



# **eFolder White Paper: Making it Rain: An MSP's Guide to Profiting from Cloud Application Adoption in the SMB Market**

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## Introduction

In recent years, small- and medium-sized business buoyed by the simplicity and affordability of cloud services have moved more of their data to cloud applications. In fact, according to a December 2014 research report by SMB Group, 92% of SMBs use at least one cloud business application.<sup>1</sup> Even as SMBs cheer the low prices and ease-of-use that cloud applications deliver, many MSPs have expressed concern at the diminished margins they see when their clients migrate to cloud applications. As evidence of the reduced margins available for resellers of cloud services, Microsoft recently cut commissions to channel partners who resell Office 365 up to 50%.<sup>2</sup>

In reality, the role MSPs play in their clients' success has never been more important. MSPs who help their clients navigate the migration to cloud applications and offer services to protect cloud application data stand to gain the most from this market shift. This white paper is meant to help MSPs understand how to generate recurring revenues from clients who have decided to move part or all of their data to cloud applications such as Office 365, Google Apps, Salesforce, and Box.

### **1. Provide custom cloud application deployments and configuration to help SMBs navigate their shift to the cloud**

Often, MSPs feel sidelined by their clients vending directly with Microsoft, Dropbox, and Google for their cloud application needs. This occurs because these large corporations have started marketing directly to SMBs, often side-stepping MSPs entirely. MSPs need to take a proactive approach to ensure that they stay a part of the cloud conversation by offering their clients customized advice and services, such as deployment and configuration assistance, tailored to clients' specific needs.

As soon as clients decide they want to shift to cloud applications, MSPs should proactively take the lead by helping their clients decide which cloud application(s) they want to start using. For SMBs, the differences between, say, Google Apps and Office 365 may seem trivial, but MSPs are in the best position to understand which cloud applications – and which tiers of those applications – are most suitable for their clients. For example, a large law firm that currently uses an on-premises Exchange server and needs to retain

emails for a long period of time may find Office 365 Enterprise E3, which includes Exchange Online Archiving, to be the best option. Meanwhile, a small construction company with many mobile workers may find Google Apps for Work most useful, thanks to Google's array of mobile applications.

Once the appropriate cloud application has been selected, MSPs should take charge of configuring the cloud application to meet the business's needs. Every business has different requirements when it comes to data retention and users' permissions, among other settings, and adding or decommissioning users is a common task perfectly suited to MSPs. A CPA firm bound by GLBA and SOX requirements may need to keep financial documents around for a specific amount of time, while a bakery may not necessarily care to retain deleted documents and emails for longer than, say, a year. Both of these firms, of course, would benefit from an MSP's assistance in configuring the retention policies, commissioning accounts for new employees, and deleting accounts for employees that have left the organization. In addition, transferring cloud application data when employees are on-boarded and off-boarded may prove an important task.

## **2. Assist clients with management and ongoing support of cloud applications**

Configuring cloud applications is an important step for small- to medium-sized businesses, but even after applications have been installed and configured, an MSP's work is not complete without providing continual support and management. MSPs intimately understand clients' technical needs, technology concerns, and business requirements, so they are in the best position to assist clients in managing cloud applications. This is especially true when a client is taking advantage of multiple cloud applications; MSPs can prevent that client from quickly becoming overwhelmed from having to manage, for example, three separate cloud applications for each employee.

When it comes to support, the FAQs and knowledge base articles of cloud vendors such as Dropbox and Microsoft cannot compare to the 24/7 dedicated support MSPs specialize in providing. There is no substitute for a technician coming straight to a small business's door and helping an employee troubleshoot an error or understand how to use new cloud application features. MSPs ought to stress to their clients the importance of friendly, always-there support;

after all, every aspect of modern technology works perfectly – that is, until it doesn't. MSPs who educate their clients on the need for ongoing support of cloud applications are more likely to remain top of mind and earn a share of wallet.

### **3. Create a cloud application stack specific to client requirements and industry needs**

Depending on which business needs an organization may have or which industries they belong to, clients may require a unique set of cloud applications. For example, a dentist's office that stores sensitive patient data in the cloud needs to ensure that the cloud applications it adopts are HIPAA-compliant. In a similar vein, a small financial company that may not be aware of the data retention requirements mandated by SOX could benefit from the guidance of an MSP toward SOX-compliant cloud applications. MSPs who help craft a custom cloud application stack for their clients position themselves as experts, are less likely to experience client churn, and can charge a premium for their cloud application services.

### **4. Add value to cloud applications, before and after clients migrate their data to the cloud**

Smart MSPs recognize that when clients make the decision to move some or all of their data to cloud applications, there are adjacent profit opportunities. Providing assistance for cloud application migration, cross-selling additional cloud applications, and offering cloud-to-cloud backup to mitigate the risk of cloud data loss are all good steps for MSPs to take.

First, MSPs should educate their clients on the risks of migrating massive amounts of data to cloud applications without assistance. When it comes to moving tons of data to cloud applications – for example, transferring emails, documents, and contacts from an on-premises Exchange server to Office 365 – the potential for error is high. Third-party software and migration tools could complicate matters. As an example, loading CRM leads into Salesforce using Salesforce Data Loader could result in the importing of duplicate contacts from multiple services and overwriting of data within Salesforce. MSPs who help their clients with their initial cloud migration can prevent these errors from occurring in the first place.

MSPs who play their cards right can also cross-sell their clients on other cloud services. For example, if clients have decided to migrate their email, contacts, and calendars to Office 365, MSPs

can educate these clients on the advantages of business-grade file sync and sell them a business-grade file sync solution. MSPs could also resell cloud ERP (Enterprise Resource Planning) software suites, such as QuickBooks and Microsoft Dynamics, at high margins.

Finally, managed service providers should educate their clients on the risk of data loss in the cloud. A 2013 report by the Aberdeen Group reported that a whopping 64% of data loss is due to user error<sup>3</sup>. To mitigate the risk of cloud data loss, MSPs should sell a cloud-to-cloud backup solution to those clients that adopt cloud applications to store and manage their most critical data. Businesses that decided to adopt cloud-to-cloud backup can rest assured knowing that their cloud application data is safe, while also minimizing the sprawl of data across different cloud applications.

## Conclusion

Rather than digging in their heels and trying to stop their clients from moving to cloud applications, MSPs should embrace the opportunities that cloud applications have to offer. Maintaining a proactive stance is critical to defending against diminishing or disappearing margins on cloud applications. The tactics that MSPs can use to profit from adoption of cloud applications – providing clients with stellar service, personalized advice, custom solutions, and add-on services – are, in fact, not much different from the business practices MSPs have employed for many years. That said, adapting these techniques to new cloud applications is a big shift. Indeed, the cloud may prove to be a strange and challenging beast, but the MSPs that manage to befriend the beast will reap the greatest rewards.

eFolder provides partners with fully brandable cloud data protection, cloud-to-cloud backup, and cloud file sync solutions. MSPs that adopt eFolder solutions, such as eFolder Cloudfinder, a cloud-to-cloud backup service, and eFolder Anchor, a business-class file sync solution, can add value to their clients' cloud deployments and enjoy significant profitability thanks to eFolder's low wholesale pricing. Visit [www.efolder.net](http://www.efolder.net) to learn more about how eFolder can help partners profit from the cloud.

<sup>1</sup> SMB Group Top 10 SMB Technology Trends for 2015. Rep. SMB Group, Dec. 2014. Web. 5 June 2015.

<sup>2</sup> Talbot, Chris. "Microsoft to Cut Online Services Advisory Partner Commission." Talkin' Cloud. Penton Technology, 13 Jan. 2014. Web. 6 June 2015.

<sup>3</sup> SaaS Data Loss: The Problem You Didn't Know You Had. Rep. Aberdeen Group, 23 Jan. 2013. Web. 8 June 2015.



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