

WHITE PAPER

The Business Value of the Microsoft Partner Network Core Benefits

Sponsored by: Microsoft

Mira Perry

Steve White

July 2012

EXECUTIVE SUMMARY

Over 95% of Microsoft's revenue flows through the channel, making the partner ecosystem critical to the company's overall success. At the same time, Microsoft is vested in helping partners realize success for their own companies. This is achieved in part through a \$5.8 billion investment in a "suite" of core Microsoft Partner Network (MPN) program benefits, including partner account management, internal-use rights software, and over \$4 billion in a portfolio of incentives including Solution Incentives and Online Incentives. This suite of core benefits is available to help partners address all phases of the partner business life cycle and is the focus of this research.

This white paper discusses both the value that MPN benefits bring to a partner organization and how partners utilize this suite of core benefits. IDC believes that in aggregate, there is \$320,000 in value directly attributable to a partner's utilization of the MPN benefits suite. This value is based on a 50-person Microsoft partner organization with approximately \$5–10 million in revenue and two to five competencies. Partners smaller in organizational size or revenue generation may find their value to be less, while partners with more staff, more competencies, and more revenue may realize significantly higher value.

How partners utilize the suite of benefits will vary. As with all suites, not all elements will be utilized by all Microsoft partners. Instead, partners will find value by tailoring a combination of benefits that are best suited to their business needs. In addition, the more partners invest in identifying and engaging with benefits relevant to their business, the greater the realized benefit value.

Critical to deriving the \$320,000 value was feedback from partners on how they use the benefit in their own organization in conjunction with the cost of market alternatives. Soft benefits such as improved customer retention, line-of-business expansion, or closed deals were not factored into this value. Instead, these less tangible values should be considered individually by partners where appropriate. Details around the value of many of the individual benefits can be found on the following pages as well as in the corresponding infographic, available separately. Additional methodology information is in the Appendix.

Of course, there is a trade-off to MPN engagement and benefit utilization: the human resources and financial costs to the partner. Through training requirements, program fees, time out from billable work, and time invested in managing their relationship with Microsoft, partners often make a significant commitment to the partner relationship.

Valuing the partner investment and understanding the return on this investment are important topics for consideration by any partner planning to engage with a vendor. While calculating the return on investment was not the focus of this research, IDC believes that the partner investment in the Microsoft relationship is well balanced by the combined hard and soft benefits associated with MPN membership.

CORE MPN PROGRAM BENEFITS

IDC examined a set of core MPN benefits to understand the typical value partners are able to realize from the benefits as well as how the benefits are used in the partner organization. To get a holistic view of how partners are capitalizing on benefits, Microsoft and IDC selected 16 partners with significant experience with the MPN program and conducted in-depth interviews with each (see the Methodology section in the Appendix for further details). IDC has organized the benefits based on the business life cycle with categories for plan, enable, create demand, sell, service, and retain.

Plan

Microsoft offers MPN members five core benefits to support business planning. Two of the highlights for partners are the Internal-Use Rights Software Licenses and account management, discussed in detail in the following sections. Other benefits in the Plan category, although not covered in this research initiative, include news communications, talent recruitment support for entry-level student internships (Students to Business), and licensing assistance through the online self-service Microsoft LicenseWise.

Internal-Use Rights (IUR) Software

MPN members with a subscription or Microsoft competency have access to a suite of Microsoft software licenses for running their business, development and testing, customer demonstrations, and internal employee training. Partners with a Learning competency receive commercial training licenses. In most cases, the partners have access to a core set of the 48 different products available through this benefit as well as products specific to their particular competency. Software access is available to partners at the time of product launch through digital download or through physical media (for additional cost). Alpha and beta software versions are available to partners through different MPN program benefits.

"The ability to learn how the solutions work in the real world by running it in our own organization is significant. This helps us close deals too because we believe in it — we use it."

IUR is routinely reported by partners to be the most valuable MPN benefit. Partners widely use the available software to run their businesses and cite no better testimonial than to show customers how they are using it in their own organization. A number of partners also report running new software such as Office 365 in their organizations and decide, as a result of their experience, to roll out new business practices around the software.

For a typical 50-person partner organization, the value of the software licenses alone can be worth \$125,000, with a few larger organizations citing significantly higher values. When partners incorporate their experiences into the selling process or expand into additional lines of business as a result of their firsthand experiences with the software, the indirect benefits grow exponentially.

"This is the biggest benefit for sure. It allows us to use some of the technology before rolling it out to our clients. We run on \$250,000 worth of Microsoft software."

"I am paying \$40,000 per year for a [non-Microsoft offering] and plan to move to Microsoft CRM Online to save the money and pick it up as a practice area as well." — 50-employee systems integrator (SI) with a gold competency and \$13 million in revenue

Account Management

The Microsoft Partner Account Manager (PAM) is tasked with supporting partner organizations in their efforts to drive sales of Microsoft products. PAMs are expected to influence, coach, and motivate the partner through business planning and regular checkpoints. For partners, the PAM is the critical link between the partner organization and Microsoft. Partners rely on their PAM to filter and relay relevant training, incentives, and business development information as well as make needed connections for the partner within the Microsoft organization. Access to a PAM requires partners to meet regionally defined criteria usually tied to competency attainment and revenue. Generally, most gold competency partners get access to a PAM or a new resource called a Tele-Partner Account Specialist. Many partners who do not yet qualify for a PAM or have a silver competency are eligible for a tele-PAM (TPAM), a telephone-based resource whose job role is similar to that of a PAM but who has responsibility for a greater number of partner accounts.

"The PAM really helped us chart our course in Microsoft and helped us identify business opportunities."

Partners indicate that gaining access to a PAM has significantly improved their Microsoft business in nearly every instance. The foundation for this is regular business planning, which partners report participating in annually at a minimum or as often as monthly. Partners then connect with their PAMs several times a month to review progress against the plan and to ensure partners are aware of Microsoft resources to support their business endeavors.

"We create a collaborative annual sales plan [and] have a discussion about what we need to leverage from training to programs, as well as places for sales incentives. Then we review the plan one to two times per month. Our PAM makes sure we're getting the right training, accessing the right programs, etc." — Value-added reseller (VAR) with 100+ employees and revenue of \$15 million

Yet in most cases, the PAM offers partners much more than business planning. As a partner's main contact in the Microsoft organization, the PAM is often the starting point for all types of partner inquiries.

IDC values the PAM as a \$15,000 per partner investment by Microsoft for its partners. This number is derived purely based on an estimated head count expense. While many partners indicate that the PAM plays an important role in revenue generation, time savings, and opportunity identification, the specific value of those contributions is difficult to generalize yet should not be overlooked.

"Our PAM has helped us close a few deals this year just by being at the table."

Enable

Three MPN benefits are central to partner enablement. The two examined here are the Microsoft Developer Network (MSDN), and the Partner Learning Center. The remaining enablement component whose value was considered in this research is TechNet, for which ample online information is available.

MSDN Subscriptions

MSDN subscriptions are the best way for partners to equip their teams with the full set of Microsoft software needed to develop and test applications on the Microsoft platform, including Visual Studio tools and Visual Studio Team Foundation Server. MSDN subscriptions, which are always per-user licenses, provide access to the software and services partners need to enable successful software development projects.

MSDN subscriptions offered as benefits in the Microsoft Partner Network are a little different from the commercially purchased MSDN subscriptions, although they still provide all the software that can be used to develop and test applications. The partner-specific subscriptions do not include technical support, priority support in MSDN forums, the MSDN Online Concierge, or production use of certain Microsoft Office products. Partners with a silver or gold competency will receive similar benefits separately as part of the Microsoft Partner Network core benefits.

"Those are all the tools that all our developers need. They use the forums and discussions too; they are really engaged. This is the developer's first stop." — Gold competency VAR (focusing exclusively on Microsoft solutions) with 40 employees and \$5 million in revenue

There are a number of specific usage-related rules for MSDN subscriptions, most notably that MSDN subscriptions offered through the Microsoft Partner Network cannot be used for direct revenue-generating activities, such as providing consulting services, customizing a packaged application for a specific customer, or building a custom application for a customer for a fee. Partners can use MSDN subscriptions for indirect revenue-generating activities, such as building a packaged application on the Microsoft platform, which they can then market and sell to their customers. Additional MSDN subscriptions can be purchased separately to cover individual developers and testers completing work directly for clients.

Partners consistently see MSDN subscriptions as one of their top valued benefits. Through the course of this research, IDC heard of larger partners seeing MSDN as a business critical benefit for their technical and development staff, and in all cases partners seem to want to maximize their usage of this benefit.

"This is absolutely a cost savings because a full development suite is pretty expensive. All of our subscriptions are being utilized."

Partners with a competency in the Microsoft Partner Network earn 5 Visual Studio Premium with MSDN subscriptions for having a silver competency, or 10 for having a gold competency. In addition, partners earn additional MSDN subscriptions when they achieve the Application Lifecycle Management (ALM), Independent Software Vendor (ISV), Software Development, and Web Development competencies.

"We save hundreds of thousands of dollars annually with MSDN and IUR together." — Gold ISV competency partner with revenue just under \$1 billion and 3,500 employees

For a typical 50-person partner organization, IDC estimates that a value of up to \$83,000 can be realized when fully utilizing the MSDN partner benefits. An extremely specialized partner who is also competent as an ALM, ISV, and Web Developer, with a presence in multiple geographies, might see the value rise to the high hundreds of thousands of dollars. Of course, this extreme value would be for quite a unique and large partner type; however, this research consistently indicated that most partners view their MSDN benefit as core to their business, even outside of putting a number on the value.

Partner Learning Center

The Partner Learning Center (PLC) is a centralized location for free and low-cost technical, marketing, and business training. Nearly all the content is available on demand, making the format particularly useful to partners who choose not to take time out of their business for training. From the portal, partners can also access training transcripts, view upcoming courses, and see overall training progress for the organization. A powerful search function and easy click-to-enroll course registration for most classes make the process simple for partners.

Partners who have taken advantage of the PLC identify compelling benefits associated with using on-demand training, including but not limited to saving employee time and travel expenses. Plus, the low-cost alternatives to in-person courses can add significant savings to the partner's bottom line. While many partners acknowledge that most of their employee training takes place to address customer requirements or to meet certification needs, those who are able to take greater advantage of the PLC report overall business advantages associated with completion of business and technical training modules, as this partner describes:

"Yes, the PLC training helps with customer satisfaction because our people are better skilled and can have better engagement. We publish a complete catalog of all the courses in the PLC on our training portal, and employees are incented to take training. We showcase these skills with our customers." — A large multinational partner with over 200,000 employees

With publicly available training courses ranging from a few hundred to a few thousand dollars per course, a wide range of potential value is associated with the PLC. The value grows exponentially as the size of the partner organization increases and as employees undertake multiple courses. The flexibility of on-demand training provides an additional cost savings. For a 50-person partner organization with two competencies, this benefit has a value of roughly \$37,500; however, partners can easily find more value in this benefit by strategically increasing their utilization.

"You see increased confidence and better client support when employees use the PLC training."

Create Demand

MPN benefits that are central to helping partners create demand include Pinpoint and the Partner Marketing Center, both of which are discussed in detail in the following sections.

Pinpoint Online Marketplace

Microsoft is deeply vested in selling through partners. Over the years, to help partners showcase their skills and solutions, Microsoft has offered a number of online, searchable partner and solution showcases. Pinpoint, which replaced Solution Finder a few years ago, is the latest of these endeavors by Microsoft to highlight the capabilities of its vast partner community, connect customers to partners, and connect partners to each other.

To help drive customer-partner connections, marketing activities across the company as well as the 60,000+ pages on the Microsoft.com domain point interested customers to Pinpoint as the next step in the buying process. Search engines also drive significant traffic to a partner's Pinpoint profile, augmenting or substituting for a partner's own search engine optimization efforts. Currently, 25–30% of traffic to Pinpoint clicks through to at least one partner lead form, with additional untracked leads generated through phone calls and clicks directly to the partner Web site. Savvy partners have set up their profile to collect lead information in exchange for a benefit such as demo access of a whitepaper download, maximizing their intake of customer data.

Over 75,000 organizations have set up Pinpoint profiles detailing 22,000 applications and 33,000 services. These detailed profiles translate into improved performance in search results and increased customer contact. In fact, recent IDC research around vendor marketplaces found high rates of success for partners who invested the time to develop complete solution profiles in established marketplaces. In some cases, these established marketplaces were driving over 50% of a partner's multimillion-dollar business, eliminating the need for some if not all of their marketing staff and activities. Although Pinpoint is still establishing itself, a small number of partners are seeing encouraging results, with several reporting around 20 leads per month for deals averaging \$75,000, while others have seen occasional deals of \$500,000 to \$1 million.

"We are seeing leads coming in. On the ISV side, it is one of best lead generators, but we spent a lot of time making it work." — Gold competency partner with 27 employees and revenue of \$1–5 million

While these success stories are not yet the norm for the typical Microsoft partner, the potential for increased revenue and decreased operating costs through Pinpoint does exist. As Microsoft continues to refine this program benefit with enhancements to contextual results and more communication around overall MPN benefit utilization, partners can work simultaneously to ensure their profile is comprehensive and up to date. With improved execution and engaged partners, IDC expects ongoing improvement in partner results from Pinpoint.

"All we have to do is set up a profile and let it do its work."

Partner Marketing Center

The Partner Marketing Center (PMC) offers a collection of marketing tools, resources, and campaigns for use by MPN members. Popular tools include marketing 101 reference material, competitive intelligence resources, sales cards, the logo builder, and market opportunity details. The PMC also offers an abundance of partner-customizable, customer-targeted marketing campaigns for Microsoft products and solutions. The marketing campaigns typically include a complete set of marketing tools for activities such as demand generation through email campaigns and event marketing with resources such as the "Event in a Box" complete with invitations, presentations, and handouts for a range of event topics. Two newly added benefits are Web content syndication assets aligned with Microsoft products and solutions and the Skyrocket program, a partner service offering that helps partners with Web site and search engine optimization as well as Web content syndication for cloud products.

"It gives you ready-to-go material, and that's great for our marketing team."

"I love the idea of having customer-ready materials with the key messages... The concept is perfect for a company our size. We don't have internal marketing people, and I don't want to pay a lot to external people." — 50-employee SI with a gold competency and \$13 million in revenue

The Partner Marketing Center can offset significant marketing costs for the partner: both hard costs associated with creative development and indirect costs associated with managing and directing a creative agency. Casual users of the PMC can easily realize \$11,000 in value by trying each type of resource. Partner organizations that incorporate multiple sales cards, a variety of competitive intelligence resources, several demand generation campaigns, and event tools into their overall sales and marketing plan can see that value increase significantly, despite the business cost of campaign execution and follow-up. Effectively utilizing competitive intelligence resources and generating new customers through successful campaign execution can add more indirect value to this benefit that will vary greatly from one partner to the next.

Sell

Within the overall suite of MPN benefits, Microsoft offers six core benefits to help partners sell. Of interest for this document are Business Investment Funds (BIF), the Demo Showcase, incentive programs such as the Solution Incentives Program (SIP) and Online Incentives, and Market Development Funds (MDF). Additional sales-related benefits include Sales Support, Sales Ready Resources, and Microsoft Financing. Partners are encouraged to refer to the Microsoft Web site for information about these additional benefits.

Incentives, Business Investment Funds, and Market Development Funds

Microsoft offers partners a number of financial tools for use during different parts of the sales cycle. Examples include:

- ☒ **Solution Incentives Program:** SIP is a global program that pays partners 5–30% of the customer deal. The program allows qualified partners to register deals and earn incentives for participation in the sales cycle. The expectation is that these incentives will help partners invest back into their business to grow their bottom line. Partners reported a range of value for SIP from a few hundred dollars to \$50,000 in a single check, with multiple payments possible in a single year.

"SIP allows us to focus on what we do best: adding value to the Microsoft platform and developing solutions. We did a big SharePoint project, and our AM just said to enter it into the system. We did. All the licenses were credited to our business, and a \$50,000 check arrived today. I thought, 'I don't believe it!'" — SI with a gold competency

- ☒ **Managed Reseller Incentive Program:** This program is targeted at partners serving small and midsize customers, allowing eligible partners to earn a combination of rebates and co-op funds for closed customer sales. The rebate percentages can range from 1.25% to 15%. Although a globally managed program, there are local variations around both incentive ranges and program eligibility. Generally, participation eligibility requires partners to have a competency as well as meet a revenue threshold. As with SIP, the value of this benefit varies greatly by partner.

"The important thing with BIF is that Microsoft is standing beside us, and that sends a strong message to the customer. It shows that everyone is invested in getting the solution done; everyone is contributing."

- ☒ **Online Incentives:** These incentives currently reward partners with 12–18% for first-year online service sales or deployment followed by 6% in subsequent years.

- ☒ **Business Investment Funds:** BIF is intended to help partners close a sale rather than reward partners after the deal is complete. Availability and program access as well as funding varies widely and is often aligned with local strategic Microsoft initiatives. Most partners in this research reported using BIF for proof-of-concept endeavors, with funding ranging from a few thousand dollars to \$20,000 for a single large deal. In certain circumstances, partners can tap into BIF multiple times for different initiatives, as this partner reports:

"We find that we have a high probability of upselling the Microsoft stack with clients if we have BIF support on product A. That generally leads to us recommending additional Microsoft products B, C, etc." — SI with a gold Digital Marketing competency and Cloud Essentials and company revenue around \$5 million

- ☒ **Market Development Funds:** MDF is offered locally to drive specific campaigns and initiatives. Rather than all partners having open access to these funds, they are often made available to partners who align in a specific way with the local initiative. The actual dollar amount allocated to the partner for sales and marketing endeavors can vary widely based on the location and the initiative.

For many of these programs, there is no cap on what partners can earn overall, so as a partner's revenue grows, the incentives grow too. Partners are able to manage a number of incentives through a tool called CHIP, developed to help partners improve their reconciliation processes and reduce the time required to administer program benefits.

Demo Showcase

The MPN Demo Showcase benefit contains over 2,500 solution and product demos intended to support a partner's presales activities. While most demos on the site are developed by Microsoft, the site also allows partners to create, manage, and publish their own demos. On the back end, partners can save time by tagging and managing a collection of favorite demos. The platform allows partners to stream demos from the site, download them as executable files to use offline, or, through the use of embedded URLs, offer the demos through the partner's Web site. For partners looking to develop their own custom demos, the MPN Simulation Builder, a component of the Demo Showcase benefit, is a cost-saving alternative to buying demo-development software.

"If Microsoft didn't load the demos in there, we would need to build them ourselves."

Most partners agree that demos are a critical part of their sales process, and many find the available demos particularly useful early in the sales cycle; however, some partners report that their needs are far more specific than the content available in the Demo Showcase, leading them to produce their own demos later in the sales cycle to secure the customer win.

The Demo Showcase has a lot of potential for partners. When content is available at the right level of detail, partners can realize tremendous time and cost savings versus building their own demo, which one partner reported cost \$20,000 for a complex, industry-specific endeavor. Like many MPN benefits, the more demos a partner is able to use, the greater the value of this benefit. Partners whose needs are not directly met by the available demos can still realize a value from this benefit by taking advantage of the MPN Simulation Builder, which can cost a few hundred dollars for partners to purchase from another vendor.

Service

Straddling the line between sales and service is the Technical Presales and Advisory Services benefit. This high-value benefit is noted as critically important to partners.

Support

This collection of MPN benefits includes the following components:

- ☒ **Advisory Hours:** These hours are "currency" partners can use for enablement, including refining skills around new technology, deploying new technology, migrating customers to new platforms, or developing a proof of concept or complete scenario for a customer. Deals above \$3,000 do not require the use of advisory hours.
- ☒ **Online Technical Communities:** The significant differentiator with this benefit is that the online content is moderated and vetted by Microsoft subject matter experts while other online forums such as TechNet or MSDN are managed primarily by members.
- ☒ **Five Pack of Technical Support Incidents:** This is a benefit included in MPN membership for competency partners or available for purchase by customers and MPN members. The incidents are intended to address issues such as a down server or severe software integration or migration issues.

"We use this benefit for more complex sales if we want to bounce ideas off of somebody, and of course, we use it when there is a server down and we're stuck. They help us ensure we have the right information, so it can shave a few hours off of project time during planning and problem resolution."

- ☒ **Business Critical Phone Support:** BCPS is intended to address severe customer issues such as a down server impacting commerce at a customer site. Partners with competencies or Microsoft Action Pack Subscriptions (MAPS) have unlimited access to this benefit.

Partners report that these benefits have a direct impact on their operating costs by reducing time in both critical and noncritical situations. Because this benefit can have a direct impact on the customer in a critical situation as well as in sales situations, partners also credit this benefit for revenue generation. These experiences will differ for each partner organization, but such soft benefits are an important component when assessing the overall value of this particular benefit. When accounting for these soft attributes as well as the clear financial savings partners realize by receiving these components as part of their program membership rather than through a separate purchase, IDC reached a value of \$6,000 for the typical partner. This value can easily increase as partners use the benefit more frequently, particularly in scenarios that correlate with revenue generation or operating cost reduction.

"We use the support incidents when our internal staff has come to a point where they feel there is a bug or they can't work their way through an issue. It saves us money if we come to a solution faster, and anytime we can bring in another level of expertise, it helps with our productivity." — Gold ISV competency with revenue just under \$1 billion and 3,500 employees

Retain

Microsoft partners report impressive customer retention rates, a critical component of business success and longevity. Among the tools that can help increase customer retention is a formal feedback mechanism. While partners play the leading role in customer retention, Microsoft offers partners support in their endeavors to gather formal customer feedback through the Customer Satisfaction Index survey tool.

Customer Satisfaction (CSAT) Index

Partners are quick to identify good customer communication as a leading driver of customer satisfaction. To help partners with this aspect of their customer relationships, Microsoft offers a customer satisfaction survey tool (CSAT Index) as a requirement for gold competency partners and an optional benefit to SBSC and silver competency partners. The tool allows partners to deploy a general survey or add up to three of the 10 optional question modules covering topics such as professional services and tech support. There is also a custom question module for partners to tailor questions to their business. Once the survey is complete, partners can view verbatim comments, aggregate question scores, and benchmark against the general partner population as well as by partner type and region.

"If someone is unhappy, we want to know it before they tell other people."

This program benefit does require some investment from the partners: building the right questions, accumulating the customer list, and at times, contacting specific customers to ensure participation. Yet the potential soft benefits of improved reputation, increased loyalty, and operational efficiencies, along with the \$200–800 cost of a market alternative, yield a strong return.

Improved business performance is the most frequent and significant benefit associated with this tool. An 8-person Ontario-based partner with \$1–5 million in revenue runs the survey annually with its 50 active and 200 intermittent customers. By offering an incentive for completion, this partner organization achieves a 30–40% response rate to supplement in-person and other forms of customer feedback. The data the organization receives enables it to identify opportunities for organizational improvement in services, offerings, and communication. Another partner comments:

"We find it's a good way to get honest feedback from our customers. It's their chance to 'let it all out.' We don't do anything ourselves; we just use the CSAT tool...the best part is understanding how we are doing with our customers. We find certain areas to address: We have successfully changed our processes in our professional services area, for example." — Gold ISV competency partner with \$3 million in revenue and 32 employees

While some partners, particularly those with complex business models, feel they get more comprehensive feedback through their own survey efforts, IDC believes that partners that integrate this tool into their business processes are likely to see business advantages associated with the customer feedback.

CHALLENGES/OPPORTUNITIES

Partners

Partner organizations are challenged with numerous competing priorities for their time and resources. Through the course of this research, however, IDC has found that there is a correlation between the investment a partner makes in the Microsoft relationship and the benefits received. This correlation is not limited to direct financial investments. Investments in time and knowledge acquisition are similarly valuable. For that reason, as partners consider the suite of MPN benefits available to them, it can be a valuable exercise to assess what additional benefit the organizations can extract from the options before them. A list of actions for partners is included in the Next Steps for Partners section of this document and can be used as a starting point for partners to identify actions best suited to their organization.

Microsoft

For a number of MPN benefits, partners were quick to share that while the concepts are good, there are small challenges that prevent them from truly maximizing the use of the benefit. Examples of these challenges include:

- ☒ **Timely availability of information:** No interview participants identified timing challenges associated with beta software or general software availability. Where this topic comes into play is in the availability of sales and marketing resources for partners to use at the time of product launch or, ideally, in advance of product launch so that partners can be in the market alongside Microsoft at the time of launch.

- ☒ **A local versus global view:** This is a constant struggle for vendors and partners. It is critical for vendors to offer regional-specific support for their local partner community, but as cloud offerings become more ubiquitous, partners will see more international customers. Microsoft can preempt potential partner frustration by making it easier for partners to work at a global level and access resources in their customers' markets.
- ☒ **Awareness:** Partner awareness of program benefits is the responsibility of both the vendor and the partner. IDC was not surprised to find that some MPN benefits had lower usage than others, but we were intrigued by low awareness scores for a few of the benefits. A clear effort to increase awareness will then leave it to the partners to decide if using the particular benefit is appropriate for their organization.
- ☒ **Taking Pinpoint to the next level:** Partners are keen to understand how Pinpoint serves up search results and the steps to take to ensure their organization is appropriately represented in these results. Increasing transparency around this will have a positive impact on the perceptions held by the partner community. Further, sharing demand generation and site traffic information with partners will increase partner confidence in Pinpoint as will sharing data points on traffic to partner sites.
- ☒ **Interconnectivity of program benefits and requirements:** Streamlining the CSAT, Customer Reference, and with some refinement, the Pinpoint feedback mechanism will be appreciated by partners, particularly gold competency partners for whom CSAT is a requirement. Similarly, streamlining pipeline and sales data entry into one location with fewer redundancies will save partners significant time in applying for incentives and informing their PAM.

CONCLUSION

By some accounts, the Microsoft Partner Network is home to over 430,000 partners, ranging from new one-person, part-time operations to multinational entities employing hundreds of thousands of people. Business focus, skill levels, and growth objectives vary considerably for each partner organization. Creating offerings that will resonate with such a diverse population of people and organizations is ambitious, yet Microsoft has attempted to do just that. Through its core set of MPN program benefits, Microsoft aims to provide partners with essential tools to address each stage of the partner life cycle. If a 50-person partner with two competencies is able to make even minimal use of each of these core benefits, the suite of program benefits can quickly reach \$320,000 in directly attributable value outside of the soft value, such as reduced sales costs, increased productivity, or improved revenue, unique to the particular partner organization. Of course, this value is not realized without human and financial investment by the partner; however, in many cases, the partner investment correlates well with an increased return in benefit value. For that reason, IDC recommends a selection of actions for partners to consider to help them realize more from their MPN benefits.

Next Steps for Partners

- ☒ **Internal-Use Rights Software:** For many partners, this leading benefit is being used to its fullest. Consider carefully if there are places where new Microsoft solutions may make sense for your organization and how that new software rollout may grow into its own practice area for your business.

"The internal use software has allowed us to venture out into things we haven't ventured into as well. We took a leap of faith and are running our business on the Microsoft cloud, for example." — Ontario-based 50-employee SI with a gold competency and \$13 million in revenue

- ☒ **PAM or TPAM:** If you have one, engage frequently so that your account manager can better support you. The more he or she knows about your business endeavors, the better support you will receive.
- ☒ **PLC:** This resource holds an abundance of information for partners. Although time is scarce, making an investment in ongoing skills improvement benefits the partner and customer in the long run. Start with just one extra class during the upcoming quarter and see where that can lead.
- ☒ **Pinpoint:** There is significant potential here as Microsoft continues to refine this tool. Partners are strongly encouraged to create a robust profile and ensure it is updated regularly. For those with a comprehensive profile already, test how small modifications can change your appearance in search results.
- ☒ **PMC:** Whether it is competitive information or an event in a box, this tool has much to offer. Although the tool is ideal for organizations without a dedicated marketing team, partners with large sales and marketing teams can benefit from the competitive intelligence and the predeveloped messaging and positioning within the campaigns. If the resources you need are not available, make your PAM/TPAM aware.
- ☒ **Incentives/MDF/BIF:** Many partners are deterred by the time required for incentive administration, choosing to forgo the incentive rather than invest the time. There are times when this is the right choice for the partner; however, IDC encourages every partner to at least understand the potential rewards that can be earned and how that translates into cash coming into your business.
- ☒ **Demo Showcase:** The demos contained within are, among other things, an excellent marketing tool early in the sales cycle. While some partners require very customer-specific demos to close the sale, the advantages of using demos early in the sales cycle can still be realized.
- ☒ **CSAT:** Partners, particularly those who are required to participate in CSAT, are encouraged to turn this requirement into an opportunity to gather relevant, actionable feedback from their customer base.

APPENDIX

Methodology

In 2012, Microsoft sponsored an IDC research effort to understand the business value that the Microsoft Partner Network offers to experienced Microsoft partners. To get a holistic view of how partners are capitalizing on benefits, Microsoft and IDC selected 16 partners with significant experience with the MPN program and conducted in-depth interviews with each. The partners were selected based on a number of criteria, including depth of usage with MPN, Microsoft competencies attained, company size, and activity and involvement within the partner community.

The group included partners based primarily in the United States and in Canada, with additional representation from partners based in Germany, India, and the United Kingdom. The interviews were conducted in April and May 2012.

In analyzing value, IDC assessed hard and soft or indirect benefits associated with the core MPN benefits. For quantifying the baseline numbers, IDC utilized a cost alternative methodology for the purposes of this project. This methodology is based on gathering data from current users of the MPN benefit as well as gathering real-world costing data to obtain an alternative outside of the MPN program. For the aggregate values, we then factored each benefit based on conservative usage of the benefits based on a 50-employee partner with two competencies. While we recognize other contributing factors to overall value, we did not quantify savings from reduced sales costs (reduced sales cycles, reduced implementation cycles, etc.), increased productivity, or improved revenue. We also did not quantify the opportunity cost of engaging in any one benefit as this will vary considerably depending on the partner's business cycle.

Copyright Notice

External Publication of IDC Information and Data — Any IDC information that is to be used in advertising, press releases, or promotional materials requires prior written approval from the appropriate IDC Vice President or Country Manager. A draft of the proposed document should accompany any such request. IDC reserves the right to deny approval of external usage for any reason.

Copyright 2012 IDC. Reproduction without written permission is completely forbidden.