

When Revenue Generation Hits the Top of the Agenda

By Hans Peter Bech

FOR THE MICROSOFT DYNAMICS RESELLER, REVENUE GENERATION, THE ABILITY TO WIN AND KEEP NEW CUSTOMERS WILL BECOME A CRITICAL BUSINESS PROCESS IN LINE WITH SCOPE, TIME AND ACCOUNT MANAGEMENT

In the good old days



In the past, the typical profile of a successful Microsoft Dynamics reseller was an owner-managed company with one, two or maybe three handfuls of customers, no active marketing and no dedicated sales resources. Getting to that point was the hard part. Beyond that, life was fairly stable and comfortable.

The marketing effort primarily consisted of a static web site and the sales jobs were performed by the owners as and when opportunities presented themselves. And such opportunities had better be qualified and mature because the demand from the current customers was already exhausting the manpower available. Marketing ambitions were not missing and ideas for a regular newsletter and a lively blog were certainly there, but how could you ask your people to

write case stories and promotional prose, when they were busy delivering billable hours to your clients?

There was also the desire to get new customers, but it was hard to justify a dedicated sales resource when the opportunities were so infrequent. And it always turned out that the prospective customer preferred to talk to a seasoned and skilled consultant with deep product knowledge and business acumen. Such people didn't want to make unsolicited sales calls and they were also in high billable demand from current customers.

The most reliable path to better business was to make sure that your key people didn't leave you and take some of the customers with them. Customers' loyalty was to the consultants first as they knew the business and the customizations they had delivered to their specific solutions. Scope, project and time management were key virtues that would help you maintain or maybe even improve your gross margins. If you could find and hire an experienced consultant and he or she could bring along a customer or two, then that was a great expansion opportunity for your business.

The environment is changing

Several changes are going on in the industry that will render the good old days obsolete. Not that the virtues associated with project and people management will become obsolete. On the contrary. But in the not so distant future the changes in the industry and in the market will require that Microsoft Dynamics resellers learn and apply a series of new skills.

Let's review some of the changes.

Software is eating the world

Advanced technology is becoming more accessible, affordable and easier to use. As IT becomes a more and more common component of all business activities, it will be available for all business functions in the SMB organisation. Best-of-breed providers will attack all corners of the organisations with value propositions directed at the line managers. Over time these peripheral application areas will challenge the term ERP, that risk becoming the name of the ancient proprietary dinosaur ripe for disruption. To protect her business and win new customers, the Microsoft Dynamics reseller will have to broaden her service portfolio, cover more business domains and change her market communication.

Hint: Stay vertical, follow Microsoft and ride its marketing muscle.

The rush to the cloud

Within the next five to ten years most SMB-companies will have moved their key business systems to SaaS-platforms in the cloud. Those that can live with plain vanilla standard solutions will move first, the rest will follow by the end of their contracts. Over the coming ten years the number of new business software projects will surpass even the golden years we had leading up to the millennium.

Hint: The Microsoft Dynamics reseller must passionately embrace the SaaS and cloud promise. There will be an aftermarket for the traditional customized solutions, but it will be small and shrinking.



Citizen developers

The age of customizations is over, [or at least almost over](#). Individuality will be accommodated through configuration, integration and development undertaken by the customer herself. That's Microsoft's vision and the customers embrace the concept. The primary bottleneck to Microsoft's growth in the business software market was always the lack of channel capacity. The creation of citizen developers will remove this obstacle. To which degree and how fast it will actually happen is yet to be seen, but considerable effort is being invested in the technology and its promotion. The citizen development opportunity makes the business case for insourcing more and more attractive.

Hint: The Microsoft Dynamics reseller should enthusiastically embrace citizen development and customer insourcing and develop services to support the effort.

Customer acquisition becomes the critical business process

As a consequence of the increased global competition combined with better standard software to support best business practises, it gets harder and harder to maintain a competitive advantage solely through lean operations. In the future competitive advantage is decided through the ability to acquire and keep customers at steadily decreasing cost-of-sales ratios.

The average lifespan of a company is decreasing substantially (1). In the S&P 500 index of leading US companies the tenure has decreased by more than 50 years in the last century. From 67 years in the 1920s to just 15 years today, according to Professor Richard Foster from Yale University (2).

Also, SMBs come and go at a steadily increasing rate. Success is not only the function of creating an attractive value proposition, but also of the ability to build and operate an effective customer acquisition and retention process.

Hint: The demand for IT supporting marketing and sales processes in the SMB market will explode. Customers will find out that IT alone cannot deliver the results they expected and will need additional professional services.

Microsoft wants the lion's share of the business software market

One of the major challenges of being a big company like Microsoft is the constant need to enter new growth markets that offer massive volume opportunities. That is why in 2000, Microsoft spotted potential in the SMB market for business software, made a series of acquisitions and became a leading player. Since then it has turned out that this market represents enormous potential, which also makes it the darling of start-ups and niche players. Microsoft needs and wants to become the leader in this market and has applied a hybrid strategy where they provide a broad range of technologies themselves combined with an open attitude for integrating with competitive solutions.

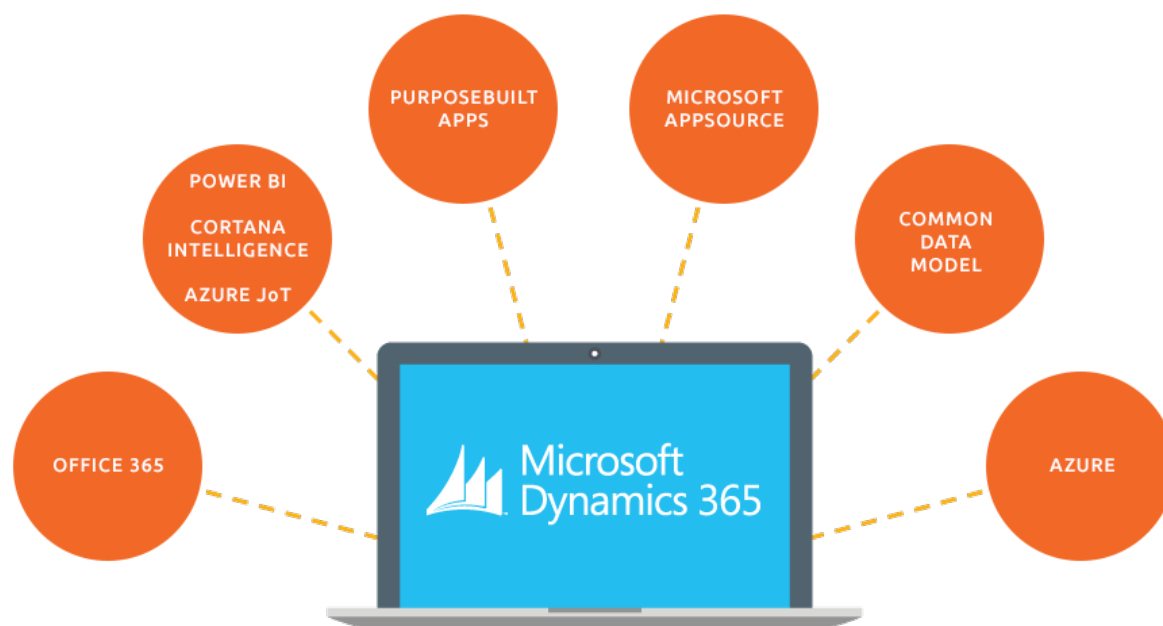
Hint: Microsoft is creating and maintaining one of the biggest waves in the industry for business software to the SMB market. Dynamics resellers that know how to ride this wave will enjoy a strong tailwind.

Tapping the potential of the massive digital migration

The bottom line of the changes outlined is a massive migration of SMBs from their current solutions to new SaaS and cloud-based platforms. On this journey they will be approached by new best-of-breed solution providers, the ties to their current service providers will be up for review and many of them will change.

Just like enterprise customers, SMBs do not benefit from a silo approach to problem solving. However, they seldom have a CIO that can fight for uniformity, transparency and cohesiveness. On their digital transformation journey, they may end up with a patchwork of solutions that don't communicate with one another.

This threat represents the opportunity for the Microsoft Dynamics reseller.



With Dynamics 365, Microsoft is currently the only software vendor with an outspoken promise to deliver the full range of best-of-breed business applications that covers the specific needs of the SMB market AND can ensure that the customer does not land in a spaghetti nightmare.

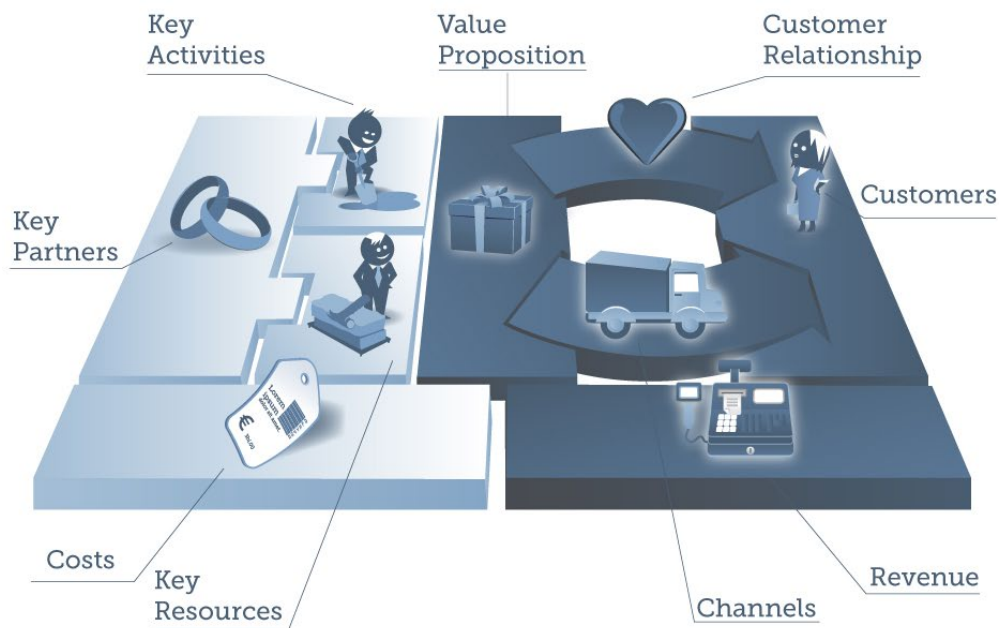
Convincing SMBs to take a step back and make a platform decision for their digital transformation effort and the corresponding journey to SaaS and the cloud requires a dedicated promotional effort. Microsoft provides the generic marketing statements (3) and your job is to amplify and dedicate the messages for your vertical or local markets.

Dynamics resellers need to take the same Microsoft medicine that they offer the market and become themselves black belt in marketing and sales. Only this way can they protect their current installed base and get a fair share of the customer migration to come.

Revenue Generation

However, the processes behind catching the attention of people looking for what we offer, making a positive and lasting impression on people who may in the future need what we offer, converting prospects to customers and making customers happy and stay with us cannot be covered by a static website and an owner waiting to be called.

Revenue generation is a business process that requires design, monitoring and optimization. After all, we are talking about what it takes to run the entire front office of the business model.



It starts with fundamental considerations over market segments, ideal customer profiles, customer value propositions, positioning and main messages. It then covers the selection of and the on-going operation of the communication channels. With the importance of the Internet and social media any company must pay meticulous attention to being found when potential customers search.

Contemporary revenue generation leads with insight and customer empathy as opposed to propaganda, self-appraisal and product details. The task is to explain what you do and how the customer can benefit. Experience shows that this transformation of the communication style is difficult. Identifying with the customers' challenges is apparently much more difficult than talking about the products you sell. Some fall into the trap of using empty buzzwords such as ROI and productivity, which in a generic context doesn't mean much. You may have to upgrade the writing skills of your marketing staff or use outside expertise to produce a constant flow of quality content.

Selling Microsoft Dynamics 365 requires that the communication with a potential customer at some point in time goes from a generic online contact to an individual off-line conversation. At this stage there is a need for a sales person with in-depth knowledge of the products and the ability to understand and articulate how it will benefit the customer. I believe that most resellers are better off using their consultants for sales purposes than relying on dedicated sales people to convince customers.



For most Microsoft Dynamics 365 resellers the future will require stronger marketing and sales development capabilities while more of their consultants will have to take on the sales jobs. Acquiring new customers becomes just as important as keeping the ones you have happy. Customer success remains with the delivery organization but may require some account planning and coordination for cross selling purposes.

If you would like to discuss with QBS if your current business strategy and setup are in fact supporting your long-term vision and goals – or if an adjustment is needed, please reach out to us. For existing QBS partners – contact your daily contact. For non QBS partners – reach out to marketing@qbsgroup.com

At QBS Group we're Dynamics partner fanatics – so in everything we do, we have the Microsoft partners with business applications as their core business in mind.

QBS group is the largest and fastest growing, international network of Microsoft Dynamics partners. We support our partners – resellers and ISV's – with services aimed at growing revenue, lowering costs and improving profitability. We are an official Microsoft Indirect CSP Distributor and currently support over 700 partners in 25 countries.

Notes:

- (1) <https://www.innosight.com/insight/creative-destruction/>
- (2) <https://www.bbc.com/news/business-16611040>
- (3) https://youtu.be/dbJAq4_fp7g