

SELLING SHAREPOINT ENGAGEMENTS IN THE CLOUD ERA

A GUIDE FOR MICROSOFT SI PARTNERS

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DavidChappell
& Associates

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For systems integrators, SharePoint is the foundation for a wide range of engagements. But as with so much else, the rise of cloud computing is changing SharePoint. To successfully sell SharePoint projects in the cloud era, you must understand these changes and what they mean for you.

The place to start is by understanding what SharePoint looks like today. The figure below shows the three options your customers now have for running SharePoint in the Microsoft world.

1: USE SHAREPOINT ONLINE

Part of Office 365, SharePoint Online runs entirely in Internet-accessible Microsoft datacenters. In the jargon of cloud computing, SharePoint Online provides Software as a Service (SaaS). Rather than

buying traditional licenses, then installing and maintaining a SharePoint farm, SharePoint Online customers buy subscriptions to a service, with all SharePoint software and hardware managed by Microsoft.

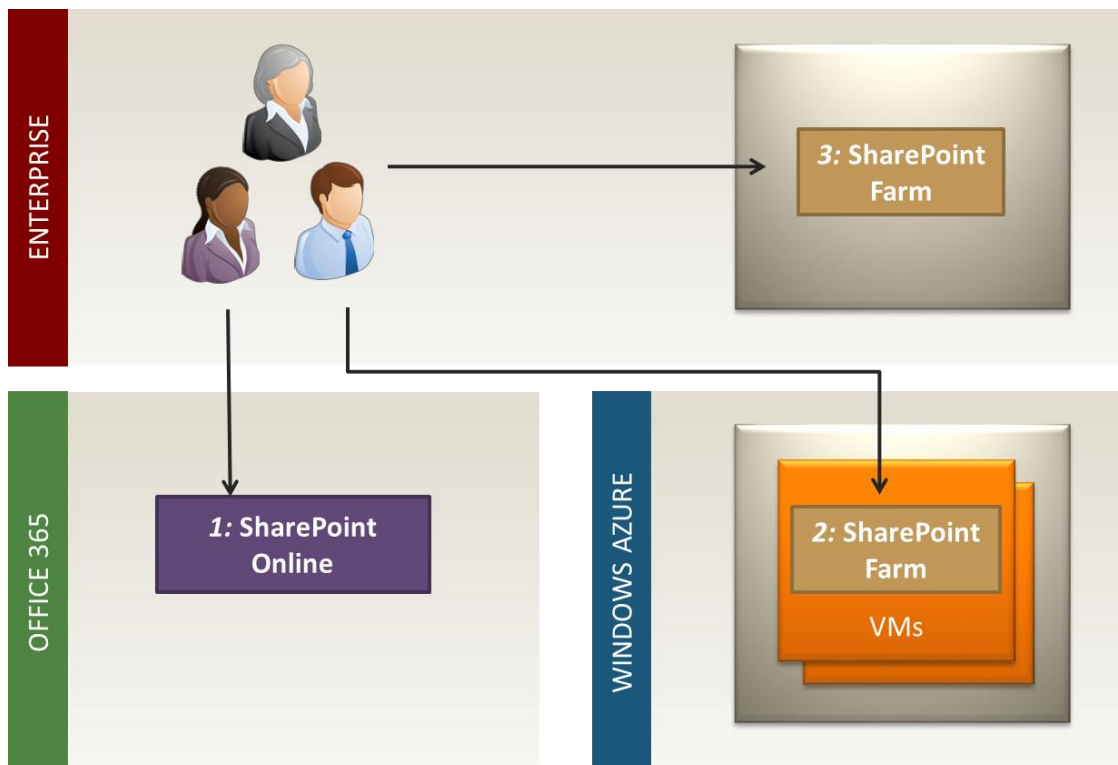
2: RUN A SHAREPOINT FARM ON WINDOWS AZURE

Windows Azure provides standard Windows virtual machines running in Microsoft datacenters. This lets an ordinary SharePoint farm be deployed on Windows Azure.

3: RUN A SHAREPOINT FARM IN AN ON-PREMISES DATACENTER

This is the traditional approach, and it's still supported with SharePoint 2013 today.

When and why should you sell engagements using each of these? What follows addresses these questions for all three options.



SELLING SHAREPOINT ONLINE

Microsoft has been clear: SharePoint Online is the future. This makes it the best option for many of your customers today.

While traditional SharePoint farms will be supported for years to come, Microsoft's announced direction is to move customers to SharePoint Online. Among other things, this means that new SharePoint enhancements will appear here first.

Why Should You Sell SharePoint Online?

MICROSOFT SHARES SHAREPOINT ONLINE REVENUE WITH YOU.

Customers pay Microsoft monthly subscription fees to use SharePoint Online. Microsoft shares part of that revenue with the partner who sold the deal. This gives you an ongoing revenue stream for as long as the customer remains a subscriber.

MOVING ON-PREMISES SHAREPOINT SITES AND SOLUTIONS TO SHAREPOINT ONLINE REQUIRES BILLABLE HOURS.

When an organization begins using SharePoint Online, it often chooses to move one or more existing SharePoint sites from its on-premises farm to this cloud offering. The organization might also choose to move existing farm solutions to SharePoint Online, which requires rebuilding them. Both of these scenarios provide an opportunity to sell a services engagement.

SHAREPOINT ONLINE PROVIDES A CONSISTENT PLATFORM THROUGH WHICH YOUR CUSTOM SOLUTION CAN REACH MANY USERS.

If you build custom code for your clients, you've traditionally created farm solutions. You can potentially resell a farm solution to other customers, installing a copy in each organization's SharePoint farm. But since different organizations license (and customize) different versions of SharePoint, your ability to resell a farm solution is constrained by the specifics of each potential customer's SharePoint installation. They need to have whatever your solution requires.

With SharePoint Online, however, you no longer build farm solutions. Instead, you create custom code using a new approach called *apps for SharePoint*. An instance of an app can run on Windows Azure, for example, then be accessed by many SharePoint Online customers. And because all SharePoint Online customers have the same components available, your solution can now target a consistent platform. This makes it easier to create and resell custom solutions to SharePoint Online users. (For more on apps for SharePoint, see the last section of this guide.)

How Do You Recognize Potential Projects?

DOES AN ORGANIZATION WANT THE BENEFITS OF SAAS?

The SaaS model is sweeping our industry, mostly because customers prefer it. SaaS gives users a low-maintenance, pay-as-you-go solution without the need to buy and run their own servers. Any customer that wants both SharePoint and the benefits of SaaS should choose SharePoint Online.

IS AN ORGANIZATION NEW TO SHAREPOINT?

For customers that don't have SharePoint today, SharePoint Online is very likely the best option. It's a SaaS application, which many customers prefer, and it's also Microsoft's announced direction for SharePoint, letting customers choose this offering with confidence.

How Do You Handle Common Objections?

SECURITY: CAN MICROSOFT REALLY KEEP MY DATA SAFE?

Security is a big issue for most customers, one that probably can't be resolved in a single conversation. One way to address this objection is to help the customer understand that their question isn't really about security—it's about trust.

With a SharePoint farm in their own datacenters, customers are responsible for the security of physical servers, networks, and more. With SharePoint Online, however, this is no longer true. While customers are still responsible for some security aspects of a SharePoint solution, keeping the datacenter secure is

Microsoft's responsibility. The customer must learn to trust Microsoft—there's no alternative. As the increasing popularity of SharePoint Online shows, however, achieving this trust is certainly possible for many organizations.

COMPLIANCE: CAN I STILL MEET MY LEGAL REQUIREMENTS USING SHAREPOINT ONLINE?

This objection can be harder to address, as it's a complex area. Different industries have different rules, and these rules vary across countries. The result is a matrix of laws and regulations that your customer must comply with. The good news is that many, maybe even most, organizations that dig into the details find that they can do more than they thought was allowed with SharePoint Online. It can take time to understand the issues for a specific scenario—lawyers are commonly involved—but in the end, this objection often isn't as much of a showstopper as it might seem to be.

AVAILABILITY: WILL SHAREPOINT ONLINE BE UP WHEN IT'S NEEDED?

Like every other cloud provider, Microsoft has had outages. The right comparison, though, isn't with perfection; it's with the customer's own datacenter. For most organizations, the availability of SharePoint Online will be at least as good as the availability of their own on-premises SharePoint farms. Microsoft also provides a service level agreement (SLA) that spells out penalties if the promised availability isn't met.

WHAT ABOUT MY EXISTING FARM SOLUTIONS?

Most existing SharePoint applications are built as farm solutions, but SharePoint Online won't run this kind of application. Every farm solution requires full trust, which means that an error can bring down the entire farm. Since Microsoft is responsible for the service's SLA, it can't risk this.

Instead, SharePoint Online relies on the new approach for creating and running custom logic provided by apps for SharePoint. If an existing farm solution needs to run with SharePoint Online, it must be rewritten using this new app model. (For more on apps for SharePoint, see the last section of this guide.)

WON'T RECOMMENDING SHAREPOINT ONLINE REDUCE MY FIRM'S ABILITY TO MAKE MONEY?

This isn't an objection that customers are likely to raise, but you might be concerned about it yourself. The truth is that SharePoint Online doesn't require some of the traditional work that SIs commonly do, such as installing and managing SharePoint farms. Instead, a SharePoint practice now needs to focus on building and perhaps managing custom apps.

This can be a quite different business. Instead of selling infrastructure, you're typically selling business solutions to business leaders. But the move to SaaS is an industry trend, one that SharePoint Online is part of, and none of us can stop it.

SELLING SHAREPOINT FARMS ON WINDOWS AZURE

Especially for current SharePoint customers, running a traditional SharePoint farm on Windows Azure can be the best solution.

Not all organizations are ready to move to SharePoint Online today, but they are attracted to the cloud. For these customers, running a SharePoint farm on Windows Azure can be a good option.

Why Should You Sell SharePoint on Windows Azure Projects?

DEPLOYING A SHAREPOINT FARM IN THE CLOUD REQUIRES BILLABLE HOURS.

Just as with a customer's datacenter, deploying SharePoint on Windows Azure requires time and effort. Establishing connections between the customer environment and the new off-premises SharePoint farm also takes work, and so it's another source of billable hours.

A SHAREPOINT FARM RUNNING ON WINDOWS AZURE NEEDS TO BE MANAGED.

Whether a SharePoint farm runs in your customer's datacenter or on Windows Azure, it still needs to be managed. In the long run, managing a farm running on Windows Azure is likely to bring your firm more revenue than deploying the farm in the first place, so it probably makes sense for you to sell these services. And if your

firm does the original Windows Azure deployment for the farm, selling long-term management services gets easier.

How Do You Recognize Potential Projects?

IS A BUSINESS UNIT OR I.T. ORGANIZATION LOOKING FOR LOWER COST?

They might well find that running a SharePoint farm on Windows Azure is cheaper than running it in their own datacenters. As the price of public cloud computing continues to drop, this will almost certainly be true at some point.

DOES AN ORGANIZATION WANT THE BENEFITS OF CLOUD COMPUTING BUT DOESN'T WANT TO MOVE TO SHAREPOINT ONLINE?

Using the public cloud can have many benefits. Yet moving to SharePoint Online also has limitations, such as the inability to run an organization's existing farm solutions. Deploying a SharePoint farm on Windows Azure provides a way to get many of the benefits of cloud computing while retaining the ability to use farm solutions.

Organizations need no longer spend money buying and running their own hardware, for example, while pay-as-you-go pricing turns IT infrastructure into an operating expense rather than a capital expense. Also, custom solutions built using the new SharePoint app model aren't restricted only to customers using SharePoint Online. They can also be installed on SharePoint farms running on Windows Azure or on premises.

IS A BUSINESS UNIT FRUSTRATED BY THE SLOW RESPONSE OF ITS CENTRAL I.T. ORGANIZATION?

Instead of waiting days or weeks for central IT to deploy VMs, Windows Azure VMs can be available in minutes. This means that a business unit can deploy a new SharePoint farm quickly, with no need to wait for its central IT organization.

DOES AN ORGANIZATION NEED TO UPGRADE TO SHAREPOINT 2013?

SharePoint 2013 no longer supports the ability to upgrade a farm in place. Instead, upgrading an existing SharePoint farm to SharePoint 2013 requires setting up a new farm from scratch using this new version, then attaching your existing database to it. Rather than creating this new farm in your customer's on-premises datacenter, you can instead create it on Windows Azure. Once the upgraded farm is ready, you can either move the VMs it uses back to on-premises machines or leave the farm on Windows Azure.

DOES AN ORGANIZATION NEED A BETTER WAY TO DEVELOP AND TEST SHAREPOINT FARM SOLUTIONS?

Developing and testing new farm solutions on a production SharePoint farm can be problematic. An error in a solution under development can potentially take down the entire farm. To avoid this, your customer can create a separate SharePoint farm devoted just to creating new farm solutions. Building this farm on Windows Azure can be cheaper and faster than building it in an organization's own on-premises datacenter.

DOES AN ORGANIZATION WISH TO CREATE AN EXTRANET OR PUBLIC-FACING WEB SITE WITH SHAREPOINT?

Microsoft has made clear that SharePoint Online is the future. But the current version of this SaaS offering doesn't support everything that's allowed with a traditional SharePoint farm. For example, if your customer wishes to create a partner-facing extranet or a customer-facing public web site, they probably can't use SharePoint Online—the support for this isn't robust enough. They can instead create a SharePoint farm on Windows Azure to handle these scenarios.

How Do You Handle Common Objections?

TRUST? COMPLIANCE? AVAILABILITY?

Many organizations have concerns about trust, compliance, and availability for public cloud platforms. Addressing these issues for SharePoint on Windows Azure is much like addressing them for SharePoint Online. See the previous section of this guide for responses to these objections.

WON'T RUNNING A SHAREPOINT FARM ON WINDOWS AZURE INCREASE SHADOW I.T.?

IT leaders are often concerned about the growth of shadow IT that's outside their control. But the IT department is a service. If it can't meet the needs of the business, business units have no choice but to look elsewhere, e.g., to your firm deploying SharePoint on Windows Azure.

SELLING SHAREPOINT FARMS IN AN ON-PREMISES DATACENTER

Going forward, expect to sell fewer SharePoint farms that run in customer datacenters.

The move to SaaS can be challenging for established software vendors. The biggest challenge isn't the technology; it's the business model change. Living with both the SaaS and on-premises business models at once is especially hard. Given this reality, expect Microsoft to encourage SharePoint customers to move from traditional on-premises SharePoint farms to SharePoint Online as quickly as possible.

This implies something important for you and your firm: Selling SharePoint farms that run in your customer's datacenters should no longer be your main focus. Going forward, you're better off emphasizing cloud solutions, either SharePoint Online or a SharePoint farm running on Windows Azure.

WHY SELL SHAREPOINT PROJECTS ON WINDOWS AZURE RATHER THAN AWS?

Windows Azure isn't the only public cloud platform that can run a SharePoint farm. Others, such as Amazon Web Services, also support this option. Why might you choose to sell a SharePoint project on Windows Azure rather than AWS? There are several possible reasons.

Your customer may already have a strong relationship with Microsoft, for example. They might even have existing Windows Azure credits in their Microsoft enterprise agreement, which lowers the cost of deploying a farm in the cloud.

Microsoft also has a broad cloud story, including both public and private cloud technology, so customers looking for a more consistent approach to SharePoint in both environments might prefer a Windows Azure solution. And Microsoft might be a preferred partner for your firm, increasing your incentive for choosing Windows Azure.

SELLING CUSTOM SHAREPOINT DEVELOPMENT PROJECTS

SharePoint has changed, and so have SharePoint solutions.

A typical SharePoint solution provides custom code that works with lists, App Parts, and other information stored in SharePoint. For organizations that use SharePoint, creating custom solutions can provide real business value.

But for custom development projects that you sell today, the choices are different from traditional SharePoint farm solutions. The kinds of business problems you're solving remain the same—SharePoint is still SharePoint—but where the solutions run and how they're created has changed.

Selling Apps for SharePoint

As the figure below shows, SharePoint now supports three approaches for building custom software, that is, for creating

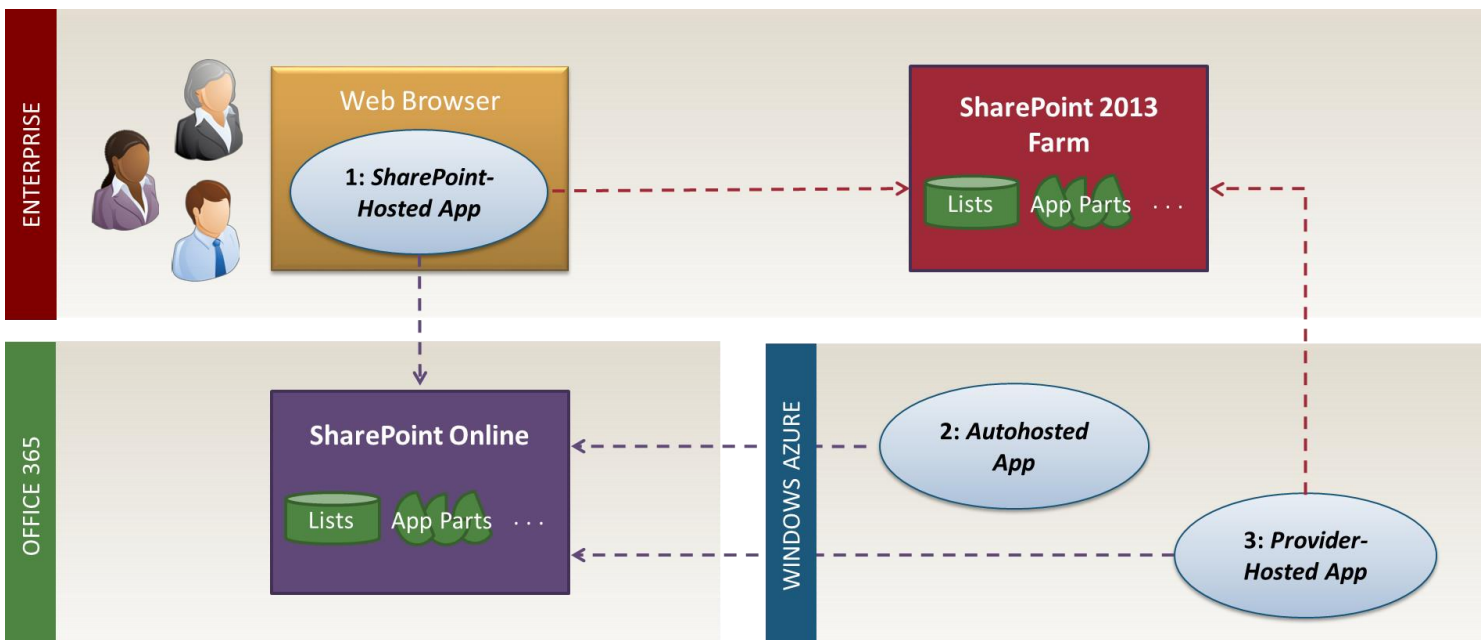
SharePoint apps. Notice that in all three cases, no code runs on SharePoint itself. An app can still access information stored in SharePoint, but it runs somewhere else.

1: SHAREPOINT-HOSTED APPS

This kind of app is simple: Its code runs in the user's web browser. If your customer needs a straightforward solution, such as an app that displays the weather or implements a basic business process, this is probably the right answer. A SharePoint-hosted app can be used by someone accessing either SharePoint Online or a SharePoint 2013 farm. Still, this option has some limitations, so don't expect SharePoint-hosted apps to be the majority of projects you sell.

2: AUTOHOSTED APPS

An autohosted app runs on Windows Azure, and it can be accessed only through SharePoint Online—it's not accessible to users of a SharePoint 2013 farm. As the name suggests, the app's environment is



automatically created when the app is deployed.

This makes autohosted apps easy to run, but it also brings limitations. For example, an autohosted app can't support more than a few hundred users at a time, so it's intended for departmental or small business solutions. If you're selling a relatively small custom development project, this might be the best option.

3: PROVIDER-HOSTED APPS

The third option, a provider-hosted app, offers the most general solution. It can be accessed through either SharePoint Online or a SharePoint 2013 farm, so it's more broadly accessible than an autohosted app. And while a provider-hosted app can run on Windows Azure, as shown in the figure, it can also run somewhere else (even in a customer's own datacenter). The price of this flexibility is that the app's owner is responsible for managing the app and its environment.

Provider-hosted apps are likely to be the bulk of the custom SharePoint development projects you sell. They can be as scalable as necessary, and they can potentially be accessed by customers in many different organizations. Because of their generality,

expect provider-hosted apps to be the best option in most situations.

FROM SI TO CLOUD ISV

Suppose your firm creates a provider-hosted app running on Windows Azure for a particular client. Assuming you retain rights to the software, you can sell this app to another customer. The app's code will still run on Windows Azure, but it's now accessed by a second group of users. Congratulations! You're in the SaaS business.

A number of SIs have found that building cloud-based applications makes it easier for them to expand their business from selling one-off custom projects to selling ongoing cloud services. You can even put a provider-hosted app in the SharePoint store that Microsoft provides, letting new customers find and purchase it on their own.

If your firm has even a hint of entrepreneurial spirit, you should at least consider this option. While moving from SI to cloud ISV isn't necessarily simple—the business model changes are significant—it can bring you real rewards

Selling SharePoint Farm Solutions

Unlike apps for SharePoint, a farm solution runs directly on a SharePoint farm. As the figure below shows, that farm might be located in your customer's datacenter or on Windows Azure.

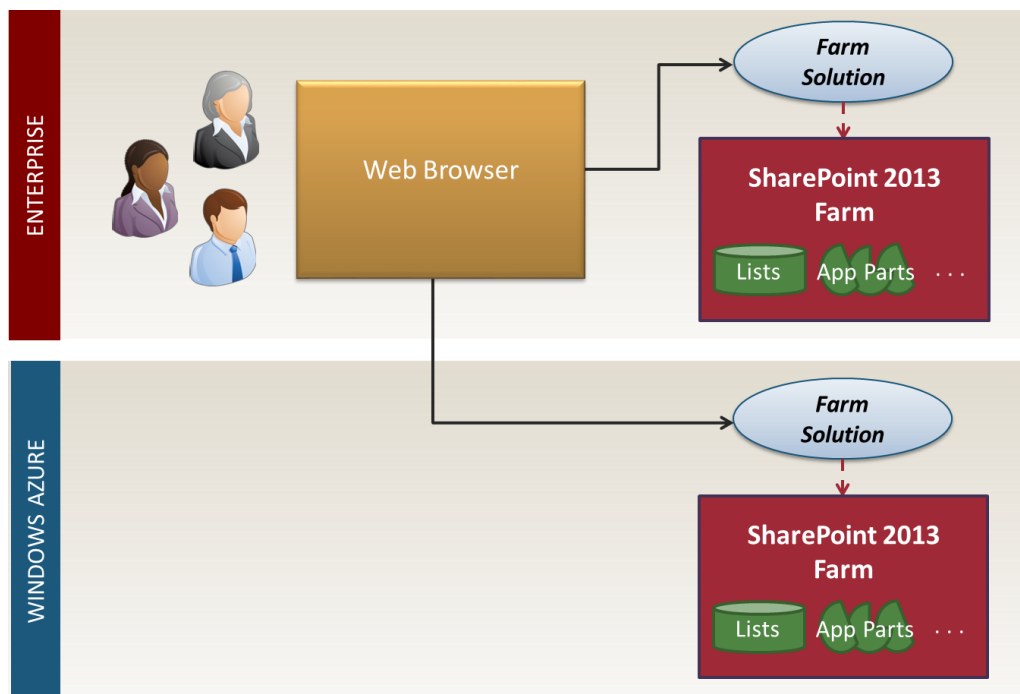
Still, it's important to understand that using the approach defined by apps for SharePoint is almost always better than creating a new farm solution. Even in situations where using a SharePoint farm is better than using SharePoint Online, such as creating extranets or public-facing websites, new functionality should be created using apps for SharePoint.

The reason for this is simple: SharePoint Online represents the future, and it can't run farm solutions. Given this reality, an organization that builds a new farm solution today will likely regret this choice once they eventually move to SharePoint Online.

There are a few situations where building a farm solution can make sense, such as an ISV application that extends the SharePoint platform itself. In general, though, it's best to think of farm solutions as a legacy technology. Going forward, expect that most of the custom development projects you sell will use the new apps for SharePoint model.

THE BOTTOM LINE

Cloud computing is an unstoppable trend, and the move to SharePoint Online is underway. Like it or not, every SharePoint SI must adapt to this new world. There's no alternative.



SALES GUIDES FOR MICROSOFT SI PARTNERS

- Selling Windows Azure Projects: Custom Applications
- Selling Windows Azure Projects: Infrastructure
- Selling SharePoint Engagements in the Cloud Era



About the Author

David Chappell is Principal of Chappell & Associates (www.davidchappell.com) in San Francisco, California. Through his speaking, writing, and consulting, he helps people around the world understand, use, and make better decisions about new technologies.

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