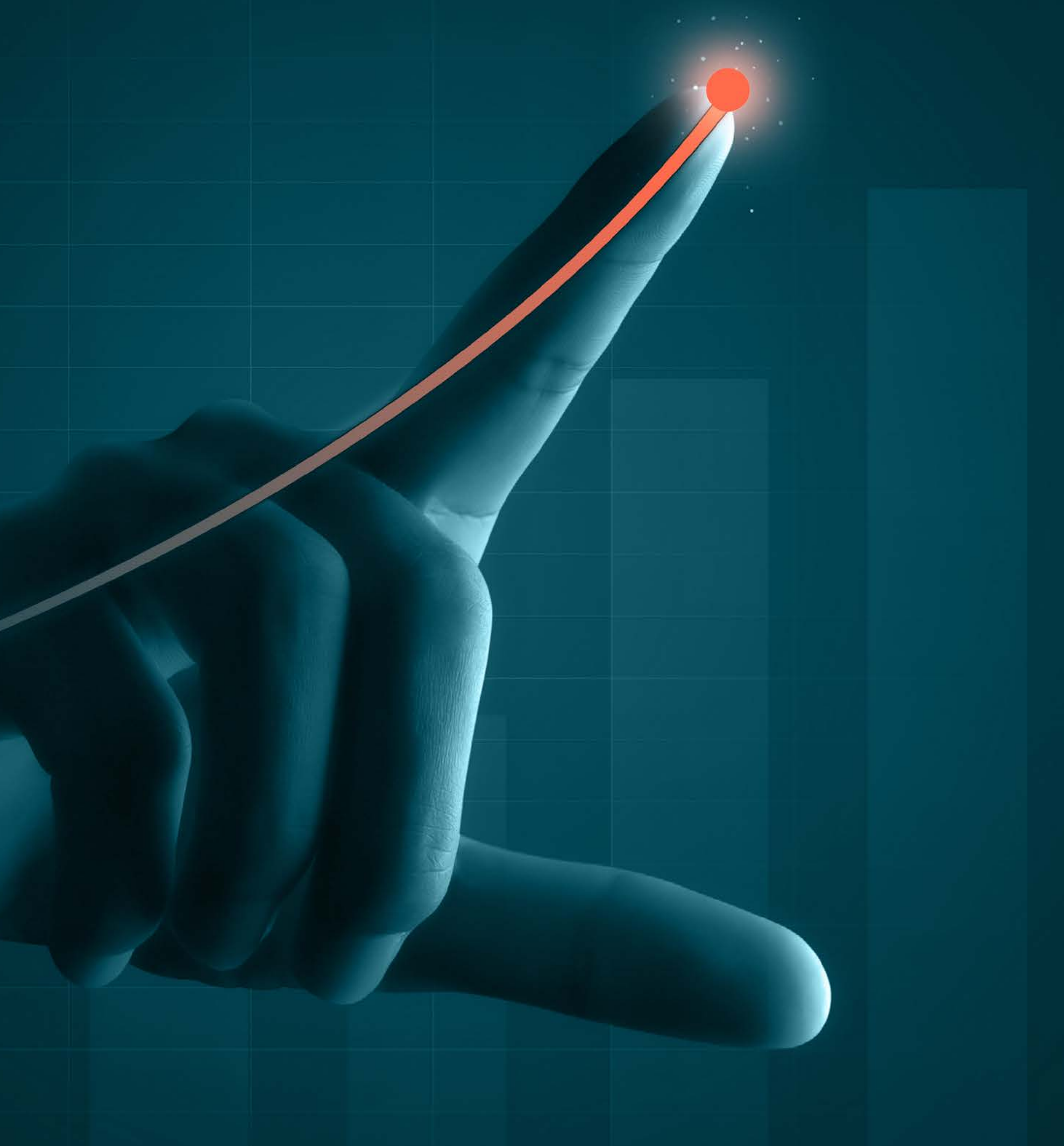
High-Performance Strategies for Technology Partners

The nine-point formula used by winning, high-growth MSPS, CSPS and resellers.

Crayon | IBRS



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INTRODUCTION

What makes a successful technology partner?

This was the challenging question Crayon's channel organisation posed to IBRS in early 2022.

After two years of chaos and lockdowns, broken supply chains, ICT projects being postponed, massive disruptions to staff and the great resignation, and - most significantly as it turned out - the impact of hyperscale cloud, how could partners not only survive, but thrive?

To answer this question, IBRS interviewed the fastest growing technology partners in the Asia Pacific region. Interviews were conducted across a diverse range of partners, running from smaller organisations with 30 staff, to larger organisations with hundreds of staff, across the region. Since this study is aimed at identifying the key success factors for younger, highly active, and growing partners, IBRS avoided interviews with well-established, top-tier tech companies. All interviews were conducted with what could be called 'up-and-coming' technology firms and, as such, the recommendations in this report form a powerful formula for businesses looking to grow.

During the interviews, we explored what it took to grow a business in a highly competitive, rapidly changing landscape. We also explored the deadly mistakes that can cause businesses to fail. We were looking for what was working now, what wasn't, and what actions would be needed for the future.

While sponsored by Crayon, all interviews and analysis were conducted independently by IBRS. We thank Crayon for their generous sponsorship, and also thank the owners of the technology businesses that provided their time and insights to make this study possible.

Finally, please know that we are all here to help make the region's technology partners as successful as possible. As you read this study, consider how each finding could be applied to your own business. Feel free to reach out to the authors and discuss your own situation, or contact your Crayon account executive for direct support opportunities.

112 partners were selected for interviews, with a monthly spend of AU$43,000.

A MESSAGE FROM CRAYON

As the need to digitise business becomes even greater, the market for technology services and products has never been stronger.

At the same time, it has never been more competitive and challenging to be a technology service provider or reseller. As a leading supplier to the technology partner ecosystem in Australia and Asia, Crayon is in a unique position to recognise which partners are rising to these challenges to build high-performance, fast growth businesses.

But what sets these high-performance technology partners apart from the crowd and what makes them so successful? What insight could we gain to support the broader partner community?

To determine the answer to these questions, we worked with IBRS, an independent research firm, to identify the success factors of our fast growth partner cohort.

The resulting study explores the characteristics of partners that are not only growing but growing sustainably. It seeks to define what they have in common, and how these shared performance indicators have enabled smaller partners to challenge the dominance of major players.

At Crayon, we know such high-performance is about much more than the technology on offer, or the level of technical expertise provided by our partners. It's about culture, strategy, workplace engagement, and an appetite for innovation. It's knowing where to play and how to win, along with taking well calculated risks to enter new solution and service categories. Above all, it's about the ability to adapt business models and methods to fit and be resilient to changing market conditions and customer needs.

Personally, and on behalf of all Crayon staff, I am proud of the incredible work of our partners. Every technology partner and reseller in the Crayon network improves the efficiency and effectiveness of their clients. As our partners grow, they also strive to help their clients grow as well. Together, we are a powerful digital engine for economic growth.

The success factors and recommendations revealed in this study are just part of our commitment to helping our partners grow their business.

Sincerely,

Warren Nolan
Senior Vice President, Channel & Strategy

METHODOLOGY

Interviews were conducted with partners that were demonstrating consistent and strong performance, including:

- being involved in at least three vendor programs
- strong (high double, or triple digit) annual revenue growth
- sustained month-on-month transactional value growth with Crayon.

The average annual growth in transactional value was 88% across the 112 partners selected for interviews, with the average month spend being AU$43,000.

Interviews were conducted via video conferencing and analysed by IBRS. Additional performance metrics were collated by IBRS and Crayon.

The average annual growth in transactional value was 88%.

Crayon

Crayon is a leading distributor of cloud solutions and services, providing partners with business advisory and deep domain technical expertise to thrive in the growing cloud market.

IBRS

IBRS is a boutique Australian ICT Advisory Company. We help our clients mitigate risk and validate their strategic decisions by providing independent and pragmatic advice while taking the time to understand their specific business issues.

1 Reimagine Sales with Networking

When exploring the role of networking in their sales and growth agenda, the technology partners that also adopted a non-traditional networking approach enjoyed greater levels of success in growing their client base.

This included leveraging chambers of commerce, proactively engaging with local small and medium business networks locally and nationally, and informally partnering with other partners to co-deliver services or specific client projects. The greatest success was achieved when utilising a combination of these networking approaches. Specifically, strong growth was achieved by partners amongst the small and medium business communities, where other businesses within the networks actively referred new business to the technology partner, through the lens of solving business problems through technology, rather than selling the technology itself.

Applying a wide lens to networking was another critical element for talent acquisition and brand penetration. A number of fast-growing partners had arrangements in place with local universities to not only attract and acquire graduates to future-proof the skills and service offerings for clients, but to also increase the awareness of the partner's brand and service offerings. In the most successful cases, this took the form of creating internships, internal educational centres, university sponsorships, and formally matching upcoming graduate skills with emerging client needs. This resulted in strengthening and future-proofing existing client partnerships, increasing penetration of the partner's brand and ensuring the right skills mix of the technology future workforce.

Explore solving business problems through technology, rather than selling the technology itself.

2 To Niche or Not?

When technology partners first start, they often focus on being exceptional: doing one thing and doing it very well. Over time, these organisations add adjacent capabilities.

For example, a specialist in Windows migrations may eventually offer Office 365 migration, then help clients modernise their device management, provide managed EUC, and eventually manage security services.

One of the differentiating features of successful, longer-lasting partners is the intentionality of their journey from a single offering, to a portfolio of offerings. Successful tech partners plan their journey carefully. They:

- validate their ideas against market trends and gather more than knee-jerk responses to one or two client's requests
- set aside budgets for the new investment needed
- focus on upskilling their teams to embrace the broader set of services, as opposed to simply looking to poach talent from competitors.

However, perhaps the most important thing successful technology partners do when thinking about new services is ask themselves, "Is this something we should be doing"?

While having a broad collection of services has value in terms of selling to a wide range of clients, this study revealed that for most partners focusing on a narrow set of services provides:

- greater stability in margins
- less staffing challenge
- greater ability to 'template' projects to:
  - reduce project risks
  - improve greater agility.

It is the latter point that provides a far more powerful sales message: "We do it better than anyone else", is far more compelling than "we do everything sorta ok". An important lesson from successful partners is that they concentrate their efforts on creating repeatable templates for projects, and automations for service delivery before moving to expand their offerings.

Continuing from the previous example, a specialist in Windows migration may develop a standardised project workflow to move clients from the traditional tiered desktop approach that uses system centre configuration manager, to the newer Autopilot approach. This standardised project workflow would include tools to autodiscover clients' environments, analyse and automatically migrate devices, and even repackage most software. The investment in developing such automation pays off by dramatically reducing the time and risk of projects - and becomes a 'package' that is easy to sell. Only once this level of project automation is complete would the technology partner look to adjacent areas, such as leveraging the automations they have to help clients deploy virtual desktop infrastructure.

> **"We do it better than anyone else", is far more compelling than "we do everything sorta ok".**

In summary, the most successful technology partners are often prudent and carefully evaluate business risks against the potential benefits when considering moving into new technology areas, even when an immediate sales opportunity exists. Instead, a measured process of careful service expansion is the best practice.

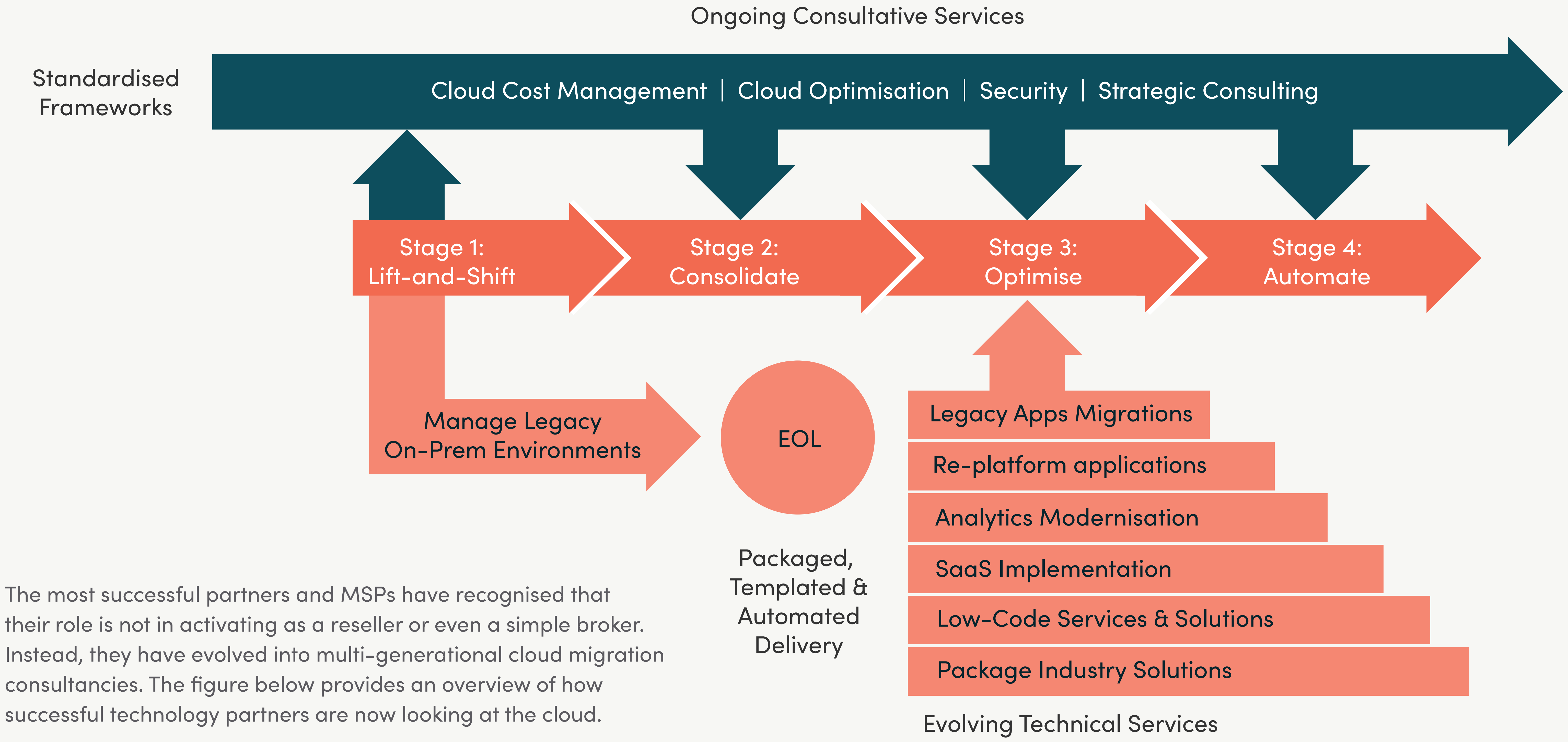
3 Cloud as Consulting

Hyperscale cloud services economics are proving to be explosively disruptive.

The cloud has already devastated managed hosting opportunities. During this interview, managed service providers (MSP) all commented that it was impossible to compete against the hyperscale clouds when it came to costs. Even though there are still niches for running 'private clouds', the increasing prevalence of highly secure, hyperscale clouds with domestic footprints mean that these opportunities are declining rapidly.

Furthermore, attempting to maintain a profitable technology partnership business from selling hyperscale cloud vendors platforms is a road to disaster. The margins are just not sufficient. This study found that as a percentage of the overall revenue, reselling cloud services makes up less than 10% of the revenue. And this percentage looks set to decline. Several of the interviews in this study clearly stated that cloud margins are expected to be so thin as to be next to meaningless to their business.

This begs an important question: if cloud margins are so thin, why would any technology partner wish to be engaged? The answer is that the cloud opens massive opportunities for new services. The current lack of skilled cloud practitioners and immature cloud practices means there is a ready and lucrative market for technology partners that can bring skills, experienced staff, and formal and efficient processes to client's cloud initiatives. Of course, as clients mature on their cloud journeys, the types of services needed also changes.



The most successful partners and MSPs have recognised that their role is not in activating as a reseller or even a simple broker. Instead, they have evolved into multi-generational cloud migration consultancies. The figure below provides an overview of how successful technology partners are now looking at the cloud.

There are four major stages in a cloud journey, and successful partners align their service offerings to these over time. During all four stages, there are opportunities to provide ongoing consultative services.

STAGE 1 Lift & shift

The first stage is helping clients migrate as much of their on-premises ICT resources as economically feasible and putting them into the cloud. This is often referred to as a 'lift-and-shift' into the cloud. While there are lucrative technical services within this phase, there are also opportunities to grow trust through strategic consulting, guiding clients through the intricacies of knowing what on-premises services should be moved to the cloud, and (just as importantly) which need not migrate in the early stages due to costs, compliance issues and so forth. Demonstrating cost management early on for the client was reported as being a strong competitive advantage and helped to secure clients for later stages.

Another lucrative area that becomes available at this stage is managed security services. Highly publicised ransomware attacks, increased cyber security risks due to remote working, and a pervasive and aggressive cyber threat landscape, all furnish opportunities for partners to provide security services as part of helping SMBs replatform into the cloud.

STAGE 2 Consolidate

The second stage is consolidating a client's cloud infrastructure. This is where it becomes clear that relying on cloud vendor commissions actually works against a technology partner's long term interests. Rather than looking for new revenue, technology partners need to demonstrate to the client how they will drive down both operational and subscription costs by simplifying the environment. High-performance technology partners invest time demonstrating to clients exactly how they have reduced infrastructure, and hold regular (quarterly or semi-annual) reviews with clients to plan 'next steps' for reducing operational costs. Revenue during this stage comes from strategic consulting, with the goal being to move the clients quickly to stage 3.

STAGE 3 Optimise

The third stage is potentially the most profitable, but also the most challenging for partners. During this stage, technology partners assist their clients in optimising the cloud environment, often leveraging Platform-as-a-Service offerings, elastic data services, and serverless computing.

There are multiple opportunities for adjacent services during this stage from migration of legacy software to modern cloud solutions (SaaS), to application development. The danger for partners is it can be tempting to attempt to offer everything - a one-stop-shop approach - during this phase. Care should be taken to determine which of the adjacent services will reap the best returns. Rather than attempting to offer all services, partners may be best to focus on templating and automating a handful of services, and partner with other technology providers. While there will be overlap between partners in relation to overall cloud service offerings, striking a balance between cooperation and competition will alleviate most of these issues, especially if the technology partner has entrenched its role as a trusted provider with continual cost optimisation and strategic discussions.

STAGE 4 Automate

The fourth and final stage is where the partners leverage their expertise in running multiple clients' cloud environments. By this stage, technology partners should have developed their own custom automations and templated processes for how to manage cloud services at scale. The most successful partners will have invested time in packaging up cloud operations and will demonstrate they offer superior capabilities in managing and securing the cloud environment on behalf of their clients. The margins for partners here come from prior investments in developing cloud automation and formal patterns that ensure efficient and secure deployments of cloud services in a consistent manner.

Demonstrating cost management early on for the client was reported as being a strong competitive advantage and helped to secure clients for later stages.

4 Customer Engagement Principles

In every interview conducted, technology partners indicated that they conducted more relationship-based sales techniques, rather than plan and implement formal marketing strategies.

When describing the types of sales-based activities, this often included informally and formally gathering customer and market insights, shifting to a mindset of partnering with their client - rather than selling to, and making IT easy to understand by using simple language based on business drivers and their client's business plans.

A key driver for continued improvement and growth was the practice of regular win/loss post mortem style sessions with lost clients, or lost potential new business, and to reflect on why new business was won. Successful technology partners embed the practice of examining the reasons they lose business and put formal measures in place to improve. They are equally methodical about recording insights from won business to inform which practices should be further leveraged. As a standard and consistent process, this was commonly identified as fuelling a greater win rate with new clients, and increased growth in existing accounts.

These practices were successful not only because of their sales focused outcomes, but also as they provided the technology partners with another strategic source of insight on which marketing collateral, messaging and promotions were based.

A key driver for continued improvement and growth was the practice of regular win/loss post mortem style sessions with lost clients.

Steer the clients, but let them drive

Each technology partner had a differing approach to customer engagement, however one common factor was highlighted; the shift from a stronger focus on pre-sales, to an equal focus on pre and post sales, client engagement and ongoing support.

This did not include the traditional post-sales support services, but a concentrated focus on working with clients to understand and recognise business benefits achieved through their ICT investment. This provided a solid platform from which to begin cross-selling services, based on the strengthening relationship between the technology partner and the client.

This was strengthened by the at times, precarious discussions with procurement functions within client organisations. Many partners described these discussions as often a 'race to the bottom' or that the procurement function, as the key decision makers, are solely driven by price.

However, those partners who had focused on having the right services and skills coverage now and in the future for their clients, bundling their offerings into business focussed packages rather than technical services (e.g. creating a remote workforce bundle rather than firewall, mobility and security services), successfully mitigated this challenge.

By adopting the mindset of 'allowing the customer to drive their business and the technology partner helping to steer', technology partners were able to position themselves as a strategic partner to their client organisation, rather than just a service provider.

This shift was a critical success driver that fuelled strong growth for many partners. In practice, this meant proactively meeting quarterly or six-monthly with clients to review their upcoming corporate plan or business strategy; discussing how their technology landscape would assist them in achieving their business goals, and the areas where investment in technology would drive achievement of their corporate goals.

In this approach, conversations with clients centred firstly on what the client wanted to achieve, current barriers and opportunities, investment prioritisation and then lastly, the relevant technology solution.

The shift from a stronger focus on pre-sales, to an equal focus on pre and post sales, client engagement and ongoing support.

5 Creatively Address the Staffing Crisis

Every technology partner – and indeed their clients – are struggling to retain experienced ICT professionals.

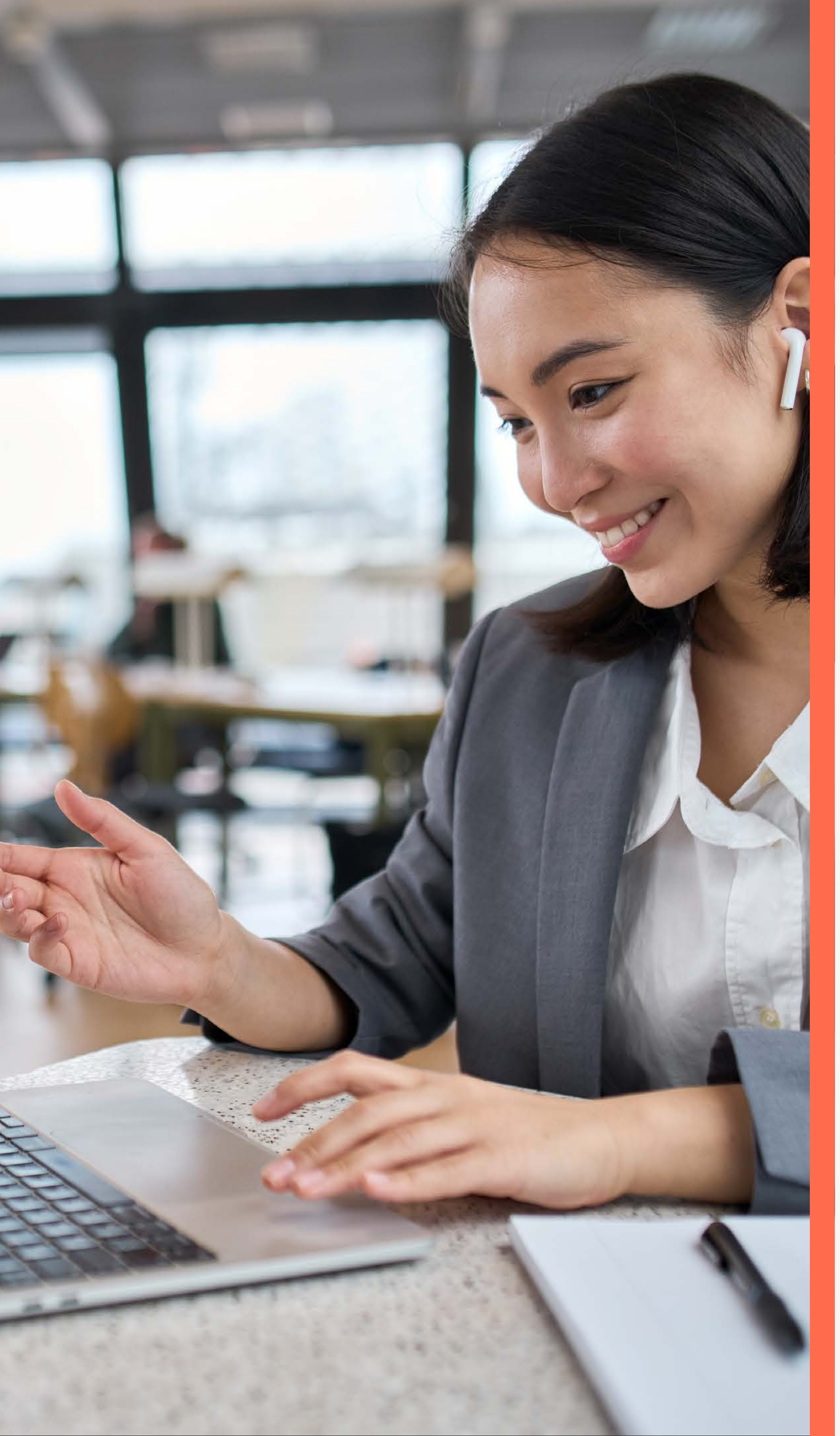
While translating technical solutions into simplified business language was identified as a challenge for traditional technical specialists, the ability to traverse the technical landscape and the business landscape equally, was a target skill in current and future recruitment practices of the most successful technology partners. In addition to this skill set, successful partners identified that focusing on recruiting a mix of sales and marketing, technical specialists, technical generalists, and business domain specialists was the right mix for continued growth.

As reported, a number of successful partners had arrangements in place with local universities to attract and acquire graduates to future-proof the skills and service offerings for clients. This included formal plans to match upcoming graduates with emerging client needs, as well as focusing on acquisition of generalist developers and security related roles.

Many partners expressed concern that their skilled workforce was at risk of poaching from competitors. In response, the most successful technology partners developed and embedded a formal arrangement with universities, whereby graduates would be employed by the partner for six, twelve or eighteen months, and would receive further training, and career development in exchange for a commitment to stay with the organisation for a set, agreed minimum tenure. During this period, senior staff within the technology partner would foster the graduates, recognise any skill gaps and work to address these gaps through formal and on-the job training.

This approach not only ensured the partner's workforce skill mix was contemporary, but matched their client's future needs and addressed attraction and retention challenges.

The most successful technology partners developed and embedded a formal arrangement with universities.



6 Support the Support Network

Training approaches that comprised a combination of technical product and customer engagement and sales were common among highly successful technology partners, rather than a focus on traditional technical expertise.

Technology partners highlighted the need to build strong relationships with their clients, through simplification of product information, packaging and a strong focus on partnering with the client to achieve their business goals through their ICT investment. As such, the skill set mix required needs to equally cover sales, consultancy, customer service and technical proficiency.

With the establishment of partners as 'strategic advisors', rather than pure service providers, for their clients, the required rate of rapid problem solving has increased. In practice, as clients engage more with their technology partner, which fuels business growth and trust, so too does it fuel an increased number of client enquiries that require a rapid solution or advice, that may not fall within the technology partner's cadence.

In order to meet client expectations, successful partners described how cooperation with other partners to help bridge common technical competency gaps was key, and that greatest success was achieved when jointly leveraging expertise in the partner programs.

As clients engage more with their technology partner, which fuels business growth and trust, so too does it fuel an increased number of client enquiries

7 Get out of the Technology Mindset

The most challenging finding of this study is that most technology partners – even those with rapid growth – remain relatively weak in their financial management.

Their revenue growth is not always met with a corresponding growth in margins. Often this is the reverse: margins shrink as the business struggles to meet growth due to the need to continually employ new staff. This is sustainable during a time of rapid growth, but is also a ticking time bomb for many smaller to mid-sized partners.

IBRS noted that many partners reach a 'cut off' point in terms of revenue at around AU$3 to $5 million, with the upper limit being around $8 million. At these points of revenue, one of four things happen:

1. Fragile equlibrium

The technology partner stops growing and maintains a relatively consistent revenue, most often from a static set of long-term, contracted clients. These partners struggle to justify investment into new skills and new areas, and run the risk of being severely impacted by staff retention and clients looking for new services or capabilities.

2. Retreat

The technology partner attempts to grow into new areas, but lacks the funding and change management frameworks needed, eventually collapsing back into being a smaller, niche player. In some cases, they fail outright.

3. Acquisition target

This is acquired by a larger technology vendor and merged. In many cases, these organisations do not command a premium, as they are being acquired purely for their clients. Partners that have highly specialised and effective processes can command more of a premium, but more often than not, such firms do not need to sell.

4. Poised for continued growth

Has leveraged templated processes and product offerings, and automation, to maintain margins that are sufficient to support growth in revenue without a linear growth in staffing. Obviously, most technology partners would like to be in the fourth category: poised for continued growth.

During this study, IBRS found that some high-growth partners approaching the $5 million revenue mark, or the $10-12 million mark, were expecting to plateau in the near future due to inability to hire staff to meet demand, and concerns of investing in new skills due to cashflow constraints. These constraints on partners are not unique, but these partners found themselves entering into the fragile equilibrium stage in response to the pressures.

In contrast, several of the interviewees saw these constraints as an imperative to focus on margins. These organisations were poised for continued growth.

Rather than seeking to be 'the best at a specific set of technologies and solutions', their attention was on maintaining margins through rigorous analysis and project management controls. Instead of focusing on how many staff and what skills would be needed to fulfil further growth, the executives of these partners looked continually for how to improve efficiency of delivery.

A key point of difference between organisations poised for continued growth and those entering a fragile equilibrium was the day-to-day activities of senior executives. Many of the technology partners interviewed were founded by technology specialists who saw a gap in the market for their services and decided to create a company. These founders all had strong technical skills and were actively involved in client work during the early years and rapid growth of their organisations.

This served their business very well during the initial stages of growth. However, for some organisations, these technically-savvy founders continued to be involved in projects, their attention was on winning and service excellence. They were literally working in the business, not on the business.

In contrast, organisations where the founders had lifted themselves out of technology issues and instead focused on improving business processes, or recognised their bias to working on technology and obtained business managers, saw themselves poised for growth.

These organisations invested heavily in creating repeatable processes for project delivery, with extensive automation and continual monitoring of project status. Significantly, these organisations refused to customise or change their core processes in order to win new business, though they continually looked for ways to optimise and automate more of their activities. In short, they templated, packed and automated as much of their service offerings as possible.

As a result, their profit margins on projects were not only higher than others, but also consistent and predictable. It is the predictability of margins that allows these organisations to plan steady growth.

Think like a business person, not a techie. Focus on productisation, marketing/ sales, project management margins. Rigorous processes for everything, repeatable and predictable results.

8 Define your Success Stack

When all of the previous seven factors come together, a high-performance and continually growing technology partner begins to create what IBRS has termed, its success stack.

A success stack is a collection of specific technologies from the broader technology ecosystem available in the market. These are not just the technologies that are provided to clients, along with services (which is where the real money lies), but technologies that are leveraged internally. Importantly, the success stack defines which technologies and services the company will not be involved with, and instead passes on opportunities in these 'out of scope' areas to other partners in the company's network.

The success stack can be viewed as a service portfolio. In many ways, it adheres to classic principles of IT Service Management (ITSM), though it also includes business growth and financial management strategies. Think of the success stack as IT Business Strategy Management (ITBSM).

When defining your success stack, consider the following broad service portfolios:

- **Infrastructure services portfolio**
- **Productivity portfolio**
- **Digital workspaces portfolio**
- **Cybersecurity portfolio**
- **Core business solutions portfolio**
- **Business resilience and continuity**

Infrastructure services portfolio

Market Overview

As detailed in ‘Cloud as Consulting’, the market for running private clouds is shrinking and margins thinning dramatically as the hyperscale public cloud scale with which mid-market partners cannot compete.

However, the dearth of skilled cloud technicians, coupled with strong appetite by clients to adopt cloud infrastructure, means there are significant opportunities to offer consulting for cloud migrations, fully managed cloud infrastructure services, and assisting clients with their hybrid-cloud strategies.

There is strong growth in cloud consulting and margins can be well managed. It is not uncommon for small to mid-sized client organisations to pay as much in consulting services and ongoing management services for cloud, as the public cloud licensing itself.

Furthermore, by steering clients along the cloud journey, partners can generate ongoing revenue from the client, all the while helping them drive down their overall ICT cloud operating costs through consolidation and optimisation, and also helping them develop new business capabilities. When done well, this cloud journey approach is both lucrative and creates very loyal clients.

Potential Services

1. Pre-migration analysis and planning

Help clients identify the quick wins for cloud migration as well as problematic systems that may need to remain on-premises. To be successful and maintain optimal margins, develop a templated and highly automated approach to this pre-migration analysis and planning: scripts to run through client’s existing infrastructure or SCCM logs to capture the current status, automatic categorisation of infrastructure needs and flagging of problem areas, templated reporting back to clients and so on. Continually look for ways to speed up and reduce the process of information gathering. Also, build in red flags to determine risks associated with a client’s migration, or even determine when a client is not a good prospect for follow-up cloud migration services. Avoiding troublesome migrations is just as, if not more, important than winning cloud migration contracts.

2. Push-button cloud capabilities

The most successful cloud services partners have invested heavily in developing scripts to spin up specific infrastructure models in the cloud. These companies sell pre-made solutions for cloud services, including migrations. Examples include: setting up a PowerBI environment with data lake and data factory, setting up Azure SQL services to replicate an on-premises data centre, migrating SAP into a cloud stack, mass migration of VMware servers into Azure with zero downtime, configure a DevOps environment, etc. The key here is that the environments require no customisation: all cloud infrastructure provided this way is a set pattern. This reduces service complexity, enables rapid deployment and brings consistency to margins. It also alleviates highly-skilled and valuable cloud technicians so they can focus on higher value activities. It should be noted that most clients love buying pre-made solutions for cloud migration: they trust them more and they feel they are getting a better deal (which they are!).

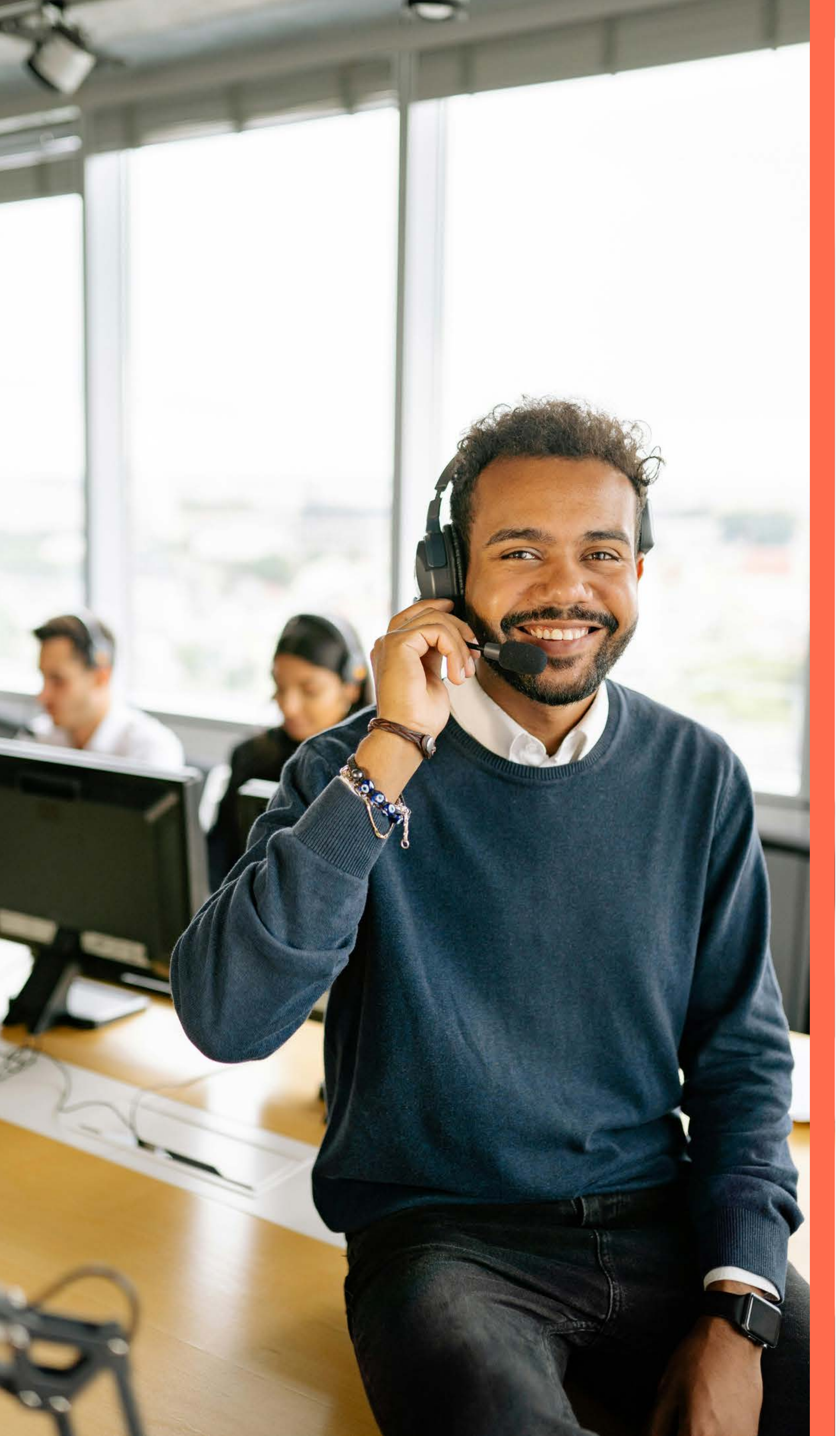
3. Specialised cloud services

While push-button cloud services are the bread and butter for delivering cloud services, specialised consulting services are the jam. The challenge with specialised services - like all complex bespoke consulting - is determining the scope and avoiding unexpected complications. Therefore, the identification and scoping for specialised cloud migration services should be identified and clearly scoped by pre-migration analysis and planning services. In addition, the best performing partners use specialised cloud migration service provisioning to develop new templates and scripts whenever possible, continually packaging up new push-button cloud.

4. Managed hybrid cloud

Managing the links between on-premises solutions and cloud infrastructure is a growing area of specialisation. However, these services should be set within the context of the broader cloud journey. Again, developing standard templates (and possibly automated scripts) for linking specific on-premises solutions to cloud, helps to maintain healthy margins. Look for niche solutions with a specific industry that often remain on-premises (for example, ageing solutions, such as IBM Maximo) where your organisation can develop a standard, pre-packages approach to connecting to cloud services. Such pre-packaged solutions for hybrid cloud scenarios are compelling for clients, and client word-of-mouth referrals are common when such services are done well.

At the upper end of this market segment is assisting clients to transform existing on-premises data centres into cloud-like environments, using technologies such as Azure Arc running on hyperconverged systems. However, only the most mature client organisations are ready to take such a step, and it is important to gauge the internal skills and capabilities of clients before taking on this type of project. Again, the ability to have pre-packages, push-button deployments for services into these on-premises environments, will greatly reduce risk, speed up deployment and maintain healthy margins.



5. Cloud optimisation services

Once a client has been migrated to the cloud, the work has only just begun. Develop regular (quarterly) check-ins with clients to steer them along the cloud optimisation journey. There is potential here to charge fees for cloud-cost control and optimisation, along with opportunities for selling additional push-button cloud services.

6. Refactoring services

Closely related to cloud optimisation services (above), refactoring involves redeveloping or replatforming solutions that were previously moved to cloud infrastructure with a 'lift-and-shift' approach. Rather than redeveloping custom applications, most successful cloud service partners look to leverage SaaS solutions, with standardised templates for different industry configurations, and build out bespoke requirements around the core system with low-code tools, such as the Power Platform.

The best performing technology partners use specialised cloud migration service provisioning to develop new templates and scripts whenever possible.

Productivity portfolio

Market Overview

The pandemic has led to a massive increase in interest in how the Office 365 platform can enable new ways of working. Discussions are quickly moving from the simplistic 'hybrid work' topic to one of how employees will do their work in new, innovative ways. Now that employees have experienced deeply collaborative experiences, leveraging self-service data analytics and low-code tools for digitising proceeds, there is no going back.

This offers partners a unique opportunity to sell sophisticated services on top of the Microsoft 365 environment that also involve a longer-lasting client engagement than in the past, where Office 365 migration, managed help desk services and managed desktop fleets were the key areas. While those services are still valuable, the potential new services include:

Potential Services

1. Digital literacy and training

Many organisations now recognise that there is room for improvement in how staff leverage their Microsoft 365 platforms. Demand for training services are at an all time high, yet satisfaction with existing training services is low. The reason for the low satisfaction is that most training is 'cookie cutter'. What clients need is for training to be in the context of their organisation. Opportunities exist for technology partners to leverage products such as Microsoft Viva with clients to create training programs to drive digital literacy maturity. Such programs can be accompanied by regular staff satisfaction surveys, which indicate future training needs.

2. Power BI / Azure data services implementation

Demand for self-service analytics and ad-hoc reporting is growing. However, many organisations are struggling to get to a mature and scalable data analytics infrastructure, and this hinders the benefits they can achieve from the included Power BI licences found in the Office 365 environment. However, few organisations - even the more sizable ones - have experience in setting up data analytics infrastructure inside Azure. While Microsoft has recommended design patterns, these are often too expansive for many organisations, and finding staff to implement and manage these environments is prohibitive. The most successful partners in this space are offering Power BI and pre-configured subsets of the Azure data services platform to service the needs of different types of organisations, which speeds up implementation and simplifies their on-going monitoring and management services. In addition, they provide services to develop ELT to bring core system data into their client's standardised Azure data analytics platform. The introduction of Microsoft Purview represents a new opportunity to be involved in helping clients set up data compliance and categorisation as part of data catalogue initiatives.

3. Low-code implementation programs

With the lockdowns, organisations discovered that distance demands digital, and as a result interest in low-code products for process digitisation went ballistic. There are now opportunities to assist organisations in identifying and prioritising processes to be digitised with low-code platforms, including assistance with integrations and customer-facing portals. In addition, as interest in the Power Platform has grown, so too have concerns as to how to avoid the Microsoft Access syndrome where staff create applications and services that are disconnected, chaotic and siloed. Opportunities exist to assist mid-to-large organisations in establishing low-code centres of excellence.

4. Information governance and compliance

The rapid and deep adoption of collaborative work practices, especially Microsoft Teams, challenges traditional approaches to knowledge management. Office 365 security, data governance and compliance features can solve most of the challenges of protecting information in a collaborative environment, though awareness of how to implement and get the most of technologies such as Microsoft Information Protection and DRP remains low. Technology partners can accelerate their clients' adoption of these technologies by providing standardised, pre-packaged implementations, backed by consulting services to help their clients determine their unique information sensitivity (aka data classification) needs.

Products

- **Microsoft Viva**
- **PowerBI**
- **Azure Data & Analytics Services**
- **Microsoft Power Platform**
- **Microsoft event grid, service bus, etc.**
- **SharePoint**
- **Microsoft Security and Compliance services:** eg. Information Protection, DLP, Defender.

Digital workspaces portfolio

Market Overview

Recent lockdowns, the move to hybrid working models, and a renewed focus on frontline workers has changed the discussion from desktops and devices to one of digital workspaces. The days of managing large fleets of desktop computing with a single, monolithic installation are numbered. Many organisations are looking at their dated approach to deploying and managing desktop fleets and want the flexibility offered by services such as Autopilot and InTune. Others want to treat all devices as simply consumable assets, much like mobile phone plans. Still others now realise that frontline workers can be far more efficient when provided with mobile devices backed by low-code digital forms and information services. Finally, senior executives are demanding that future digital workspaces support business continuity - the ability for staff to work from any location as needed. All of these drivers create new opportunities for partners.

Potential Services

1. Migration to Intune and Autopilot

Despite the many benefits of moving away from the legacy 'tiered' approach to desktop deployment based on technologies such as SCCM, many organisations are hesitant to adopt Microsoft's more flexible Autopilot approach and InTune. Even when these organisations have all the licensing needed to adopt InTune, there is a perception the migration is complicated and risky. However, IBRS has noted that some technology partners have almost fully automated the way they migrate clients to Autopilot and InTune. These partners then often retain management of the environment (see below) and help-desk services, recreating a recurring revenue based on a standard pattern of technology delivery. Margins for such services are both high (after the first few implementations and establishing the automations) and stable.

2. Managed digital workspaces

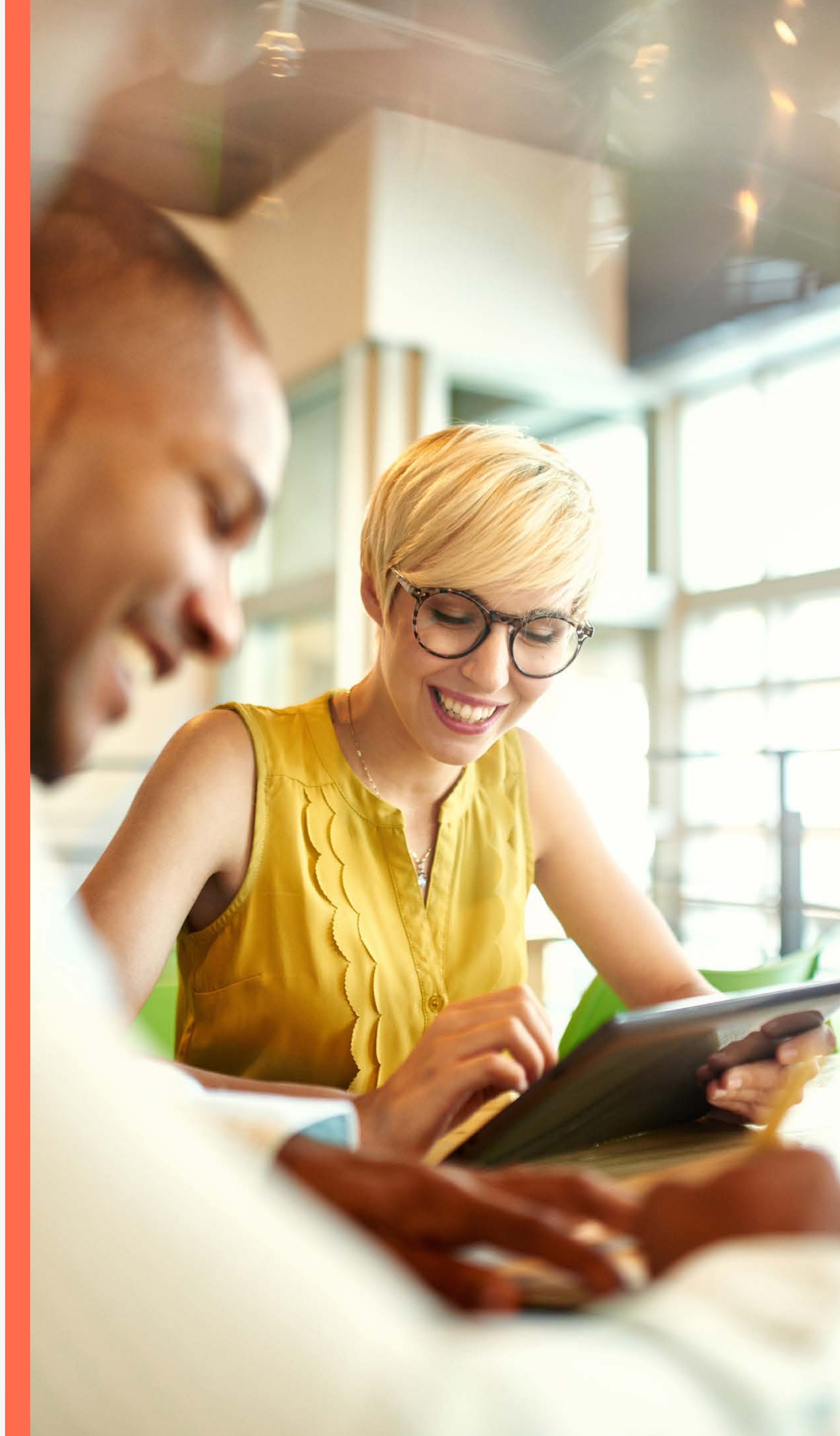
Satisfaction with management digital workspaces (aka managed desktop services) has traditionally been relatively low. Traditionally, this has been due to the higher (and often unexpected) costs of deploying new software and upgrades, and the complexity of patch management. However, with the introduction of more flexible device management with Autopilot and InTune, there are new opportunities. Creating standard patterns of device usage based on broad personas, and automating the management and installation of software via 'self-service' app-store like experiences are a way partners can not only improve client satisfaction, but also keep margins consistent.

3. Azure Virtual Desktops and Windows 365

Many organisations with legacy on-premise solutions were forced to scale up their virtual desktop infrastructure (VDI) to meet the needs of remote working during COVID. These organisations are now looking for ways to rationalise their investments while also making it easier to spin-up and spin-down environments. While Microsoft's introduction of Windows 365 provides companies with a self-service approach to deploying virtual desktops, there remains an opportunity to help customers standardise and optimise their virtual desktop environments. These VDI services complement managed digital workspace services.

Products

MS 365: InTune, EMS



Cybersecurity portfolio

Market Overview

The majority of Australian organisations remain woefully under protected when it comes to cyber security. It is estimated that many organisations spend far less than $2000 annually per staff (knowledge worker) on security, which is considered a rough benchmark for addressing cyber risk. In addition, the cyber security industry has negative employment – finding even junior security staff is difficult and most small to mid-sized organisations simply cannot afford them. This creates a perfect storm for partners to offer discrete security services and solutions. It also means that security services and products are adjacent to every other portfolio discussed in this report.

Importantly, security is one area where a high level of standardisation and automation can significantly benefit all clients of a technology partner: it is not just about creating effective, resellable, packed units of work. It's about bringing all clients up to a common cyber defence stance.

IBRS is seeing governments across the region demanding, and in some cases supporting and subsidising, investments in standards-based security practices. In Australia, the Essential Eight is a common framework. Mandated breach reporting makes development and implementation of a security policy based on such security standard frameworks vital.

Potential Services

1. Out-of-the-box security policy development

By leveraging standard templates, security partners can quickly work with clients to create security policies. However, be warned, while the development of the document is relatively easy, aligning the policies to specific operational activities and information management can involve a great deal of guidance. While the frameworks and general policies may be standard, treating them simply as a check-box list will not improve the clients' security stance. Regular training and review sessions are needed to help clients mature their cyber defence stance.

2. Unified cyber defence

Organisations with Office 365 licences have access to a significant number of tools for cyber security defence. MS365 E5 licensing includes a slew of advanced security tools, such as information protection (plan 2), data leakage prevention, behaviour-based alerting, identity and access control, application controls and more. IBRS has noted that many mid-sized, and even larger organisations have not yet taken full advantage of these services. There are opportunities to accelerate client's use of these powerful Microsoft tools by creating standard templates and scripts, backed by consultative services. In particular, setting up rules for information governance with DLP and information protection is a consulting opportunity that is generally overlooked. Providing governance over Microsoft Teams[2] is likely a new and evolving opportunity. In addition, many organisations are seeking elevated security on top of Office 365 E3. Bringing all security services into a unified whole is the goal.

3. Managed security operations centre:

Even with the introduction of security incident and event management tools (SIEM) such as Microsoft Sentinel, there are many organisations that simply do not have the capabilities to monitor and react to security issues. Technology partners that are offering managed digital workspace environments have opportunities to create adjacent managed security services. Ideally, proactive security services (patching, macro management, DLP, establishing least privileged access, etc.) would be included in the managed digital workspace service offering, with reactive security services being offered through a managed security operations centre (SOC) offering. However, building out managed security operations centres may be costly and difficult, as it requires highly specialised skill sets and continual investment. Rather than building one's own SOC, it may be worth looking to partner with a specialised organisation, and embed their services into the standard digital workspaces offered to clients.

Products

- **Azure Active Directory**
- **MS 365 E5**
- **Trend Micro**
- **Airlock**
- **Microsoft Sentinel.**

[2] Download IBRS's research into Microsoft Teams Governance for details.

Core business solutions portfolio

Market Overview

IBRS has noted a significant increase in the number of organisations looking to migrate from legacy on-premises core business applications (finance, sales and customer management, human capital management) to contemporary SaaS solutions.
In addition, IBRS has noted a three-fold increase in spending on low-code solutions to be used in conjunction with the new cloud-based core business solutions. This aligned to what IBRS calls the fourth-wave of ICT[3].

Taken together, these two trends offer many new areas of opportunity for technology partners. So many that the 'niche or not' rule needs to be carefully considered, even within this single portfolio.

For example, while it is possible for a technology partner to develop common patterns and tasks for migrating on-premises customer relationship management (CRM) solutions to a variety of similar cloud-based solutions (e.g. Dynamics), it appears that focusing on migrating into only one SaaS solution is the optimal approach, as it allows a greater level of automation in terms of data cleansing, preparing, documentation for clients, etc. Specialising in one SaaS platform results in quicker turn-around, less risky engagements and better margins.

The clients see this as faster, better and cheaper.

In the area of low-code, there are opportunities to assist clients in maturing their internal capabilities to extend the capabilities of the core SaaS business solutions. But more importantly, there are opportunities for the technology partner to create industry-specific processes and features around the core business solutions using low-code. The use of low-code not only allows these solutions to be more readily developed without drawbacks of hard-coded customisations of the past, but also adopted by multiple clients to create standard business patterns.

Potential Services

1. Legacy migration and core system implementation

Leveraging a standard methodology and consistent approach to projects to migrate clients from legacy solutions to SaaS. The use of standard and rigorous project management is essential for de-risking such projects, while also maintaining consistent margins. Leverage modern data cleansing tools to not only prepare data, but also reveal data quality issues to clients. Leverage processing mapping tools, backed with pre-developed process maps that adhere to the core systems being implemented, to guide clients through discussions on process improvement, and to identify opportunities to leverage low-code to create industry or client specific digital process workflows.

2. Integration services

Provide components (ideally presented with the client's low-code solutions) that allow simple integration between client's SaaS business solutions and other solutions. Development of integration capabilities within an integration service or mesh solution, such as Azure API manager, Event Grid, Logic Apps. etc.

3. Industry specialised solutions

Development of specialised digital workflows and solutions built around SaaS business solutions. As discussed above, low-code tools such as those found in the Power Platform are ideal.

Specialising in one SaaS platform results in quicker turn-around, less risky engagements and better margins.

[3] Download IBRS's special report Trends for 2021-2026: No new normal and preparing for the fourth-wave of ICT for details.

Business resilience and continuity

Market Overview

Even with the high availability of cloud-based services, many organisations are actively looking for options to protect their operations from data loss and operational disruptions. The sharp increase in ransomware attacks is a major driver, but so too are concerns over environmental disasters, infrastructure failures and even cloud outages. IBRS noted that during 2020 to 2021, the most common ICT concern of board-level executives was business continuity, and demands on ICT executives to demonstrate that contingencies were in place to meet all manner of disasters were extreme.

Potential Services

1. Business resilience assessment, planning, training and testing

From the 2019 bushfires, to the 2020 and 2021 lockdowns, to recent flooding, many organisations found existing assumptions regarding their ability to continue functioning during disasters to be flawed. A surge of successful ransomware attacks against mid-sized businesses has only added to the realisation that organisations are not nearly as resilient as they had hoped, and business continuity needs a great deal more planning. In much the same way as cyber security assessments are a growing service opportunity, there is an appetite for external parties to assess client organisations resilience against a range of threats. Such assessments involve not only reviewing the technical readiness of an organisation, but also the operational readiness: how well its people can respond to events and the processes needed to enact emergency responses. Such assessment services are naturally followed by business continuity plans (BCP) developing disaster recovery plans (DRP). The reality is that the majority of broad actions for BCP and DRP are common between organisations, though all need detail specific to the organisations[4]. The key service deliverable is therefore tailoring templates of 'best practices' to meet each clients' organisational structure and activities, followed by workshops and training to embed the BCP and DRP practices. Ideally, clients will also purchase regular BCP and DRP testing services, where their responses are put to the test in mock disasters[5].

2. Office 365 backup and archive

Less than half of Microsoft Office 365 clients have considered backing up or archival of their Office 365 environments[6]. Microsoft's focus is not on backup as a client organisation would traditionally view it, but on elastic redundancy for availability. This leaves opportunities for resellers to offer technologies to backup, recover and archive Office 365 environments.

3. Managed backup and recovery services

From a data perspective, backup and recovery is the bedrock for disaster recovery. However, IBRS research suggests that less than 40% of backups allow an organisation to fully recover to an operational state. Most concerning, less than 15% of organisations regularly test their recovery processes. Managed backup and recovery services are therefore a niche, but compelling opportunity, and one that leads directly from the previous two service options.

4. Information lifecycle management

Compliance-heavy organisations, especially those in small to mid-sized local government and state agencies, often struggle with information lifecycle management. It is imperative that these organisations correctly manage the retention (including archival), discovery and disposal of information assets. Many struggle due to lack of internal resources and capabilities. There are opportunities to offer information lifecycle management services, built on top of automated data classification, archival and knowledge management services. While highly specialised, such services offer long-term engagements with clients.

Products

- Acronis
- Avepoint
- Veeam.

Less than half of Microsoft Office 365 clients have considered backing up or archival of their Office 365 environments.

[4] See Disaster Recovery Must Work (parts 1-4) for details on emerging better practices in DRP.

[5] See Maintaining disaster recovery plans for an exploration of how disaster plans can be continually updated for new service ideas.

[6] See The journey to Office 365 Part 8: Is a third-party backup or archival solution needed?

9 Look for Adjacencies

While there are strong connections between services within each of the example portfolios suggested above, many high growth technology partners find great value by looking for adjacencies – complementary services between portfolios.

For example, a partner offering services from the productivity portfolio is in a good position to add Office backup and archive services from the business continuity and resilience portfolio.

Adjacencies may also involve partnering with other technology firms, as detailed in Reimagine Sales with Networking. For example, a cloud service partner offering managed hybrid cloud services from the infrastructure portfolio has a ready-made client base for a partner in offering services in the cyber security portfolio. Partnering with other specialist providers is a powerful way to both open new business opportunities as well as cement long-term relationships with clients.

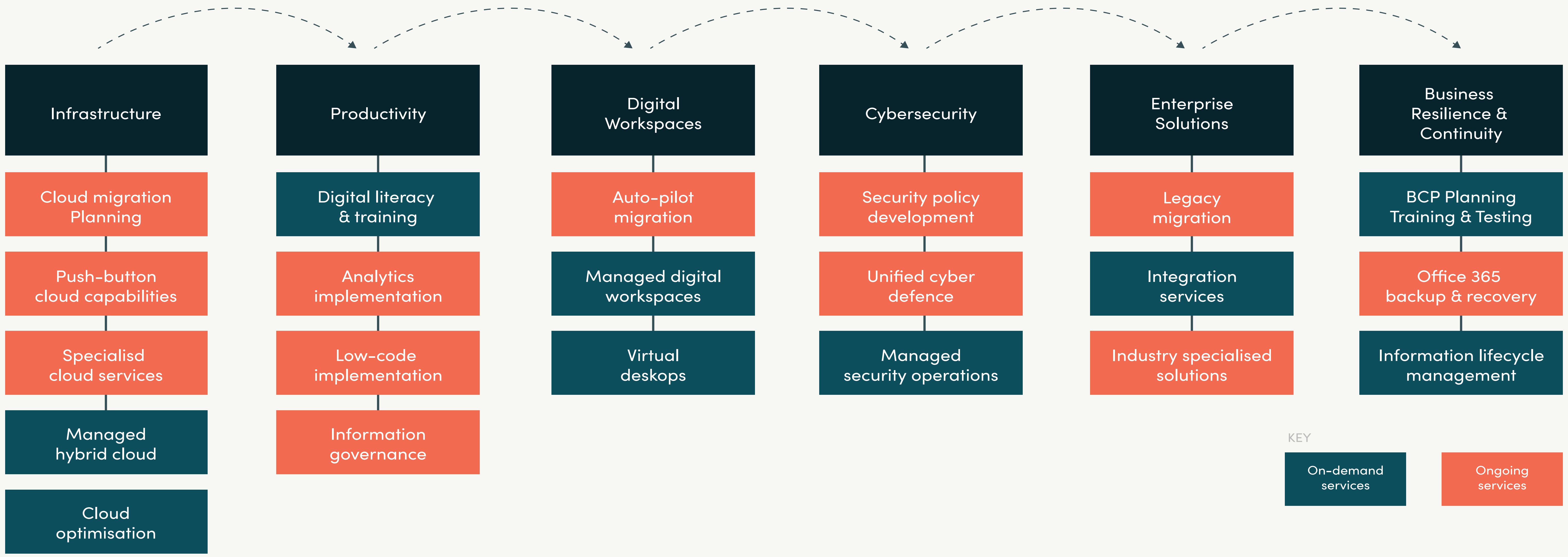


Figure 2: Success Stack; Example Portfolios

Rethinking your business model

For technology partner firms: it is the best of times, and the worst of times.

There is unprecedented demand for technical services to support digital transformation, new opportunities presented by rapidly evolving cloud technologies, and a huge pent up demand for fully managed services. At the same time, there are huge pressures in terms of a shortage of skills, wages increases, increasing competition and changing margins from the large technology vendors.

This study provides the winning strategies of fast-growing technology partners. Applying these strategies to your business will take time. It is likely that your organisation is already adopting some of these strategies. Other strategies may be only partially effective or only given passing attention. But to truly thrive, all nine strategies must be brought into sharp focus.

However, it is not enough to simply know and have a plan for each of these factors. You must combine them with a comprehensive vision for your business, develop a strategy to support the vision, and then plan your roadmap to get from your current situation to the future state.

Every technology business is starting from a different situation, has different resources and limitations. So it is not feasible for this study to provide a one-size-fits-all roadmap. But can provide broad milestones and actions for you to take to start your own journey.

STEP 1

Review the competitive landscape

Starting with services you provide, research what service providers currently compete directly with you, and which service providers offer adjacent services. Identify who could be allies and who could be coopertition (competitors in some areas and collaborators in others). Seek to identify gaps in the market: what services do you offer that fit a niche or are not well addressed. How can you differentiate your service offerings?

STEP 2

Self-assessment

To help, IBRS has prepared a self-assessment worksheet as an appendix to this report. Answer the questions in the sheet as honestly and frankly as possible. If you have business partners, ask them to do the same. Take your time with this assessment. The goal is to explore where your strategies need to be bolstered. Once you understand your strategic gaps, you can begin discussing what your company can do in order to grow.

STEP 3

Create a vision

Imagine your business in five years time. What services will be provided to that future market? How will you be differentiated? Most importantly, what will the business founders be doing - and is it something they enjoy? If you are the founder, it is important to consider if you will be the right person to act in the role of CEO or COO. In the earlier section on Get Out of The Technology Mindset, IBRS found one of the most common problems hindering ongoing growth is founding technology experts not being able to make the shift, or not enjoying, the dry rigour of business management. The vision needs to know exactly where the founders will be best placed, and if new executives may be required.

STEP 4

Analyse the costs of doing business

Work through each and every service offered and recent project to determine the returns. What are the margins? Did the work provide opportunities for new learnings or opportunities to be productised for future services offerings. Which services or clients are not profitable, or have low profit? Why? Can these underperforming services be dropped or offered to an adjacent partner, or can they be revitalised by better automation and leaner practices?

STEP 5

Prioritise which services will be automated/packages

Based on an analysis of your services and a vision of the future, prioritise which offerings you will spend time developing more fully.

STEP 6

Choose your KPIs

Identity the key performance indicators for your organisation, and ensure the metrics can be captured as part of day-to-day business operations.

STEP 7

Plan and then implement a roadmap

With clear milestones and checkpoints against the KPIs. Continually monitor and review progress on the roadmap, but be flexible and agile. The vision is your aspiration as much as your goal.

NEXT STEPS?

Armed with the nine factors of high-performance technology partners, Crayon and IBRS encourage you to embark on a journey of change and growth.

In particular, Crayon is available to help through its growth program. Visit www.apac.crayonchannel.com for more information.

You can also reach out to IBRS to discuss these topics with the report's authors, via the IBRS website: www.ibrs.com.au.

IBRS and Crayon wish you the greatest success with your journey.

Crayon | IBRS

Check your performance with our self-assessment worksheets in the following pages

APPENDIX 1

Self Assessment Worksheet

Reimagine sales with networking

Q: What percentage of your new business comes from referrals?

Q: What could be done to increase referrals?

Q: Which industry bodies and social organisations do you actively support?

Q: What other industry bodies and social organisations could you engage with?

Q: How can you improve your chances of winning business referrals from industry bodies?

Q: Do you recommend business to other technology partners? When and why?

Q: Do you win business from other technology partners? Can you improve your cooperation with other technology partners? How?

To niche or not?

Q: What services/products are you best known for?

Q: What additional services do your clients want from you? How do you decide NOT to offer those services?

Q: What other technology partners do you cooperate with? What specialisations do they bring? What is your financial relationship with them?

Q: Do you have a clearly focused mix of products and services?

Cloud as consulting

Q: What percentage of your profit comes from cloud vendors rebates and licensing?

Q: What percentage of profit comes from cloud consulting service?

Q: How aligned are your cloud consulting services with your clients cloud journeys?

Q: How do you take your clients on the cloud journey? Where are the opportunities to increase sales and margins on this journey?

Marketing as an organisational principle

Q: How do you define 'marketing'?

Q: Is your marketing really just social media?

Q: How do you assign new business growth and client wins to sales and marketing activities - is it clear what activities result in more business?

Steering clients, but let them drive

Q: Do you have regular (i.e. quarterly) client meetings focused on helping them:

- drive down their ICT operating costs, automate business processes to save them money and improve efficiency,
- improve their services and delight their clients?

Q: How effective are these meetings in developing long-term trust and business opportunities with your clients? What evidence do you have to support your claims here?

Creatively address the staffing crisis

Q: Do you have internal mentoring programs?

Q: Do you actively empower your staff to take time to master new technologies and interests?

Q: Are internships directly related to hiring plans?

Q: Do you have outreach into educational institutions in your local area? Can they be expanded?

Support the support network

Q: Are you really seen as a trusted advisor to your clients? What evidence do you have to support your claims here?

Q: What do you need to do to improve your role as a trusted advisor?

Q: Do you cost the ongoing support and advice given to clients into your product margin calculations?

Get of the Technology Mindset

Q: What are your target margins for projects?

Q: How well do you track projects by margin? Do you account for only direct costs, or include indirect costs, such as administration, training, recruitment, and so on?

Q: Can you see when a project is not going to meet your target margin? How? What remediation actions do you take?

Q: What processes within your business could be automated?

Q: Can you bundle existing services into product packages for easier, highly templated and automated delivery?

Q: Does your executive still get involved in technical issues?

Define your success stack

Q: What is your 'foundational' portfolio?

Q: What services will you offer?

Q: How will you continue to drive down the costs of delivering these services, decrease the time needed to provide them, while increasing client satisfaction? (What can you do to template, package, automate?)

Q: What are the adjacent services you can offer within your foundational portfolio?

Q: What other portfolios and services can you link to your foundational portfolio? Will you partner with others, or build out new capabilities?

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