THERE’S NO DENYING IT—THE CLOUD IS HERE TO STAY

In a 2016 survey of 1,000 IT professionals, 91 percent said their organization has deployed at least one service in the cloud — and 75 percent are planning to add more over the next three years. ¹

With most executives now supporting the cloud, there’s a strong opportunity for MSPs. Not only can the cloud help generate more revenue from higher-margin services, it can also lead to more profitable long-term business relationships.

Yet many MSPs still find it challenging to talk to their customers about the cloud, especially those who are reluctant to give up control of their IT infrastructure. In fact, how to deal with the cloud is now an MSP’s biggest concern — even ahead of margin erosion and customer acquisition costs.²

But selling managed cloud services doesn’t have to be difficult. Doing it right is actually easy as 1... 2... 3...


To successfully sell (and profit from) cloud-based managed services, MSPs need to concentrate their efforts on three areas:

1. **Selling to the Right Customer**
   A customer who already recognizes the value of proactive managed services will be more willing to switch to the cloud than one who sees IT only as a cost to be paid when something goes wrong.

2. **Selling to the Right Need**
   Timing is essential. MSPs too often try to force cloud services on their customers before a compelling need or business driver has emerged.

3. **Selling the Right Value**
   MSPs need to drive home the business value of the cloud rather than focusing on the technical details of a specific technology.

By focusing on these three requirements, MSPs can accelerate the cloud sales process — and are more likely to see higher conversion rates and increased revenue opportunities.
FIND THE RIGHT CUSTOMERS

The ideal customer is one that is not only critically dependent on its business systems, but also looking for a solution that will grow with its business and provide flexible options to its end users.

More importantly, the right customer sees IT not as a cost but as an investment.

But how can an MSP find these desirable customers? One way to segment the market is by knowing how two key customer types value their IT services:

• **Reactive customers**
  Call their MSP only when there is an equipment failure or emergency. They see IT as a cost and nothing more — and rarely see the value of ongoing managed services (let alone a virtualized service with no on-site equipment). They represent a weak selling opportunity.

• **Proactive customers**
  Understand that preventative IT maintenance is core to their business. They know that investing in their IT infrastructure will ultimately improve employee productivity and lessen the impact of system downtime — and are often willing to sign a fixed-fee contract to ensure their needs are taken care of on an ongoing basis. They represent a strong selling opportunity.
FROM REACTIVE TO PROACTIVE

The goal for any MSP should be to transition the majority of its customers from a reactive to proactive mindset.

One way to do that is through the use of an à la carte service model.

With this model, MSPs sell individual IT services — such as antivirus, data backup and patch management — that are delivered as a managed service over the cloud. Productizing the service offering in this way makes it easier for smaller businesses to buy from the MSP. More importantly, offering a menu of individual services is a great way for MSPs to get reactive customers onto their dashboards — and begin moving them toward the proactive end of the spectrum.

Reactive customers need to be slowly shown the value of cloud-based managed services. With the flexibility to sell precisely what these customers are looking for, MSPs can ease them into simple (but profitable) managed services relationships. Once they recognize the value of the services they’re receiving, it suddenly becomes much easier to upgrade them to more comprehensive cloud-based offerings.
If the critical business drivers aren’t there, even the most ideal customers may not be willing to make the shift to the cloud. Some of the drivers that present the best opportunities for pitching managed cloud services include:

**The need to replace aging and failing hardware** — combined with the unwillingness to make massive capital investments to do so — is the most important factor driving businesses to the cloud. This scenario gives MSPs the perfect opportunity to present a proposal for a virtual, cloud-based environment, where there’s no need to make a capital investment in new servers or other equipment, many times the OPEX model is more appealing.

**Resource-strapped businesses** are looking to free their in-house IT teams from the burden of low-value tasks (like troubleshooting employee workstations) so they can focus on activities that support the growth of the company. Moving on-site hardware to the cloud where it can be managed by an MSP is not only appealing to this type of customer, it is often a top priority.
Businesses that are poised for or expecting growth require a flexible and scalable approach to software deployment — and the cloud offers an optimal solution. Software as a service (SaaS) can provide on-demand access to a number of applications over the cloud, including email, security, collaboration and customer relationship management. This way, the business can continue to enjoy the applications it already knows and uses without needing to install or maintain the software itself.

When servers and other critical systems go down, the impact on productivity and profitability can be significant. Yet many small and medium-sized businesses remain vulnerable to downtime because they continue to back up their data solely to on-site equipment. A managed cloud solution that employs virtual servers can provide a second point of redundancy and built-in fail-over systems, ensuring businesses can quickly recover when something goes wrong. For MSPs, this type of solution presents a low-cost opportunity for getting customers into the cloud environment.
You’ve got the right customers, make sure you are selling the value

Most customers don’t care about the technical specifics behind co-location hosting, SNMP/ICMP device discovery, multi-tenancy and WSUS cleanup. Focusing on industry buzzwords and acronyms can confuse and even intimidate customers, causing them to shy away from the cloud entirely. Instead, MSPs need to center their pitch around the real-world benefits of the cloud — and how it can solve the customer’s business problems.

While each customer has unique needs and pain points that will need to be addressed, this means talking about how the cloud can do things like:

- **Eliminate unnecessary capital investments** (as well as the burden of maintaining on-site equipment) and creating elasticity for growth within the customer’s organization
- **Shift monthly pricing** from a per-device model to a less expensive user-based fee structure
- **Promise** a guaranteed level of service
- **Empower end users with secure access** from any device and any location to boost productivity and collaboration

By staying focused on the value of the cloud, a technical rundown of the MSP’s capabilities and platforms becomes unnecessary.
GIVE CUSTOMERS ALL THE INFORMATION NEEDED TO MAKE A DECISION

When moving to the cloud, businesses change their IT expenditures from a model focused on capital expenditures (CAPEX) to one based on operating expenditures (OPEX). This distinction is important because the moment an MSP offers a cloud-based service, the customer no longer controls its IT infrastructure — and not every customer will be comfortable with that idea.

For this reason, MSPs should consider submitting two proposals to prospective customers: one showing a CAPEX-based solution and the other outlining an OPEX-based approach. Consider a prospect that needs to replace outdated equipment:

• **CAPEX**
  The traditional CAPEX-based proposal to purchase a new server will cost **$11,000** plus a **$5,000** project set-up fee.

• **OPEX**
  The OPEX-based proposal to virtualize and host the new server will cost just **$400 per month**.

Comparing and contrasting the two models in this way can be a very powerful sales tool, especially with prospects who are still unsure about making the leap into the cloud.
SolarWinds MSP can help MSPs transition their customers to cloud-based managed services through:

**HYBRID LICENSING MODEL**

The MSP N-central® Remote Monitoring and Management platform allows MSPs to offer free trial network assessments to reactive customers. Through lightweight diagnostics and simple monitoring, MSPs can discover IT weak points and immediately demonstrate how managed services can address those vulnerabilities — making MSP N-central an effective tool for upselling customers toward the proactive approach.

**À LA CARTE PRODUCT OFFERING**

SolarWinds MSP’s à la carte product offering gives MSPs the flexibility to sell individual IT services that are delivered as a managed service — and in doing so, address the unique needs of all types of small- and medium-sized businesses.

**BLUEPRINT FOR SUCCESS**

The Blueprint for Success program sets out a complete strategy for building a profitable managed services business in 90 days. It combines SolarWinds MSP’s proven business methodologies with one-on-one coaching and mentoring to help MSPs go to market faster with a suite of new revenue-generating services tailored to their customer base.

Learn more at www.solarwindsmsp.com.
About SolarWinds® MSP

SolarWinds MSP empowers MSPs of every size and scale worldwide to create highly efficient and profitable businesses that drive a measurable competitive advantage. Integrated solutions including automation, security, and network and service management—both on-premises and in the cloud, backed by actionable data insights, help MSPs get the job done easier and faster.

SolarWinds MSP helps MSPs focus on what matters most—meeting their SLAs and creating a profitable business.

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