide its consultants a 360-degree view of each customer. It is also looking at real-time sentiment analyses across multiple touch points, including social media. Investment in new technology will create value by allowing the bank to understand and connect with customers and deliver an exceptional customer experience.

CUSTOMER CENTRIC BANKING

Bank of Ireland needed a solution that could provide a customer-centric banking experience for its 1.6 million customers. Microsoft partner Hitachi used Dynamics365 customer service to deliver an omni channel platform that provides a single customer view across phone, online and branch touchpoints.

Real time information helps guide staff through customer interactions improving the flow of meetings leading to increased sales, and higher staff and customer satisfaction scores.
The manufacturing opportunity

Unlimited computing capacity in the cloud and real-time analytics capabilities enables manufacturers to access new insights and build systems of intelligence like never before. Forward-thinking manufacturers are looking to use these capabilities to optimize their supply chain and production operations, engage their customers in powerful new ways, transform their services and products, and empower their employees through customer insights.

Predicting maintenance needs

To streamline operations and boost efficiency, Sodexo, one of the largest facilities management companies worldwide, has replaced a series of standalone and siloed computing systems with Azure and Dynamics 365. The integrated cloud-based solution ensures that Sodexo personnel and clients have secure, anytime, anywhere access to information and real-time decision-making support.

Instead of sending staff out to make routine checks on client assets, personnel are now only deployed when an anomaly is identified or forecasted. Power BI visualizes data pulled from Dynamics 365 and IoT sensors. Using predicative analytics, operational managers can identify a potential leak with, for example, a water filter. Once captured in Azure IoT hub, a work order is created in Dynamics 365 and rich data, such as time-to-fix, actual tasks to be done, and the precise location of the potentially affected pipe is provided. This allowed Sodexo to pass on savings of 15-20% to its clients.

Transforming service delivery

Innoware helped Metinvest, one of the largest Eastern European producers of Iron Ore raw materials, to ‘transform the way they delivered IT’ and deliver world class project and account tracking capabilities to service internal line of business manager’s needs. The new Dynamics based system equips IT account managers to deliver better services, enhanced collaboration, greater visibility into business processes and excellent project delivery across the business.
Increasing sales, customer acquisition, retention, and service

Service after the sale and the role that technicians play in bridging the gap between with the end customer has become a key differentiator for manufacturing companies. Dynamics 365 Field Service is helping NOV identify new sales and commercial opportunities, efficiently plan, and resource tasks, and enable technicians to execute more effectively out in the field. The Field Service mobile app provides real time data relating to customer’s service history, site location, site specific equipment to be worked on, as well as tools needed while the service calendar optimizes technician resource utilization.

Michelin wanted to enable their technicians to provide premium customer service while on-site. Dynamics 365 lets them automate the process from customer to technician, monitoring technician and inventory availability to ensure their time is the most important thing a company can do to provide good service. By centralizing their data sources, Michelin can route technicians efficiently and ensure that they arrive to customers when promised and with the correct tools to get the job done on-site.

HP Inc. handles more than 600 million technical support contacts each year, to improve both self-service and contact center support delivery, HP built a virtual agent using the Dynamics 365 AI solution for customer service. Customers can now interact conversationally with the assistant to solve common problems, support staff use the Microsoft AI solution for instant access to a wealth of troubleshooting information, and the company gains deeper insights into common customer issues.

Increased design and engineering productivity

Siemens technicians are now able to remotely service long haul trucks using a mixed reality solution that combines capabilities of Dynamics 365 for Field Service and HoloLens. Service check lists, repair diagrams as well as the ability to remotely consult with HQ based experts are just some of the tasks which can be completed with hands free efficiency. This leads to faster completion of maintenance jobs, less human errors, and the immediate recording of service reports in Dynamics 365 Field Service.
The retail opportunity

In the modern retail environment, consumers are well-informed and expect intuitive, engaging, and informative experiences when they shop. Retailers need solutions that can help them delight their customers with personalized experiences, empower their workforce to provide differentiated customer experiences, optimize their supply chain with intelligent operations, and transform their products and services. All of these are opportunities for partners to bring business solutions.

THE PRESSURE ON RETAIL LEADERS IS GROWING:

- **Online sales have overtaken brick and mortar stores**: Shoppers made 51% of their purchases on the web last year.
- **Customers desire unified experiences across channels**: Companies with omnichannel customer engagement strategies retain approx. 89% of their customers.
- **Personalization is expected at all touch points**: 47% of digital customers desire a consistent personalized shopping experience from one channel to the next.
- **Customers are more informed about products than employees**: 61% of retail store managers believe that shoppers are better connected to product information than in-store associates.

DELIVERING THE MODERN RETAIL EXPERIENCE
There are many problem scenarios covering a variety of stakeholders that partners can solve with innovative solutions:

- **CMOs** need analytic tools to provide personalized, seamless experiences across channels—whether customers are in the store, online, on mobile or social, or browsing a catalog.
- **VPs of Stores** need to arm employees with up-to-date customer info and business intelligence to facilitate outstanding service.
- **Store Managers** want to make it easier for in-store teams to accomplish daily tasks. In an industry with higher-than-average employee turnover, retailers need to give employees tools that make their jobs easier.
- **Merchandising Directors** need to keep up with rapidly changing customer preferences. Retailers have large volumes of data about customer behavior and product performance, but they don’t necessarily have the right tools to act on that data.
- **COOs** need to keep the lights on by meeting demand on all channels, managing inventory efficiently, and preventing out of stocks.
- **Merchandising Directors** need to keep up with rapidly changing customer preferences. Retailers have large volumes of data about customer behavior and product performance, but they don’t necessarily have the right tools to act on that data.
- Finally, **CIOs** need an easier way to measure business performance across all channels and gain a holistic understanding of channel performance and customer activity.

**EXCEPTIONAL CUSTOMER SERVICE**

Today’s retail customers want rapid service and access to personalized information and service. Thanks to Microsoft Dynamics Partner Sable37 and its scalable and agile customer experience platform built on Dynamics365 for Operations, Michael Hill Jeweler can now maintain its personal touch with a cloud-first approach that frees front line staff from mundane tasks.

Driven by an insights engine using the POS feature of Dynamics365 for Operations running on Azure, the Retail37 “clientelling” solution delivers employees with deeper customer insights as well as tools and back-end systems that inject efficiency. This has enabled relevant, faster, and more effective customer-staff Interactions that are critical for high ticket, life event-based purchases.

The platform is core to realizing Michael Hill’s international expansion plans and future e-retailing and e-marketing strategy.

**IMMERSIVE SHOPPING EXPERIENCES**

Macy’s recognizes that shoppers are increasingly turning to online and mobile channels to browse for merchandise and make purchases. To optimize the shopping experience, Macy’s enhanced its website with a virtual agent based on the Dynamics 365 AI solution for customer service. With deep connections to back-end systems, the virtual agent can take action to solve customer issues and transfer customers seamlessly to a live agent if necessary. The virtual agent is already answering more than one quarter of customer queries and Macy’s plans to expand it to additional shopping channels.

Within just a month of being deployed, the virtual agent is already answering more than one quarter of customer inquiries in its current implementation, freeing up call center agents to handle more difficult questions.

**PERSONALIZED SALES AND MARKETING**

Successful Ukrainian retailer MOYO is gaining even more market traction via a new Customer Relationship Management (CRM) platform built on Dynamics 365 and Azure. The solution, provided by trusted Microsoft partner E-consulting, has deepened customer loyalty, and raised MOYO’s brand appeal by making possible highly targeted and relevant marketing and sales promotion campaigns, leading to increased sales and better employee engagement.
The public sector opportunity

Governments are under pressure to keep up with things like digitally engaging citizens, collaborating across organizations, building a millennial workforce, and controlling costs. While there are now more mobile devices than there are people on this planet, only 45% (of citizens) say that their government leaders understand digital trends and technologies.

**Government organizations are under pressure**

- **Digitally engage citizens**: 45% say that their government leaders understand digital trends and technologies.
- **Collaborate across organizations**: 71% of cross-functional teams are dysfunctional.
- **Build a millennial workforce**: 6% of federal employees are under the age of 20.
- **Control costs**: 62% of leaders lost budget at top barrier to technology adoption.
- **Secure data**: 13M government records were exposed in 2016.

**Meeting today's demands is a challenge**

- Our agency can't support the increasing demand for mobile access to government services.
- SEC regulations and local systems make it difficult for government agencies to collaborate across organizations.
- Millennials are interested in government services, but they expect a modern workplace.
- My budget hasn't increased with the increasing demands of government services.
- I can't keep up with increasing security risks and compliance requirements.

**BUILD CITIZEN TRUST WITH SUPERIOR CUSTOMER SERVICE**

**Mecklenburg County**, North Carolina has a population of over a million people and 6,500 employees and contractors hired to serve them. To enable their vision to be the “best local government services provider in the world,” they implemented technology that provides them a 360-degree view of their citizens to enable better, more data-driven decisions on their behalf.

For instance, 20% of their citizens receive some sort of government assistance, and this visibility allows them to deliver this assistance in the right way at the right time in the right place.
OPTIMIZING LONG TERM PLANNING AND CONTROL COSTS

King County, Washington, is committed to changing the traditional view from notoriously bureaucratic and unresponsive to offering residents the “best-run government” with every interaction.

The agency implemented Dynamics 365 as a rapid application development engine to re-platform these legacy applications and create new information systems. Their new Public Record Request tracking system has helped them remain compliant with state-mandated deadlines, reduces risk, helps improve customer service.

GIVING CITIZENS SECURE, EASY WAYS TO CONNECT

The US City of Grand Rapids, Michigan, created a convenient, efficient, and scalable solution to provide excellent customer service to citizens. Their customer service center, known as Grand Rapids 311, is a single point of contact for non-emergency services – citizens can access it in person, online, by phone, or via mobile app. Built using Dynamics 365 CRM, one of the benefits from the new processes and tools was they were able to bring their average speed to answer down from 6 minutes to 22 seconds, with 85% of customer questions answered with a single call.

DIGITALLY ENGAGE CITIZENS

The city of Tel Aviv has undergone a transformation to become a “smart city” that uses technology to improve the operation of city government and the lives of its citizens. With programs such as the DigiTel Residents Club and the DigiTel mobile app, Tel Aviv is offering innovative electronic services to the public and finding ways to make citizens into stakeholders in the running of the city. Throughout the process, Tel Aviv has worked together with Microsoft to find the best ways to realize its smart city vision.
## Dynamics 365 Business Applications summary

<table>
<thead>
<tr>
<th>Dynamics 365 Business Central</th>
<th>Take SMB clients beyond the basics of accounting software with an all-in-one, easy-to-use business management solution that helps connect their business and enables smarter decision-making.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dynamics 365 Customer Service</td>
<td>Help clients earn customers for life with built-in intelligence that delivers faster, more personalized service and adds value to every interaction across all channels.</td>
</tr>
<tr>
<td>Dynamics 365 Field Service</td>
<td>Empower clients to deliver seamless, end-to-end service experiences. Use built-in intelligence to resolve service issues before they occur, reduce operational costs, and deliver positive on-site experiences.</td>
</tr>
<tr>
<td>Dynamics 365 Finance and Operations</td>
<td>Enable clients to adapt quickly to changing market demands and drive business growth by unifying global financials and operations for faster, more informed decisions.</td>
</tr>
<tr>
<td>Dynamics 365 Marketing</td>
<td>Transform the way clients find and nurture more sales-ready leads by moving beyond basic email marketing. Connect sales and marketing, automate processes, and make smarter decisions to maximize their marketing ROI.</td>
</tr>
<tr>
<td>Dynamics 365 Retail</td>
<td>Empower retail clients to create exceptional, insightful shopping experiences with unified digital, in-store, and back-office operations that personalize customer engagement and increase employee productivity.</td>
</tr>
<tr>
<td>Dynamics 365 Sales</td>
<td>Move clients beyond sales force automation (SFA) to better understand customer needs, engage more effectively, and win more deals.</td>
</tr>
<tr>
<td>Dynamics 365 Talent</td>
<td>Give HR teams and people managers the tools they need to land, develop, and retain top candidates.</td>
</tr>
<tr>
<td>Microsoft Power Platform</td>
<td>Empower customers to build innovative and visually stunning apps that drive business results using one connected app platform.</td>
</tr>
</tbody>
</table>
Determine the business model

The core business model is the underlying foundation that drives all decisions and investments moving forward. It is important to understand that not all revenue streams are equal.

THERE ARE FOUR WAYS TO MAKE MONEY SELLING CLOUD:

- Resale
- Project services
- Managed services
- Packaged IP

Microsoft partners that focus primarily on reselling business applications typically see margins in the 5–20% range (and dropping). With little to differentiate one vendor from the next, customers will inevitably select the cheapest option, resulting in unsustainable margins.

System Integrators, who focus primarily on project services, typically drive gross service margins of approximately 35%. That said, there is growing downward pressure on rates associated with undifferentiated service delivery capabilities. Traditional customization, configuration, data migration, integrational, and other deployment related project services are becoming increasingly commoditized. This has caused billable price points to hold steady over the past several years, while increasing salary and benefit costs of consultants and inflation are increasing, which has chipped away at profitability.

As a result, forward thinking partners are developing and selling higher-margin managed services which typically generate gross margins in the 40%–45% range. The most profitable, and often most successful partners are increasingly monetizing their domain expertise and industry experience in the form of packaged IP, which drives the highest gross margins, often exceeding 70%.

Microsoft partners are also racing to shift their business models from an on-premises, perpetual license revenue model to a more predictable, recurring cloud license revenue model. Some are also shifting their one-time, project services approach to a value-add, recurring services model. Currently, over 30% of Microsoft partners see 25% of their revenue coming from recurring rather than one-time, project-based services. Both these shifts contribute to healthy, predictable revenue growth and increased business valuations.

![Business Application Revenue Distribution in Past Year](attachment:image)

Source: Microsoft Business Applications Practice Development Study, MDC Research, March 2018
Transforming a business to the cloud
Moving from an on-premises to a cloud-based business applications practice requires change, and investments, to develop new technical skills, competencies, resources, and solutions. The good news is that more than 70% of Dynamics 365 partners surveyed indicated that it took less than two years to reach profitability within their new cloud practice.

It should be noted that partners currently selling on-premises solutions, or in the early stages of migrating to a Software-as-a-Services (SaaS) revenue model, will likely experience a decrease in overall license revenue as their up-front perpetual licenses shift to recurring subscriptions. But 45% of partners selling Dynamics 365 that have completed their transition to a SaaS model have seen their revenue return to their pre-SaaS revenue levels within 24 months or less. More importantly, over 60% of surveyed partners saw an accompanying increase in services revenue.

Half of partners who have completed the transition also reported experiencing a 5-50% increase in the number of licenses sold per customer following their shift to the cloud.

Microsoft Business Applications Practice Development Study, MDC Research, March 2018
Define the practice starting point

In the early days of a Dynamics 365 practice, partners may have limited industry experience, and the value proposition will likely be anchored in low-risk, relatively quick project implementations with accelerated value realization.

The next step is to focus marketing efforts on one or more target industries to begin attracting prospects with similar needs. This can be achieved by developing industry, vertical, or workload-specific landing pages that speak to common business challenges and pains.

Domain expertise grows as more customers are added, which provides the insights and key learnings to develop “light” IP such as dashboards, integrations, workflows, etc.

Most partners report that it takes approximately twelve months to build a new Dynamics 365 practice. The most challenging aspect of building a new business applications practice is learning the prospects’ primary business and project drivers and business processes. To accelerate this learning process, the partners interviewed for this playbook highly recommend recruiting individuals from within a target industry or vertical. This strategy has proven very effective in securing initial customers and managing risk during early projects.

The IP Staircase below demonstrates the five potential starting points for a business application practice. For clarity, each of these options drives a corresponding business model, which will materially impact staffing requirements, certifications, and solution offerings.

The IP Staircase

RESELLING DYNAMICS 365

Dynamics 365 prospects require a clear value proposition anchored in domain knowledge and business value. Without such targeted value, sales presentations can miss their mark and project estimates will be either too high, or unrealistic. When it comes to business applications, the day of the generalist has passed.

LABELLED BUNDLES

Partners who pursue a labelled bundle strategy are committed to a defined customer segment (industry/vertical or workload), however, they have not committed the time, energy, and resources to integrate all the individual solution elements. This is instead repeated with each new project. Focusing on a defined market segment will drive greater lead
flow, higher conversion rates, and ultimately a higher win rate. The overall project revenue will have a broader licensing footprint and will often (but not always) drive significant project services.

PACKAGED EXTENSIONS

Partners taking a packaged extension approach must invest in the technical resources required to develop their own (re-sellable) IP. These partners create integrations between each of the commercial cloud applications and build out simple, re-usable IP elements like reports, workflows, standardized charts of accounts, and integration templates. These partners are clearly focused on a defined market and drive higher-margins with fewer project services (because of the pre-configuration), and a strong potential for creative, managed services.

TURNKEY FUNCTIONAL INFRASTRUCTURE

Moving from packaged extensions to turnkey functional infrastructure is a significant leap. It involves a deep commitment to developing cross-industry workload functionality, and/or a deep investment in one or more third-party ISV cloud solutions. Examples include proposal management, real-time remote asset monitoring and management, call center optimization, field force automation, predictive maintenance, distribution, supply chain optimization, and human capital management. Pre-configured functionality cannibalizes some project services, but opens opportunities for more business-focused, higher-margin managed services. Overall project profitability increases due to broader cloud licensing and higher margins.

FULL VERTICAL SOLUTIONS AND SPECIALIZATION

The most mature partners in the business applications ecosystem have acquired highly specialized, deep industry knowledge and expertise. They offer feature-rich, industry-specific business solutions that integrate with other systems and leverage ISV solutions or their own IP to fill gaps or immediately satisfy prospect requirements. While still generating a healthy volume of project services, most of their revenue derives from cloud service licensing (software) and value-added managed services.
Define the solution offer

Build, buy, or both?

One of the first and most important decisions is choosing whether to build or buy key components of the solution.

Building the offering with Microsoft’s pre-configured business applications (Labelled Bundles) is an effective and relatively low risk strategy for quickly launching a new practice with limited business applications experience.

As the practice grows and matures, consider leveraging industry, vertical and workload-specific ISV solutions to offer a broader and deeper solution set. There are thousands of them. Leveraging ISV offerings enables partners to further develop their domain knowledge, deepen their understanding of target customers’ business processes, and bring a differentiated solution to market.

Partners are increasingly forming P2P (partner to partner) agreements to work on complex customer implementations to compete against rivals offering more complete industry solutions.

With multiple implementations and successful engagements in a focused vertical, partners may choose to develop their own intellectual property (IP), which could be comprised of customized templates, extensions, or value-add business applications. Doing so may require additional resources to extend the functionality of the offering.
Leverage existing capabilities

Microsoft partners can leverage their current capabilities (and industry clusters) to find the intersection among their strengths, capabilities, experience, and the Dynamics 365 opportunity. For example, an MSP focused primarily on Office 365 might find the logical Dynamics business practice may be Talent, Sales, or even Business Central. Given the tight integration between Dynamics 365 Business Central and Office 365 (customer data, invoices, SMB target customer profile, etc.), many existing customers may immediately benefit from a more fully integrated ERP solution.

**OFFICE 365 IS CONSIDERED THE FASTEST GROWING CLOUD SERVICE IN BUSINESS APPLICATIONS PRACTICES**

<table>
<thead>
<tr>
<th>Service</th>
<th>Share of Growth</th>
</tr>
</thead>
<tbody>
<tr>
<td>Office 365</td>
<td>20%</td>
</tr>
<tr>
<td>Azure</td>
<td>11%</td>
</tr>
<tr>
<td>Exchange Online/Hosted Exchange</td>
<td>4%</td>
</tr>
<tr>
<td>Data analytics/predictive analytics</td>
<td>3%</td>
</tr>
<tr>
<td>Storage/backup</td>
<td>3%</td>
</tr>
<tr>
<td>Power BI</td>
<td>3%</td>
</tr>
<tr>
<td>Data services</td>
<td>3%</td>
</tr>
<tr>
<td>Dynamics 365</td>
<td>2%</td>
</tr>
<tr>
<td>Security based services</td>
<td>2%</td>
</tr>
<tr>
<td>Business services</td>
<td>2%</td>
</tr>
<tr>
<td>CRM</td>
<td>2%</td>
</tr>
<tr>
<td>Email services</td>
<td>2%</td>
</tr>
<tr>
<td>Training services</td>
<td>2%</td>
</tr>
</tbody>
</table>

Microsoft Business Applications Practice Development Study, MDC Research, March 2018
Small businesses adopt quickly

Most early cloud adopters were small or mid-size businesses, primarily because SaaS solutions were relatively low risk, easy to consume, and purpose-built, like opportunity management, invoicing, and basic accounting.

SaaS allowed smaller organizations to take advantage of significant license and maintenance savings and avoid purchasing their own infrastructure. As a result, moving to the cloud was easier, quicker, and less complicated for small or medium sized businesses than it was for large enterprises with complex infrastructures, huge quantities of data, and significant investments in customized legacy applications but focusing solely on the SMB community also has some inherent risks to consider, such as:

- Smaller average deal size
- Limited project services
- Higher customer churn rate
- Potentially lower utilization rates
- More competitors

Microsoft Business Applications Practice Development Study, MDC Research, March 2018
Project services considerations

A Dynamics 365 project delivery team has four core responsibilities: Define the project vision and scope, deliver the project, build on the core, and identify IP development opportunities.

VISION AND SCOPE DEFINITION (PLANNING)

To reduce the risk of missing the mark (project write-offs, client conflict, etc.), develop a small inventory of packaged consulting engagements that are delivered either during the sales cycle or as the first step of the project engagement.

These packaged offerings take many forms. They include business impact assessments, cloud strategy workshops, scope clarification session, envisioning workshops, Cloud readiness assessments, change management risk assessments, etc. Condensed, accelerated business consulting engagements serve as a safe entry point for partners looking to establish strong business relationships, reduce project risk (for both the customer and the partner). They also serve to accelerate the understanding of a target market. These projects result in clearly defined, phased road maps for the balance of the larger initiative.

PROJECT DELIVERY (ENABLEMENT)

Successful business strategy, assessment, and visioning projects almost always convert into much larger implementation and system integration projects. Implementation projects encompass both technical consulting (data, security, development, configuration, and system integration work) and business consulting (business process reengineering, training, and change management). Based on a recent Forrester study of Dynamics 365 system integrators, ERP and CRM implementation projects collectively bring in 46% of the composite partner’s gross profit.

The top five most profitable services reported by Dynamics 365 partners surveyed are:

- Solution Implementation 62%
- Customization 41%
- Technical Support 40%
- Cloud Planning, Preparation and Migration 36%
- Consulting 36%
- Configuration 31%

Microsoft Business Applications Practice Development Study, MDC Research, March 2018
BUILD ON THE CORE (ENABLEMENT)

The Microsoft business applications opportunity for partners goes well beyond implementation services. Follow-on, or next-phase, project work will provide incremental projects services opportunities anchored in business intelligence, reporting, training, and business process change. Forrester found follow-on project rates were as high as 75% for some partners, with most partners averaging at least 40% to 50%.

IDENTIFY IP DEVELOPMENT OPPORTUNITIES

As the project delivery team refines and deepens its understanding of the target market’s needs, pain points, systems, cloud migration challenges, integration scenarios, strategic business processes, and key operating metrics, they will inevitably identify opportunities to develop reusable code, or develop incremental functionality that can then be resold to other clients.

<table>
<thead>
<tr>
<th>PLANNING</th>
<th>ENABLEMENT</th>
<th>SUPPORT OPERATIONS</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Help customer envision scenarios that drive measurable and impactful positive outcomes</td>
<td>• Design and implement the initial business application solution with a lighthouse customer</td>
<td>• Offer incremental support (proactive vs. reactive) while delivering on SLAs and uptime guarantees</td>
</tr>
<tr>
<td>• Identify the “low-hanging fruit” opportunities that can be used to build confidence in the capabilities, services, and the solution</td>
<td>• Engage the domain expertise of the customer throughout the process to capture insights and validate solution/offer design assumptions</td>
<td>• Operate, optimize the client solution</td>
</tr>
<tr>
<td>• Build a roadmap that outlines a path from the success of smaller, low risk, near term projects to larger initiatives that deliver greater value</td>
<td></td>
<td>• Monitor application performance measurable customer impacts and benefits</td>
</tr>
</tbody>
</table>

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Managed services considerations

Managed services enable partner organization to engage with customers on a regular basis by offering white-glove services wrapped around business application solutions.

With business applications, managed service requirements create opportunities for partners to build new lines of business by providing a white glove support experience for their clients regardless of whether the business application solution is running on-premises, in the cloud, or in a hybrid scenario.

Business applications managed service offerings typically include the following:

**User support**: Provide support for frequently asked questions, setup and usage, best practices, questions around billing and invoicing, and break-fix support.

**System support**: Provide customers with information on service interruptions, and relay expectations on when the system will be back.

**Product support**: Partners are now evolving their business models to include more robust managed services, including application and incident management, managed update services, security management, and ongoing development and system integration support, which provide lucrative recurring revenue streams. Interviewed Dynamics 365 partners are experiencing average managed services attach rates of 50% (Forrester, 2019).

Customers need to continually assess and optimize solutions based on:

- Actual adoption and usage patterns
- Actual business results compared to plan
- Effectiveness of training approaches and tools for existing and future employees
- Keeping up with the customer’s evolving business processes
- Understanding opportunities and impact of future Microsoft and ISV updates
Managed services can be offered as extensions of a partner’s change management engagements or through customer success managers. They also provide partners with an alternative to selling reactive issue resolution services and time and materials (T&M) projects. They can also be designed around proactive activities like customer success, change management, and ongoing business advisory services where partners help customers accelerate value on an ongoing basis.

<table>
<thead>
<tr>
<th>Service</th>
<th>Total (n=823)</th>
<th>Sell Dynamics (n=162)</th>
<th>Does Not Sell Dynamics (n=661)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Customer/Application Support and Troubleshooting</td>
<td>40%</td>
<td>43%</td>
<td>40%</td>
</tr>
<tr>
<td>Business Intelligence and Data Analytics as a Service</td>
<td>33%</td>
<td>47%</td>
<td>29%</td>
</tr>
<tr>
<td>Domain/Industry Specific Services</td>
<td>26%</td>
<td>28%</td>
<td>26%</td>
</tr>
<tr>
<td>Visualization, Dashboards and Reports Creation/Maintenance</td>
<td>24%</td>
<td>28%</td>
<td>23%</td>
</tr>
<tr>
<td>Performance Monitoring and Optimization</td>
<td>22%</td>
<td>15%</td>
<td>24%</td>
</tr>
<tr>
<td>Hosting</td>
<td>20%</td>
<td>10%</td>
<td>22%</td>
</tr>
<tr>
<td>Assessment and Planning</td>
<td>19%</td>
<td>21%</td>
<td>19%</td>
</tr>
<tr>
<td>Predictive Analytics and Monitoring</td>
<td>16%</td>
<td>17%</td>
<td>15%</td>
</tr>
<tr>
<td>Digital Marketing and E-Commerce</td>
<td>12%</td>
<td>15%</td>
<td>11%</td>
</tr>
<tr>
<td>Tuning and Re-training</td>
<td>11%</td>
<td>11%</td>
<td>11%</td>
</tr>
</tbody>
</table>

Source: Microsoft Business Applications Practice Development Study, MDC Research, March 2018

Managed services drive recurring revenue

Problems will inevitably arise, and few customers have the time, resources, capabilities, or staff required to monitor every aspect of their solution and deployment.

Customers are increasingly searching for, and demanding, additional strategic support services that are consumed on a subscription basis. They want to ensure their business application solutions will continue to deliver the value and performance that compelled them to implement them in the first place.

BI and analytics as a service: If partners have the in-house talent to deliver advanced analytics solutions (e.g., using business application and Power BI to drive business insights), a strong, profitable long-term partnership could be in the making – either by providing access to their experts through a managed service or through a packaged IP solution offered via subscription.

Visualizations, dashboarding, report creation and maintenance: It is critical to consistently remind customers of the value that a solution delivers, and the most effective way is with visualizations, dashboards, and reports. Additionally, once the business application solution is embedded in the customer’s routine, they will be able to identify new visualizations, dashboards, and reports because the service offering will enable and encourage them to ask new questions. Properly positioned and implemented, this approach becomes a predictable and rhythmic cycle that continuously optimizes the decision-making tools.

Assessment and planning: Developing industry or vertical assessment solutions (often packaged services) is an excellent mechanism for project services partners to leverage their business and planning competencies into an ongoing revenue stream. As customers expand the use and scope of their Dynamics 365 solutions, they will increasingly need a trusted advisor who assists with tasks such as application and business audits, identification of sub-optimal business application performance, business process improvement and optimization assessments. Customers will also need help, developing industry best practices related to business processes, data collection and protections as well as aligning business objectives to technology infrastructure capabilities.
Intellectual property considerations

Developing intellectual property (IP) is not as risky, expensive, or challenging as many partners think.

Developing resalable, packaged IP to complement or accelerate business applications service offerings is the most effective way to increase margins and win more deals. Focusing on a specific industry vertical or line of business allows partners to build on top of the core Dynamics 365 solution set. Partner-developed examples include a revenue recognition module for Dynamics 365 Finance and Operations, a data warehouse solution for unified operations or a supply chain solution for the life sciences industry.

Mature Dynamics 365 partners often achieve gross margins more than 70% by productizing IP and selling it to their customers on a recurring revenue basis.

Alternatively, partners develop IP that accelerates the deployment process with data migration and project management tools that can be packaged with implementation projects.

Most partners have more IP than they realize. They simply have not “packaged” or sold it to customers in a repeatable way. Eventually, all partners will successfully provide some form of custom development to their clients that addresses meaningful business challenges and delivers measurable, positive impact. There are often many more customers (and prospects) who would benefit from the same functionality, solution, or insights.

8% of surveyed Dynamics 365 partners consistently develop value-added products and IP on an ongoing basis. An additional 35% are actively working on doing so. 33% have no intention of developing their own IP and will continue to focus their efforts on reselling core Dynamics 365 products and delivering project services.

In addition to driving higher gross margins, productizing IP helps create stickiness with customers and opens opportunities to sell IP solutions through the global Dynamics partner channel. If partners do not have the desire or capability to define, develop and market their own IP, they can still search the partner ecosystem for incremental solutions that can be bundled with the core Dynamics 365 offerings to round out the total solution.

CONDUCT AN IP AUDIT

The first step in determining an IP strategy is to facilitate an IP audit. Ask the following questions:

- What is the practice exceptionally good at doing (reporting, data transformation, integration, business process monitoring, business process optimization, data visualization, etc.)?
- What aspects of the focus industry/domain does the practice do better than any competitors?
- What is easy to do today, after many years of figuring it out?
- What are the “difficult” or challenging tasks that surprise customers?
- What was the biggest customer challenge solved?
- What tools, apps, processes, or integrations were built to streamline and accelerate deployments?
- What custom development, or projects, have been requested by multiple customers?
- What can be package up and sold to multiple customers?
- What services (project or managed) do customers repeatedly ask for?

IP can be limited to a simple template, Power BI dashboard, or report. It could be confined to few lines of code that automate a critical business process, workflow, or function.
PACKAGE PROCESSES
Another effective method of creating IP within a business application practices is packaging services like readiness assessments, business case analysis tools, domain specific discovery processes, and packaging accelerated deployment methodologies into proprietary, reusable service components. For example, packaging and delivering a quarterly optimization audit that measures, key performance indicators and summarizes competitive benchmark data helps clients quantify their business applications project ROI.

IP GOES BEYOND PRODUCTS AND SERVICES
Partners contemplating a business applications practice likely have developers, or access to them, who can write code, along with a team of experienced professional services consultants. With such a team, they can simply leverage the APIs of various data providers and offer bundled monthly services.

There are numerous private and publicly available data sources that the development team can leverage to provide valuable new insight-based services or net-new functionality. Imagine offering a ski mountain operator a cloud service that provides their customers with daily safety updates and avalanche warnings. They could use this information to optimize labor scheduling, food and beverage inventory, and retail promotions.

Imagine providing the agriculture industry with hourly/daily fluctuations in commodity prices, weather forecasts and feed or nutrient costs. Or showing mining companies the fluctuations in energy costs, occupational safety incidents, and asset and machine maintenance schedules.

ENGAGE LEGAL COUNSEL
Protect any IP prior to customer engagement and use. Engage a legal advisor to review and modify the license agreements, contracts, and terms of use to ensure that legal rights are retained to the functionality and code that can be resold to other customers.
Join the Microsoft Partner Network

Partnering with Microsoft

The Microsoft Partner Network provides access to valuable resources like training materials, whitepapers, and the marketing materials, competencies and other partner benefits described in this playbook.

The Microsoft Partner Network provides three types of memberships, each with their own set of benefits. As goals are achieved, participate at higher levels to access more benefits, and further the relationship with Microsoft and other Microsoft partners.

Network Member: Receive a set of no-cost introductory benefits to help save time and money. Use our resources to help build the business as a new partner and discover next steps.

Microsoft Action Pack (MAP): This affordable yearly subscription is for partners looking to begin, build, and grow their Microsoft practice through a wide range of software and benefits.

Competency: Get rewarded for experience and success with increased support, software, and training.

PARTNER PROGRAM GO-TO-MARKET BENEFITS

One of the key benefits of partnering with Microsoft is access to a rich set of Go-To-Market services designed to help increase awareness, generate qualified leads, and expand through partnerships. The benefits increase as partners attain a competency and publish their solution in AppSource or Azure Marketplace. The table below provides a summary of those services. Find more details on https://partner.microsoft.com/solutions/go-to-market.

SELLING WITH MICROSOFT

There are many ways to sell with Microsoft, like publishing solutions or services to AppSource or Azure Marketplace, pursuing partner-to-partner relationships through cloud solution providers, and selling through Microsoft’s inside sales and enterprise field sellers. Co-sell is a selling motion that enables Microsoft and its partners to drive joint revenue and customer success.

To learn more about selling with Microsoft and how to become co-sell ready, visit https://partner.microsoft.com/reach-customers/selling-with-microsoft.
Identify partnership opportunities

Partner to partner

Facilitate growth opportunities and fill solution and talent gaps through partnerships.

Learning how to develop successful partnerships with others in the Microsoft partner ecosystem can drive efficiencies, revenue, and profits. Digital transformation is changing the way partners approach their marketplaces. It requires the delivery of integrated solutions to address unique customer needs, the capacity to scale and reduce the cost of selling into new markets.

Partnering together successfully starts with each party defining their value as a business and their goals, including mission statement regarding partnerships and how each will benefit from and monetize the solutions. Identify gaps in offerings that could be filled by strategic partners and the steps needed to engage with partners in a structured way?

PARTNER-TO-PARTNER SUCCESS FORMULA

To help partners capture these opportunities, Microsoft has collected the strategies, best practices, and resources for successful partner-to-partner (P2P) collaboration. The partnering success formula is a three-stage framework for establishing and managing effective partnerships.

- **Ready** – This stage lays the groundwork for P2P success, where partners define the value of a partner and their value as a strategic partner. This is where they assess their investment, value chain, solution and talent gaps, and Go-To-Market partnering plan.

- **Connect** – Here strategic partners agree, go to market together, and effectively manage the partnership. Details get more granular at this stage on how to sell and close deals, with an understanding of how both partners will review the business.

- **Grow** – Maximizing the partner opportunity means constantly pushing for better results and seeking new and better partnerships to drive deeper penetration in the existing customer base and expand the customer base with joint offerings and investments. Joint marketing strategies expand market reach, generate leads, and increase customer loyalty and retention.

**THE ISV + CHANNEL-BASED MSP COMBINATION**

With a little help from a channel-based MSP, an ISV partner can earn greater reach for its IP solutions. Likewise, a partnership with an ISV can lead to an expanded partner channel for channel based MSPs. Some partner combinations meld together well to create success.

**ACCELERATING DIGITAL TRANSFORMATION**

The pace of change impacts how partners and add value. New business models, subscription pricing, and resource gaps make partnering essential to scale and respond to these conditions. Microsoft has linked up its network of partners, making it possible to access the greater partner ecosystem, reduce the cost of selling, increase efficiency and solution delivery, and drive profits.
Microsoft licensing options

There are several options to consider when purchasing licenses for Microsoft products and services.

Microsoft offers commitment-based and transactional options for purchase Microsoft cloud services, on-premises software, and/or Software Assurance through Microsoft-assisted, partner value-added, or self-service web options. The Microsoft Licensing site provides information on all programs for all products and services, including Microsoft Azure, and ways to manage volume licenses. Several programs are highlighted below. The best way to stay up to date on the licensing options, including the rollout of the Microsoft Customer Agreement, is to follow Licensing News (microsoft.com).

MICROSOFT SERVICES PROVIDER LICENSE AGREEMENT (SPLA)
The SPLA is for service providers and independent software vendors who want to license the latest eligible Microsoft software products to provide software services and hosted applications to their customers. For an overview of the SPLA, visit: HTTPS://WWW.MICROSOFT.COM/LICENSING/LICENSING-PROGRAMS/SPLA-PROGRAM

MICROSOFT INDEPENDENT SOFTWARE VENDOR (ISV) ROYALTY LICENSING PROGRAM
This licensing program make it easier for ISVs to deliver business solutions by allowing them to integrate Microsoft products into other applications and then distribute the unified solution to customers. To see how ISV Royalty Licensing works, visit: https://www.microsoft.com/licensing/licensing-programs/isv-program

ENTERPRISE AGREEMENTS
This option offers the best value to organizations with 500 or more users or devices that want a manageable volume licensing program that gives them the flexibility to buy cloud services and software licenses under one agreement. For more on the benefits, visit: https://www.microsoft.com/en-us/licensing/licensing-programs/enterprise

MICROSOFT OPEN PROGRAMS
The Open programs (Open Value, Open Value Subscription, and Open License) are a simple, cost-effective way for small and midsize organizations to acquire the latest Microsoft technology. For more on these programs, visit: https://www.microsoft.com/Licensing/licensing-programs/open-license

MICROSOFT PRODUCTS AND SERVICES AGREEMENT (MPSA)
This is a transactional licensing agreement for commercial, government, and academic organizations with 250 or more users/devices. For more on purchasing through an MPSA, visit: https://www.microsoft.com/licensing/MPSA/default
Define the pricing strategy

Price can be as much a factor in a buyer’s decision as solution functionality, features, benefits, platform, and brand reputation. As business application and technology investments carry both economic and business risk, customers need to believe that the required investment is more than offset by the anticipated measurable business benefits.

Pricing strategy will affect profit margins, sales volumes, market share and competitive positioning.

Microsoft has published retail prices, generally based on a per-user per-month structure. While Microsoft charges customers on a per-user/per-month basis, partners have the latitude to bundle services, support, and ISV solutions into a combination of subscription, one-time, and managed services. Partners then apply their industry and workload expertise to the core solution, adding specific industry or vertical functionality, such as dashboards and reports, can significantly increase perceived value.

With such demonstrated value, partners can charge heavy users of the system (who arguably derive more value) more than they charge occasional users. There are many creative approaches to packaging and pricing cloud solutions. A payroll solution could be monetized by the payroll transaction or, if bundled with other services, as a flat monthly service fee that is a less than what customers are paying to their existing outsourced payroll processing firm.

Consider the following pricing models to determine the best approach for the practice.

<table>
<thead>
<tr>
<th>Customer Engagement Plan</th>
<th>Unified Operations Plan</th>
<th>Dynamics 365 Plan</th>
<th>Applications and offers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Get full use of applications that help build and support customer relationships</td>
<td>Get full use of applications that help connect and manage your business operations</td>
<td>Get full use of all applications in one comprehensive, cost-efficient option</td>
<td>Start with what you need and upgrade to plans as your business grows</td>
</tr>
<tr>
<td>$139.80 per user/month</td>
<td>$231.03 per user/month</td>
<td>$255.33 per user/month</td>
<td>$48.60 to $206.70 per user/month</td>
</tr>
</tbody>
</table>

For more on how partners price their services, download the Pricing Guide.
Hire & Train

Business Applications

aka.ms/practiceplaybooks
Introduction

With avenues of partner success identified, the next step is building and training a practice team. This section will offer role definitions and guidance on the skills needed for a business applications-focused practice. It will cover the necessary technical, sales, and marketing training, which starts with an assessment of current skills, and a plan for filling the gaps, whether through new hires, contractors, partnering or training.

To start the hiring processes, there are detailed job descriptions, tips on where to look for resources, the factors to consider in a candidate's skillset, and what to expect to pay by role and region.

A big focus of this section is ensuring all practice resources are trained and continue to receive ongoing training.

RECRUIT, HIRE, ONBOARD, AND RETAIN TALENT PLAYBOOK AND HIRE AND TRAIN GUIDE

Leverage the Microsoft resources available in the [Recruit, Hire, Onboard, and Retain Talent playbook](#) and the [Hire and Train guide](#) for comprehensive job descriptions and to learn best practices to find the right people, grow their skills, and retain talent.
Hire, build, and train the team

Create a hiring plan

Starting a new practice means evaluating existing team members (if any) and then deciding whether to hire or train the existing team.

Before hiring for a business applications practice, it is a good idea to start with an assessment of current skills capability to determine where to invest in new hires versus training or hiring vendors to fill any role gaps. All partners are encouraged to take the Partner Transformation Readiness Assessment when creating a hiring plan. It is a great tool for determining current business and technical capability and which areas of the practice require attention. Upon completion, partners receive a Partner Transformation Index score that shows their current cloud maturity level, and how they ranked compared with other Microsoft partners. Partners also receive recommendations on next steps to grow their capability.

Roles to consider

Successful practices begin with people, so it is essential to have the right people in the right roles. For a business applications practice, the following roles are recommended across technical, sales, and support functions. Practices that are just getting started may not be able to fill all roles. In this situation, one person will likely be required to fulfill the duties of multiple roles.

The typical Business Applications engagement journey can be divided into Customer Acquisition, Solution Discovery, Solution Delivery, and finally Solution Maintenance and Support. There are various roles aligned with these phases that are critical to a practice. In smaller practices, two or more of the roles can be performed by one person. However, it is important to ensure that all the appropriate skillsets are present in the staff.

Customer acquisition

MARKETING ROLES

Marketing is a critical part of a successful practice. Partners who invest in marketing resources succeed to a far greater degree than those who do not. The marketing team is responsible for defining and bringing the solution to market, as well as developing lead generation activities to create a sales pipeline. The following key roles should be considered for a business applications practice.

The Marketing Leader is responsible for driving marketing strategy, tactics, campaigns, and programs to produce top-line results that raise brand awareness, recognition, and loyalty for the company and its offerings. This position is tasked with demand generation and marketing funnel optimization using brand, advertising, creative, digital, field and channel marketing. The Head of Marketing shapes and directs the company’s Go-To-Market vision and works cross functionally to ensure the right mix of offerings, positioning, and price. This position is also responsible for planning, organizing, staffing, training, and managing all marketing functions to achieve the sales, growth, profits, and visibility objectives while ensuring a consistent marketing message and positioning consistent with the corporate direction.

The Digital Marketing Manager plays a major role in enhancing brand awareness within the digital spaces as well as driving online traffic to the website and acquiring leads/customers. This position plans and executes all digital marketing, including SEO/SEM, marketing database, email, mobile, social media, and display advertising campaigns. It is also responsible for improving the usability, design, content, ranking and conversion of the company website. The digital marketing manager must remain up to-date with the latest trends and best practices in online marketing, analytics and measurement.

The Content Marketer is pivotal to generating inbound leads through writing authoritative, thought-leadership content. This position is responsible for content creation and delivery, tracking metrics that influence content strategy and collaborating with both technical and subject matter specialists to produce relevant content that meets the needs of the audiences. They must be an exemplary writer who can communicate the company’s tone and mission with clean, concise,
well-polished copy and produce blogs, eBooks, whitepapers, infographics, guides, articles and even audio and video content. This position will also know how to blog and communicate effectively to an online audience.

The **Graphic Designer** is responsible for the creation, maintenance and updating of visual marketing assets in both print and digital media to support the brand and marketing goals. This position manages all phases of the design process including concepting, mock-up production, review and integration, and finished product. The graphic designer is responsible for solving problems when it comes to design aesthetic for presentations, collateral materials, event and trade show graphics, website design, blogs, webinars, demos, emails and digital campaigns, social media assets and more.

**Sales and marketing roles**

Even the best products need a sales strategy to gain maximum market traction. Consider hiring for the following sales positions for broad reach.

<table>
<thead>
<tr>
<th>ROLE</th>
<th>DESCRIPTION</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Sales Leader</strong></td>
<td>Applies expertise in selling strategies and methodologies, strategic planning, and execution to achieve defined revenue objectives. This role is responsible for creating, leading, and directing a high-performance sales team that achieves revenue, profitability, and MRR targets while consistently delivering customer value. Read the full job description at <a href="https://aka.ms/saleslead">https://aka.ms/saleslead</a>.</td>
</tr>
<tr>
<td><strong>Account Executive</strong></td>
<td>Proactively identifies target accounts and acquires new customers. This role accurately qualifies both self and marketing generated leads, defines the deal strategy, manages, and guides all resources supporting the sales pursuit, responsibly manages sales costs, and accurately forecasts revenue and close dates. Read the full job description at <a href="https://aka.ms/accountexec">https://aka.ms/accountexec</a>.</td>
</tr>
<tr>
<td><strong>Change Management Consultant</strong></td>
<td>Works directly with customers to drive the people and process side of digital transformations to fully realize value for the business. This role will work with executives and business leaders in a variety of industries to drive effective change programs aligned with the business solutions. Read the full job description at <a href="https://aka.ms/changemgmt">https://aka.ms/changemgmt</a>.</td>
</tr>
<tr>
<td><strong>Customer Development Representative</strong></td>
<td>Responsible for upselling and cross-selling new cloud solutions to existing customers, as well as all contract renewals. This role works closely with marketing to introduce and sell “Next-Best-Offer” waves within a designated industry vertical, through an accelerated remote sales motion. Read the full job description at <a href="https://aka.ms/customerdevrep">https://aka.ms/customerdevrep</a>.</td>
</tr>
<tr>
<td><strong>Business Development Representative</strong></td>
<td>Manages the full sales lifecycle, from qualification through closure and renewal. This role focuses primarily on acquiring new cloud customers within designated industry verticals, leveraging repeatable sales motion. This role also works closely with marketing resources to execute demand generation programs and continuously improve and refine sales assets and artifacts. Read the full job description at <a href="https://aka.ms/bizdevrep">https://aka.ms/bizdevrep</a>.</td>
</tr>
<tr>
<td><strong>Customer Success Manager</strong></td>
<td>Drives successful adoption and expansion of workloads within their accounts. Primary responsibilities include developing long-term relationships within a portfolio of strategic clients, aligning customer business needs with Microsoft technology solutions, and helping customers bridge the IT/business gap. Read the full job description at <a href="https://aka.ms/customersuccessmgr">https://aka.ms/customersuccessmgr</a>.</td>
</tr>
</tbody>
</table>
**Pre-Sales Cloud Solutions Engineer**
Supports the Account Executive, Business Development Representative, and Customer Development Representative in driving their active sales pursuits. The role reports to the Sales Leader and is responsible for facilitating both remote and onsite prospect discovery sessions, defining cloud solution fit, and working with the delivery team to develop accurate cloud solution recommendations, scope clarity, and accurate project services estimates. Read the full job description at [https://aka.ms/presalesengineer](https://aka.ms/presalesengineer).

**Content Marketer**
Generates inbound leads by writing authoritative, thought-leadership content. This position is responsible for strategizing and executing content creation and delivery, tracking metrics that influence content strategy, and collaborating with both technical and subject matter specialists to produce relevant content that engages the emotions of their target audiences. Read the full job description at [https://aka.ms/contentmktg](https://aka.ms/contentmktg).

**Graphic Designer**
Responsible for the creation, maintenance, and updating of visual print and digital media marketing assets to support the brand and marketing goals. This position manages all phases of the design process including concept definition, mock-up production, content review and integration, as well as the finished product. Read the full job description at [https://aka.ms/graphicdesign](https://aka.ms/graphicdesign).

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**Technical roles**
These roles form the heart of a partner solution. Hiring the right people can turn vision into reality.

<table>
<thead>
<tr>
<th>ROLE</th>
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</tr>
</thead>
<tbody>
<tr>
<td><strong>Functional Consultant</strong></td>
<td>Configures and implements the system. This candidate is not necessarily an expert on industry processes but is deeply knowledgeable on the technical aspects of solution implementation. This role is typically trained from graduate or industry hires and experience ranges from 6 months to 10 years. The technical consultant requires deep product training and should be skilled at the subsequent lifecycle management required to ensure continued use of the service. Read the full job description at <a href="https://aka.ms/functionalconsultant">https://aka.ms/functionalconsultant</a>.</td>
</tr>
<tr>
<td><strong>Solution Architect</strong></td>
<td>Drives customer initiatives in collaboration with customers and participates in both pre-and post-sales (e.g., deployment) efforts. This role is a technical, customer-facing role that is accountable for the end-to-end customer cloud deployment experience. Also, this role owns the Azure technical customer engagement, including architectural design sessions, specific implementation projects and/or proofs-of-concept, and deployment. Read the full job description at <a href="https://aka.ms/solutionarch">https://aka.ms/solutionarch</a>.</td>
</tr>
<tr>
<td><strong>Software Developer</strong></td>
<td>Designs and builds applications that solve today’s business needs. To remain effective, this person must be willing to stay up to date with the fast-moving cloud services landscape including IaaS, SaaS, and PaaS designs. The developer should understand the aspects of the software development cycle, from architecture to testing. This person designs, builds, and maintains efficient, reusable, and reliable code and should have experience with projects using agile methodologies, such as Scrum. Read the full job description at <a href="https://aka.ms/softwaredev">https://aka.ms/softwaredev</a>.</td>
</tr>
</tbody>
</table>
**Program Manager**

Owns the specification for a solution’s features and functionality and coordinates the day-to-day communication required to develop the solution effectively and consistently within organizational standards. This role has a key communication and coordination role with input from other team leaders and assists Product Management in articulating the vision for the project. Read the full job description at [https://aka.ms/programmgr](https://aka.ms/programmgr).

**Support resources**

A lot of effort goes on behind the scenes, or in positions that involve post-sales customer engagement. To ensure long-term success, consider hiring some of these support roles.

<table>
<thead>
<tr>
<th>ROLE</th>
<th>DESCRIPTION</th>
</tr>
</thead>
<tbody>
<tr>
<td>Functional Consultant</td>
<td>Assists customers who are having technical issues with the product, or who need help to realize the full benefit of the solution in delivering their cloud-based workloads. They will likely be able to help customers navigate the operational challenges of cloud computing, so thoroughly training them in both products and the infrastructure is paramount to their success, and ultimately, customers’ satisfaction. Read the full job description at <a href="https://aka.ms/supportspecialist">https://aka.ms/supportspecialist</a>.</td>
</tr>
</tbody>
</table>

**SCALING THE PROJECT TEAM**

Depending on the size and complexity of customer organizations, these roles can scale up and down by combining roles for the delivery of the solution. Smaller projects can be started with a small team of 1-2 professionals (technical and functional). As the complexity grows, the projects will require role segmentation to drive customer success. Scaling teams up and down has a correlation with the set of skills required for the project, and volume of stakeholders and users. If the scope covers IoT, AI or other integration services the project may call for verticalized technical roles.

Larger projects may also require additional roles than described here. For instance, customers that have a larger user base, or deployment in multiple countries or a heavy customized mobile application might need a Release Manager and different QA/Test professionals on the team.

Customer complexity will drive which skills need prioritization. Consider building the practice following a progressive complexity path. Start with basic projects (single geography, focus on one sales play), evolving to customers that require higher customizations, and then moving onto customers that need to redefine or build complex business processes from the ground up.

Customers add complexity with geographic coverage, and users from different geographies can impact solution performance and different mobile user requirements. Start with one region/district geography before adding multiple regions/districts or countries. Technical skills requirements to successfully implement a multiple-country customer are higher than single-country implementations.

Another aspect to consider is the focus on functional/industry scope versus the technical scope. There are many partners in the ecosystem that focus only on supporting other partners on the technical configuration/implementation model. Based on that, keeping a strong functional team specialized on vertical industries while outsourcing the technical work is also a practice to be considered.
Recruiting resources

Top 10 Sources to Find Skilled Labor and What to Look For

Sourcing skilled labor can be a challenge. In the Microsoft Hiring and Onboarding Playbook Study, referrals (63%), website (57%) and LinkedIn (56%) were reported as the top approaches for generating leads.

<table>
<thead>
<tr>
<th>TOP CANDIDATE LEAD SOURCES</th>
<th>TOTAL (n=275)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Referrals from employees or partnerships</td>
<td>63%</td>
</tr>
<tr>
<td>Posting on website</td>
<td>57%</td>
</tr>
<tr>
<td>LinkedIn</td>
<td>56%</td>
</tr>
<tr>
<td>Social media</td>
<td>42%</td>
</tr>
<tr>
<td>Former employees</td>
<td>36%</td>
</tr>
<tr>
<td>University recruiting</td>
<td>36%</td>
</tr>
<tr>
<td>Local technical communities</td>
<td>35%</td>
</tr>
<tr>
<td>Recruit from competitors</td>
<td>23%</td>
</tr>
<tr>
<td>Meetups</td>
<td>16%</td>
</tr>
<tr>
<td>Recruitment agency</td>
<td>4%</td>
</tr>
<tr>
<td>Other</td>
<td>4%</td>
</tr>
</tbody>
</table>

Source: Microsoft Hiring and Onboarding Playbook Study, MDC Research, June 2018

Among Dynamics partners surveyed, referrals and LinkedIn are top methods for sourcing candidates.

Microsoft Business Applications Practice Development Study, MDC Research, March 2018
Training

For technical staff to function as change agents supporting current and emerging cloud technologies, their buy-in for the use and integration of these technologies is needed.

The technical team will need the following:

1. An understanding of their roles and any changes to their current position
2. Time and resources to explore the technologies
3. An understanding of the business case for the technologies

Use the following resources as part of the business applications onboarding for new and existing staff:

- Microsoft Learning offers a wide variety of official curriculum on-demand, Dynamics 365 certification preparation courses, as well as edX courses that are taught by Microsoft experts, and helps the team learn through hands-on experiences with a broad set of Microsoft technologies.
- Microsoft Technical Journeys provides technical webinars as well as 1:1 pre-deployment guidance and developer assistance from Microsoft technical consultants to help ensure a successful implementation for the team.
- The Microsoft Partner Network Training Portal provides a centralized interface with in-person, virtual and online training opportunities and certification options organized by products, competencies, certifications, and job role.

Follow a self-paced learning curriculum to build the skills needed most. We recommend pursuing Dynamics 365 Certification to demonstrate competency in this area.
Competencies and certifications

Microsoft Partner Network Competencies

One of the next steps is to ensure the technical team aligns with the MPN competency for the practice.

A Cloud Business Applications competency showcases the team’s Dynamics 365 expertise in the marketplace and gives customers confidence in the practice’s technical competence and ability to drive successful outcomes.

To attain the competency, a Microsoft partner must meet requirements pertaining to how many employees hold Microsoft certifications and how much Dynamics 365 licensing revenue is generated. However, Microsoft continues to iterate and improve the way we measure our most capable partners based on evolving customer needs and technology changes, and beginning on October 1, 2020, we will introduce a new requirement measurement, the Partner Contribution Indicators.

Partner Contribution Indicators

Partner Contribution Indicators (PCI) provide a more holistic measure of a partner’s impact in driving successful customer outcomes and, therefore, greater differentiation in the market when a partner attains and retains the Cloud Business Applications competency. Partners receive credit for key measures of customer success, such as successful deployments and increasing usage, and are rewarded for continuing to invest in and scale out their technical capabilities. The goal of PCI is to help more partners:

• Improve customer outcomes: The PCI-based competency score gauges the ability to drive customer success by tracking the number of large deployments successfully completed and the growth rate of monthly active users across the customer base.
• Boost customer confidence: The PCI score increases when partners add new functional consultants and developers, as well as when they achieve advanced levels of role-based certification. Under the new PCI-based model, the data-driven capability score provides a simple way for customers to know that a partner has the technical skills and knowledge required for their business success.
• Energize business growth: Unlock service opportunities by showcasing competencies to the largest customer base in the industry through Microsoft’s commercial marketplace and sellers’ channels. Customers, sellers, and fellow partners will use the competency badge to help identify the most capable partners for their needs. And Go-To-Market Services and training available through a competency help attract leads.
Points are granted for each achieved indicator, resulting in a single-number PCI score with a possible 100 maximum points. The PCI score determines competency eligibility:

<table>
<thead>
<tr>
<th>1-59 PCI SCORE</th>
<th>60-79 PCI SCORE</th>
<th>80-100 PCI SCORE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Not eligible for competency</td>
<td>Meets requirements for silver competency</td>
<td>Meets requirements for gold competency</td>
</tr>
</tbody>
</table>

Each PCI metric has Microsoft-set thresholds that can earn maximum points. These thresholds differ for the Customer Engagement and Finance & Operations paths for attaining the Cloud Business Applications competency. The thresholds also differ for partners operating in developed markets versus those that operate exclusively in developing markets. Points across each metric are tallied to yield a distinct PCI score for Customer Engagement and Finance & Operations, which will be updated monthly.

Each indicator brings a score that is added to the total. Here are the maximum scores for each indicator:

- **Performance**:
  - Net new revenue: 10
  - Net customer adds: 10

- **Capability**:
  - Functional consultants: 15
  - Functional consultant growth: 15
  - Developers: 5

- **Customer success**:
  - New large deployments: 20
  - Monthly active user growth: 25

Learn more about Partner Contribution Indicators, read the PCI overview, and review the detailed definitions for each of the PCI metrics to learn how they are determined.
Certifications

Increase readiness and marketability with role-based Dynamics 365 certifications.

A Microsoft certification shows customers that the team is keeping pace with today’s technical roles and requirements. Microsoft offers a wide range of Cloud Business Applications certifications, from fundamentals to advanced role-based skills.

The list of Dynamics 365 certifications are available on the Microsoft Learn certification site, along with the prescribed learning paths to prepare for the exams. Explore all certifications in the Training and Certification Guide and review the fundamentals, role-based and specialty certifications in the popular certification poster.

Certification and skills validation are required for the Cloud Business Applications competency and the complete list of required exams are available on the Microsoft Partner Network Cloud Business Applications competency page.
Operationalize

Business Applications

aka.ms/practiceplaybooks
Introduction

This section covers the steps to operationalize the business plan and engage with customers. It starts with building the solution delivery process for a business applications practice, and the tools and systems to support that process, from customer relationship management to building a customer support program and processes.

Learn how to deepen relationships with customers by re-selling Dynamics 365 as an overall package along with custom IP and software, creating a new revenue stream for the business.

It covers the Microsoft-provided support options, partner advisory hours, Azure Security Center, support ticket tracking, and publishing a partner offer in the Azure Marketplace.

The section concludes with checklists and templates to use to standardize the customer engagement process.

Operationalize Guide

Leverage the Microsoft resources available in the Operationalize guide, for details on preparing for launch with systems, tools, and processes in place. The guide contains the following additional sections:

LEVERAGE INTERNAL USE BENEFITS
Internal use benefits provide complimentary software licenses and subscriptions for use within a partner organization and resell it as well as part of an overall package along with custom software, creating a new revenue stream for the business.

PREPARE KEY CONTRACTS
Support the sales and marketing efforts with this guidance on how to operate the business, from how to build materials to supporting the sales and marketing efforts, to the key contracts to put in place.

SET UP THE SUPPORT PROCESSES AND SYSTEMS
Implement tools and systems with this guidance. Whether partners building product, provide managed services, or perform project work for customers, success may be impacted by the ability to manage customer records, projects, and trouble tickets.

SET UP SOCIAL OFFERINGS
Increase visibility for the practice by reviewing the Microsoft marketplaces and how to get listed on them as well as provide guidance on the social offerings the practice can set up.

STANDARDIZE THE ENGAGEMENTS USING CHECKLISTS
Leverage checklists and templates to standardize the customer engagement process.
DYNAMICS 365 CUSTOMER SERVICE

Create consistency and loyalty
Provide the seamless service that customers expect by meeting them where they are with the information they need, every time.
- Give customers great service on their channel of choice
- Make help easy by providing relevant, personalized service
- Proactively address issues by detecting customers’ intent and social sentiment

Make agents’ jobs easier
Give agents complete information—in a single customer service software app—to make smart decisions and provide great service.
- Reveal customers’ case histories, preferences, and feedback
- Provide guidance on entitlements and service-level agreements
- Display it all in a single interface tailored to their job and skillset

Get an adaptive engine
Respond quickly to customer and market changes within an agile, cloud-based environment that has digital intelligence built in.
- Adapt and customize easily using configuration, not code
- Extend functionality through a single interface
- Rely on advanced analytics and a trusted cloud platform
Go-To-Market and Close Deals

Business Applications

aka.ms/practiceplaybooks
Introduction

Build marketing readiness by developing strategies that support brand awareness, lead generation, and accelerate nurture to commitment motions in the buyer’s journey.

Align marketing plans and activities to practice goals with a strong, strategic marketing foundation, including a well-defined target market, differentiated positioning, and a compelling value proposition.

Determine an ideal customer profile and develop buyer personas and messaging that captures attention, entices engagement, and triggers consumption behaviors.

Map the buyer journey to align the right messaging, content and assets required by each persona at the ideal point in their purchase cycle.

Identify the range of inbound, digital, and social media activities, including content and collaterals that will need to be developed.

Finally, discover new ways to organize and implement a cohesive integrated campaign and nurture program, organized in a 12-month calendar.

We will also include a consolidated vertical industry Go-To-Market approach, offering step-by-step actions of importance.

Go-To-Market and Close Deals Guide

Leverage the Microsoft resources available in the Go-To-Market and Close Deals guide, these additional sections:

MARKETING TO THE CLOUD BUYER

Technology buyers buy differently than in the past. By the time they engage with sales, they have already made some decisions.

ALIGN MARKETING GOALS WITH BUSINESS GOALS

What should the marketing efforts try to accomplish?

CREATING MARKETING FOR EVERY PHASE OF THE JOURNEY

Messaging and content should be available at each stage of the customer journey.

MARKETING TACTICS

Understand strategies for websites, SEO and SEM, social media, email, blogs, and webinars.

SALES

Find selling tips, sales training materials, best practices, sales incentives, and sales compensation advice.

CLOSING THE SALE

Write winning proposals and negotiate the offer.
Understand the buyer’s journey

The modern buyer

Today’s business applications buyer is highly informed and demanding. They use their personal networks and publicly available information via digital and social media channels to research and self-educate. They wish to remain as anonymous and autonomous as possible and often delay vendor contact until more than halfway through their buying process. By this point, they have already made decisions and have strong beliefs and biases. And they expect partners to have a high level of competency in their specific industry and workload.

The modern buyer more frequently purchases a SaaS-based solution which means the revenue model will shift from large one-time payments to smaller recurring ones. That requires a higher volume of transactions from new customers which, in turn, requires proportionately more leads generated. This is a top challenge facing Dynamics partners. To support this motion, partners increase their marketing investment and leverage new modern digital methods.

### Top Challenges Experienced Moving Dynamics 365 Business to the Cloud

<table>
<thead>
<tr>
<th></th>
<th>Total (n=162)</th>
<th>SMB-focused (n=132)</th>
<th>Ent.-focused (n=30)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1st Generating Leads</td>
<td>33%</td>
<td>36%</td>
<td>20%</td>
</tr>
</tbody>
</table>

In addition, a recurring revenue model will require an increase focus on marketing to the existing installed base of customers and upselling and cross selling products.

Marketing is not an option in a cloud world where sellers can no longer rely solely on referrals, even if word of mouth is still the best form of marketing.

Microsoft Business Applications Practice Development Study, MDC Research, March 2018
Hiring and onboarding sales professionals

With all prospective buyers completing much of their primary research online, strong biases and judgements are now formed long before they engage with sales professionals. This shift has led to the need for a more streamlined sales engagement model, and more importantly, a more efficient and prescriptive sales professional.

Relationships and trust are no longer developed over "coffee meetings" and functional discovery sessions; they are increasingly built on a shared understanding of a defined set of industry, vertical and/or business process challenges. They are further developed by challenging prospect assumptions, uncovering business benefits that they had not previously considered and teaching them how to reduce project and business risk. More specifically, business application sales professionals must do their best work at the beginning, rather than at the end of their sales cycles.

The hiring profile has changed

As outlined in the chart on the right, modern business application buyer characteristics have changed significantly. Cloud buyers are looking for pre-configured solution sets that deliver relatively immediate business value. They want to work with vendors who understand their business challenges and business processes. Most importantly, they want limited project risk. The sales strategies, tactics, skills, and resources that align with today’s cloud buyer are very different from those of the past: industry awareness and business acumen have replaced technical knowledge and product demonstrations as the new differentiators. As a result, the “ideal” sales candidate has evolved from a “relationship builder” into an "industry educator".
Hire for communication skills and situational fluency

Engaging with self-educating business application buyers demands a much higher level of adaptive selling skills than what was required in the past. Historically, product knowledge (ERP/CRM) and solution selling skills were central to the candidate selection process because they ensured new hires could "hit the ground running". However, with cloud solution sets configured for industry/vertical business challenges and sold via prescriptive sales motions, these two competencies are no longer the most important criteria for candidate selection.

Communication skills and situational fluency are now extremely important competencies to test and confirm during the candidate selection process, with industry knowledge and business acumen now equally as important as strong sales skills and solution knowledge.
Find and filter candidates

Proactively driving a prescriptive business applications sales motion is vastly different from the expensive and time-consuming face-to-face approach of the past. Next generation, high performing business solution sales professionals that can effectively drive an Accelerated or Depth sales motion will increasingly come from new sources:

✓ Recent graduates
✓ Non-IT industry sales professionals
✓ Operational industry resources
✓ Non-IT transactional sales professionals
✓ Pre-sales/consulting resources
✓ Competitive cloud sales professionals

The following table maps the four primary and two supporting competencies to the above candidate sources. Each has its strengths and weaknesses, but all will produce capable and motivated candidates for Accelerated and Depth sales motions.

<table>
<thead>
<tr>
<th>Competencies</th>
<th>Recent Graduates</th>
<th>Non-IT Industry Sales Professionals</th>
<th>Operational Industry Resources</th>
<th>Non-IT Transactional Sales Professionals</th>
<th>Pre-Sales &amp; Consulting Resources</th>
<th>Competitors’ Sales Professionals</th>
</tr>
</thead>
<tbody>
<tr>
<td>Communication Skills</td>
<td>✓</td>
<td>✓</td>
<td>?</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Situation Fluency</td>
<td>?</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Business Acumen</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>?</td>
<td>✓</td>
<td>?</td>
</tr>
<tr>
<td>Industry Knowledge</td>
<td>x</td>
<td>✓</td>
<td>✓</td>
<td>x</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Sales Skills</td>
<td>?</td>
<td>✓</td>
<td>x</td>
<td>✓</td>
<td>?</td>
<td>✓</td>
</tr>
<tr>
<td>Product Knowledge</td>
<td>x</td>
<td>x</td>
<td>x</td>
<td>x</td>
<td>✓</td>
<td>✓</td>
</tr>
</tbody>
</table>

Sales professionals driving a Disruptive sales motion will require deep business, functional and technical expertise, supported by a consultative “challenger” mindset. These resources are not easy to source, nor inexpensive to hire. But they are essential to orchestrating and executing complex sales engagements.

Rigorously evaluate candidate.

To accurately evaluate candidates, observe them demonstrating the skills and capabilities they will need to succeed in role. Structuring an evaluation process around interview activities that mirror the sales process quickly identifies leading candidates. This also provides valuable input into onboarding and coaching activities.

Below is a recommended candidate selection approach designed to evaluate the core activities that need to be scored during the interview cycle:

✓ Review online profile and personal brand
✓ Evaluate voicemail messaging
✓ Evaluate engagement and credentialing
✓ Evaluate discovery capabilities
✓ Evaluate sales and interaction skills
✓ Test business acumen and writing skills
✓ Evaluate remote presentation and closing skill

Benefits of a structured hiring process

Orchestrating and facilitating a structured hiring process that tests the competencies and skills required to connect with and sell to modern business application buyers will ensure that the organization...

- Minimizes expensive hiring mistakes. Beyond compensation and external training costs, new hires require a significant amount of management and internal subject matter experts’ time.
- Attracts higher caliber candidates. Benchmarking competencies, behavioral traits, communication skills and other key hiring criterion leads to more accurate job descriptions and a more consistent and efficient interview process.
- Accelerate new hire effectiveness. Sales leaders will have the information required to optimize and adjust the onboarding process and focus their coaching efforts on specific competencies and skills.
- Builds a long-term candidate funnel. Leveraging social media tools and industry channels to attract top talent on a continuous basis provides a steady flow of promising new applicants.

Relevant or redundant?

Modern business application buyers will engage with sales professionals who can share insightful industry/vertical specific content that addresses their business challenges. These same buyers will punish sales professionals who focus on product and/or facilitate self-serving interrogations anchored in BANT (Budget, Authority, Needs, Timing). Sales professionals who understand the industry drivers and market forces which shape their prospects’ strategic decisions, who can clearly articulate industry issues, risks, and operational challenges, will be rewarded with executive conversations, greater levels of disclosure and ultimately, higher win rates.

For more information on how to improve the sales professional hiring and onboarding processes, review the Business Central Sales Professional Hiring Guide and Business Central Sales Professional Onboarding Guide.
Guide: Optimize and Grow

Optimize and Grow Guide

Leverage the Microsoft resources available in the Optimize and Grow guide, for details on optimization strategies, engaging customers for life, and monitoring and measuring results. The guide contains the following additional sections:

**Optimize through Bottom-Line Efficiencies**
Optimize for operational excellence, using bottom-line levers.

**Measure Results**
Benchmark and create scorecards to measure improvement against key performance indicators.

**Understanding Customer Lifetime Value**
A lifelong customer is of far greater value than any one-off transaction. And not all customers are equal in value.

**Customer Experience and Satisfaction**
Continually improve customer experience by establishing CX related metrics.

**Collect Feedback**
Solicit feedback from customers on a regular basis and act on that feedback.

**Perform a Post-Mortem**
Establish a formal process for evaluating a project.

**Growth through Top-Line Strategies**
Without a strategic plan for growth and revenue generation, the impact will be felt on the bottom line.

**Post-Sale Activities**
Building and nurturing positive customer outcomes post-deployment is critical to secure recurring and renewal-based revenue.

**Grow Partnerships**
Identify partnership opportunities, assess readiness, and grow relationships to differentiate offers, expand markets or enter verticals.
Business Applications Playbook Summary

Thank you for taking the time to review this playbook.

Our hope is that the content in this playbook will stimulate new ideas, validate you are on the right track and help to make some of your decisions easier. We have attempted to organize and provide links to valuable resources which we how will provide insight that you can use to quickly accelerate and optimize your business application practice. To this end, we shared the business applications market opportunity and provided relevant information on business strategies and technical topics to capitalize on this opportunity. We hope you will share this playbook with your peers and come back and review all five sections in order, or individually again, at any time.

The first section, Define the Strategy, introduced Microsoft’s approach to business application and the technologies you can leverage from the Microsoft business application platform, and examples of the various project services, managed services, and intellectual property your practice could build or sell. The key actions we prompted you to take are: define your practice focus, identify customer trigger events, understand the Dynamics 365 opportunity, develop your solution offer, and define your pricing strategy.

In the second section, Hire & Train, we focused on the importance of hiring the right team and provided details regarding the skills, certifications, and experience you should look for in key roles. In addition, we provided specific guidance for ongoing training and certifications.

In the third section, Operationalize, we suggested you put your plan into action and standardize processes across key functional areas. We provided information on sales and marketing infrastructure considerations. In addition, we recommended you leverage your internal use benefits, shared how to organize your support process, and made recommendations on key contracts and tools.

The fourth section, Go-To-Market and Close deals, explained how to bring your offer to market successfully through sales and marketing activities. We shared strategies that support brand awareness, lead generation to achieve an accelerated sales commitment. We described how to build your foundational marketing messaging and shared the most successful selling motions you need to adopt in a high-caliber practice.

The final section, Optimize & Grow the practice, stressed the importance of learning from your customers and leveraging your learning and experiences to optimize your practice and expand customer lifetime value. We explored how to nurture customers post-sale through renewal and advocacy programs and land and expand strategies.

FEEDBACK

Share feedback on how we can improve this and other playbooks by emailing playbookfeedback@microsoft.com.