Renew Leads Action Guide

Winning with renewals
Now is your time to expand your Microsoft cloud business with renewal opportunities

As part of our efforts to help worldwide partners own their customer relationships closer, in 2018 we are driving more focus on the digital transformation opportunities within legacy open and selected small Enterprise Agreement (EA) renewals. These sales events present a massive opportunity for growth in the year ahead. It is quite straightforward: we recommend that upcoming legacy agreement expiration events be engaged and assessed early as net-new partner sales opportunities.

This means especially that the SMB customers—even if they have an expiring EA—would now reengage directly with their channel partners for new guidance, advice, and support services! This change creates a great opportunity for you to refresh and expand your relationships, ensuring you are delivering your customers the best services with the Microsoft cloud at the center of their experience.

The opportunity is enormous

This year over 330 thousand legacy VL open customers worldwide have their annuity coverage agreements expiring, representing over USD1.3B in open recurring revenue. And every one of those expirations is an opportunity for you to grow our joint business with these customers. For the selected unmanaged/SMB customers with EAs, this represents over USD200M in additional expiring annuity renewal opportunity. These specialized EA customer engagements, which were driven by customer account managers in the past, are now 100 percent partner-led renewal opportunities because they are directly with your customers.

We will be proactive with our partners and highlight these opportunities, reviewing and enhancing the direct investments and Incentives, rewarding those partners who are prioritizing customer retention, digital transformations, and renewals to new CSP/cloud services.

This action guide will help you take advantage of this tremendous opportunity.

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Winning with renewals

This Renew Leads Action Guide covers six key steps:

1. Recognize key moments of truth
2. Understand your customer
3. Journey to exponential growth
4. Transition your legacy customers to the cloud
5. Plan for success—sell it right
6. Measure your success

It costs 7 times more to acquire a new customer than retain an existing one!

Source: Bain & Company
Step 1: Recognize key moments of truth

Renewals are net new sales opportunities

Many companies are so focused on a given transaction that they lose sight of the longer-term relationship potential. If you fail to engage with your customers after the transaction, the lifetime customer value will quickly dwindle. To build those post-transaction relationships, you need to find moments of truth and identify gaps in the customer journey.

The zero moment of truth refers to when a customer researches a product before they even encounter it. A relevant update to this zero moment of truth notion focuses on post-purchase moments of truth, a leading indicator of brand loyalty.

Address questions such as:

- Did you offer additional contextual information on how to best use your product/service?
- If there was a problem, how did you resolve the issue?
- Did you notify the customer post-purchase to ensure their needs were met?

Most brands invest heavily in marketing to customers during pre-purchase stages, but fail to continue customer communications during the valuable post-transaction phase.

A 5% increase in customer retention can increase profits by 25%

Source: Bain & Company
Step 2: Understand your customer

Drive customer happiness with deeper relationships

The health of a Software as a Solution (SaaS) business is directly tied to how it retains customers and prevents churn. To do this, you must ensure your customers are happy. That means delivering on the business benefits you promised.

Additional elements that drive customer happiness include:

• Clear return on time and money invested in using your product
• A frustration-free experience—no bugs or data loss, slow performance, poor user interface, etc.
• No missing key features or other product integrations
• Good customer service

Happy customers refer other customers.

Quick Start

• Take this simple assessment to help determine how effective you are at maximizing customer lifetime values. Get results and recommended best practices right away.
• Read this article by David Skok on how to stop churn.
Step 2: Understand your customer

When does your partner need to renew their subscriptions?

Use the My Insights Dashboard to identify partners whose subscriptions expiring within the next 30 days. The “Subscription Renewal Due In” drop-down menu enables you to take action on customers and subscriptions to avoid expiration.

Quick Start

- Use the My Insights Dashboard to find out what cloud workloads are being used helping predict if your customer will renew/expand their relationship.
- Contact your customers when active usage is low so that you can help them deploy, providing new/incremental service offerings that address your customers’ explicit needs.
- Identify potential win-backs. Prepare list of customers for call downs on win-back opportunities where expirations were not renewed/extended or to confirm outcomes.
Step 2: Understand your customer

When does your legacy Microsoft Volume Licensing customer need to renew?

For distribution and selected reseller partners only, use the Microsoft [www.explore.ms](http://www.explore.ms) site to identify legacy volume licensing agreements that are expiring within the next six months. The “Agreements” section enables you to take action on customers’ annuity coverage agreements to transform to the Cloud.

Quick Start

- Use [www.explore.ms](http://www.explore.ms) to find out what legacy on-premises purchases may be used, which will help you predict if your customer will renew/expand their relationship.

- Contact your customers early when adoption is low so that you can help them deploy, providing new/incremental service offerings that address your customers’ needs.

- Prepare list of customers for call downs on win-back opportunities where expirations were not renewed/extended on time, or to confirm outcomes.
Step 2: Understand your customer

Use the My Insights Dashboard to identify Cloud Product Performance and usage patterns

https://partner.microsoft.com/en-us/membership
Step 2: Understand your customer

What technology has your customer used?

To assess if your customer is successfully adopting, aggregate and analyze customer activity data streams. Plus, you'll be able to predict if your customer will renew/expand their relationship with your company.

By understanding customer usage, you'll discover behavior trends that'll help determine new/incremental service offerings that address your customers' explicit needs.

Quick Start

- Go to MPN Partner Cloud Dashboard to review customer cloud subscription usage data.
Step 2: Understand your customer

What does your customer need?

Driving outcomes is all about understanding the business challenges that you will address with Microsoft cloud solutions:

- Does your customer agree the solution meets their needs?
- What are the use cases for the solution adoption?
- What training is offered?
- How are you helping measure the success of your customers’ adoption of the solution?

Quick Start

- Download this guide to help with adoption planning.
Step 3: Journey to exponential growth

Follow this four-step framework to create a foundation for exponential growth:

1. **Engage**
   Identify stakeholders and business scenarios.

2. **Commit**
   Create a success plan with your customer; ensure adoption and training for primary workloads and your services.

3. **Renew**
   Auto “renew” and up-sell/cross-sell with commitment to next logical purchase (NLP).

4. **Grow**
   Expand adoption of primary workloads and adopt more workloads conversation with customer.
Step 3: Journey to exponential growth

Use all your channels for personalized communication

Build personalized experiences across all customer touchpoints including web, social, email, phone, or in-person.
Step 3: Journey to exponential growth

Take advantage of go-to-market templates and resources

Microsoft customer lifetime value communications examples (pictured right)

Quick Start

Promotions, offers and financing:
- Include current, accurate monthly summary of all relevant Microsoft offers and partner incentives in market.
- Repurpose promotions content as modules for inclusion in product, sales training, communications, and website.
- Use Microsoft Smart Partner Marketing templates and resources to maximize your marketing impact
Step 3: Journey to exponential growth checklist

✓ Communicate and train your customers on new features and functionality so that they adopt Microsoft cloud services
  • Create “train-the-trainer sessions” with super users and IT staff
  • Train your customers where active usage is low in the My Insights dashboard.
  • Use FastTrack Solution Learning to help you increase adoption by raising awareness about the value of cloud services
  • Use Microsoft Learning portal for training on the latest Microsoft technologies
  • Attend on-demand cloud training and leverage marketing assets to help you make a compelling case for cloud services to grow your practice

✓ Maintain continuous, purposeful marketing touch points
  • Use technology (such as a Customer Relationship Management System) to manage customer transactions and outcomes
  • Use customizable email templates from the FastTrack Communication Resources to inform your customers during pre-launch and post-launch stages
  • Use the FastTrack Productivity Library to learn more about productivity in verticals relevant to your customer base
  • Provide your customers with guides, trainings, and videos to help them drive user adoption where active usage is low
  • Inform your customers of planned updates using the Office 365 Roadmap

✓ Track customer success
  • Survey your customers throughout the whole lifecycle from pilot through roll-out and post roll-out
  • Refine your services and create new offers
  • Use Net Promoter Score (NPS) to measure your customers’ overall perception of your brand

✓ Review staff remuneration
  • Reward customer retention and loyalty-renewals, product and services
Step 4: Transition your legacy customers to the cloud - key steps

From expiration recognition to renewal, here’s an overview of the six key steps to transitioning your legacy customers to the cloud:

1. **Target Expirations and engage early – T-90**
2. Actively manage recapture pipeline in Customer Relationship Management (CRM) system
3. Focus on growing renewal sales opportunities
4. Ensure use of Partner Targeting Tools (PAT) and MPN online services dashboard
5. Drive upsell and cross-sell promotions
6. Leverage your renewal offers and promotions
Step 4: Transition your legacy customers to the cloud

Considerations for EA versus CSP

Online Services Sales Guidance: EA or CSP?

Use this guidance for:

- **Net new customers**
  - Is the customer large and complex needing:
    - Affiliates (local and/or global) to be included in one agreement
    - To use an established Framework agreement
    - Negotiated terms from Microsoft

- **Mid Term EA customers**
  - If it is a new agreement, do they need less than 250 User SLs?
  - Do they need partner help or are the User SLs being sold as part of a wider partner-managed solution?

- **Renewing EA customers**
  - If it is an existing agreement, do they have existing licenses that would qualify them for From SA or Add-on User SLs?
  - Will the number of User SLs required change from month to month?

- **EA**
- **CSP**
Step 4: Transition your legacy customers to the cloud

Licensing guidance

<table>
<thead>
<tr>
<th>Existing VL Customers – Transition to Cloud/CSP</th>
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<tbody>
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<td><strong>Over 500 Users</strong></td>
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| **Under 500 Users**                            |
| * Existing EA                                  |
|   • Renew Online Services-only EA to CSP, if possible |
|   • Renew software into EA                     |
|   • Renew/Extend current EA for 12 months      |
| * Open/Open Value                              |
|   • Renew Online Services deals into CSP       |
|   • Renew software-only deal to Open/Open Value|
Step 5: Plan for success—sell it right

A framework for success

**Deployment**

**Value confirmed**

- Secure user adoption and drive up consumption:
  - Welcome the customer
  - Provide deployment support and training
  - Assist with migration from On-Prem to cloud
  - Assign users
  - Designate POR
  - Provide support options
  - Follow up and check in
  - Validate customer in their purchase

**Telling and listening**

**Value enhanced**

- Hold continuous touch points to learn more about the customers’ needs:
  - Share new features and capabilities
  - Provide business insights and best practices
  - Evaluate CSAT
  - Offer ‘freemium’ services & loyalty builders
  - Detect evolving needs and potential blockers

**Prepare for resale**

**Value expanded**

- Identify renewal, upsell and/or cross-sell opportunities:
  - Align offers with customer needs
  - Identify next logical purchases (complimentary or net new, etc.)
  - Price out offers, discounts & promos
  - Prepare re-bill

**Close resale**

**Value renewed**

- Identify optimization opportunities for close of sale:
  - Invoice
  - Process transactions
  - Promo, offers, financing
  - Negotiation
  - Identify potential win-backs
  - New onboarding
Step 5: Plan for success checklist

✓ Use systematic opportunity pipeline to track cloud extensions:
  • Track cloud extensions in a CRM system
  • Track upcoming expirations in the My Insights Dashboard

✓ Plan for the next selling opportunity:
  • Engage in account management planning activities and connect with customers ideally up to six months prior to cloud expiration to maximize selling efforts
  • Leverage Microsoft cloud roadmap to introduce new opportunities as part of your account planning process.
  • Use value discovery workshops to help you sell it right through business value discussions focused on prioritized customer scenarios and the key capabilities needed to achieve them.
  • Segment customers and prioritize sales pipeline by their current cloud services usage, e.g., high usage in a single workload = next workload opportunity.

✓ Train sellers on how to expand the sale:
  • Leverage Partner Profitability Fundamentals training for your cloud sales model, explaining how to build IP into your business models and demand generation essentials
  • Start with cloud workloads to help your customer drive business productivity with Microsoft 365
  • Progress to pitching Cloud Infrastructure and Management to your customers
  • Give instruction on upselling and cross-selling cloud workloads from usage data insights, e.g., moving single workloads to multiple workloads and services

✓ Consider adding helpers for driving usage and sales expansion efforts:
  • Evaluate the return on investment for helpers to add value to customers’ experiences (customer success manager)
Step 5: Plan for success – post sales activity

Become a trusted cloud advisor with Digital Partner of Record (DPOR)

Help your customers get started with their cloud services by becoming their trusted advisor, providing value-added services for their ongoing cloud usage. You can do this by becoming their Digital Partner of Record (DPOR). With DPOR and new partner association methods, multiple partners can be recognized for the value they add to customers’ cloud subscriptions.

How being a DPOR drives customer happiness:

- Gain insight into your customers’ cloud consumption and usage
- Help your customers reach their desired business outcomes
- Leverage insight for cross-sell/upsell and proactively engage customers for extension opportunities

And you’ll qualify for MPN cloud competencies that will help you grow your business.

Quick Start

- Download step-by-step guides to help your customers add you as their DPOR.
- Learn more about how DPOR benefits partners and customers and how to add yourself as DPOR.
Step 6: Measure your success

Monthly recurring revenue
This is the combined dollar value of your monthly subscription revenue, which should increase over time.

Percentage of recurring revenue
This is the proportion of your total revenue that comes from recurring or subscription sources.

Average revenue per user (ARPU)
The industry is moving away from large projects to long-term relationships, so it's critical to maximize your average revenue per user. This could be part of the role of the customer success manager, or you might consider having a dedicated marketing/sales expert.

Customer Lifetime Value
This is the average revenue from a customer over the typical lifetime of their relationship with you. This measurement is most useful when it is calculated for different customer scenarios—based on variables such as a company size, services consumed, industry, etc. That way when you bring on a new customer with a particular profile, you will know how much revenue and profit to expect. It is also a good way to guide and reward your sales team. Pay them more for bringing in customers with high potential lifetime value.

Average recurring revenue renewal rate

- 79%
  All partners

- 87%
  Partners with 5+ years in cloud or >50% recurring revenue
Bringing it all together

The Renew Leads Action Guide has demonstrated why renewals are a huge opportunity for you.

Renewals are the easiest new sales opportunities to engage: they present opportunities to engage with end customers who may not have had a touchpoint in two-three years. But engaging proactively takes time, planning, and proper resourcing to succeed with a renewal to cloud.

This guide can help you grow and drive new business with end customers who have expiring agreements.

When you transition from managing renewals to renewing your customer relationships, you will create the kind of customer lifetime value that sets up your business for long-term success.

It costs 7x more to acquire a new customer than to retain an existing one!

Source: Bain & Company
Additional resources

1. Become your customers' trusted advisor. Learn how you can own the end-to-end customer relationship with the cloud solution (CSP) program.

2. Get in contact with an Indirect Provider to discuss how they can help with expanding selling using the (CSP) program.

3. Read the Cloud Partner Profitability resources for best practices and selling scenarios across the cloud workloads.

4. Visit Partner University for comprehensive learning resources for selling Microsoft cloud.

5. Review resources for expanding your business, engaging customers, and earning more money.
Thank you