Selling Windows Azure Projects

IT INFRASTRUCTURE

A GUIDE FOR MICROSOFT SI PARTNERS

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For systems integrators who sell infrastructure projects, the rise of cloud computing brings big changes. If you sell services such as installing and managing physical servers, deploying networks, and configuring email and other on-premises applications, public clouds will shrink demand for all of these. What should you be selling instead?

One answer is to sell infrastructure projects that use a public cloud platform. These projects are different from what you've been doing, but there is certainly still a role for infrastructure-oriented SIs in the cloud era.

This guide describes how to sell infrastructure projects that use Windows Azure, Microsoft's public cloud platform.

As the figure below shows, Windows Azure gives your customers an alternative to their own datacenter: on-demand access to virtual machines and storage in Microsoft datacenters around the world. Just as important, customers pay for VMs by the hour and storage by the day. There's no up-front investment in hardware and no commitment.

This is a big change in how your customers use and pay for computing. The infrastructure projects you sell are bound to change, too.
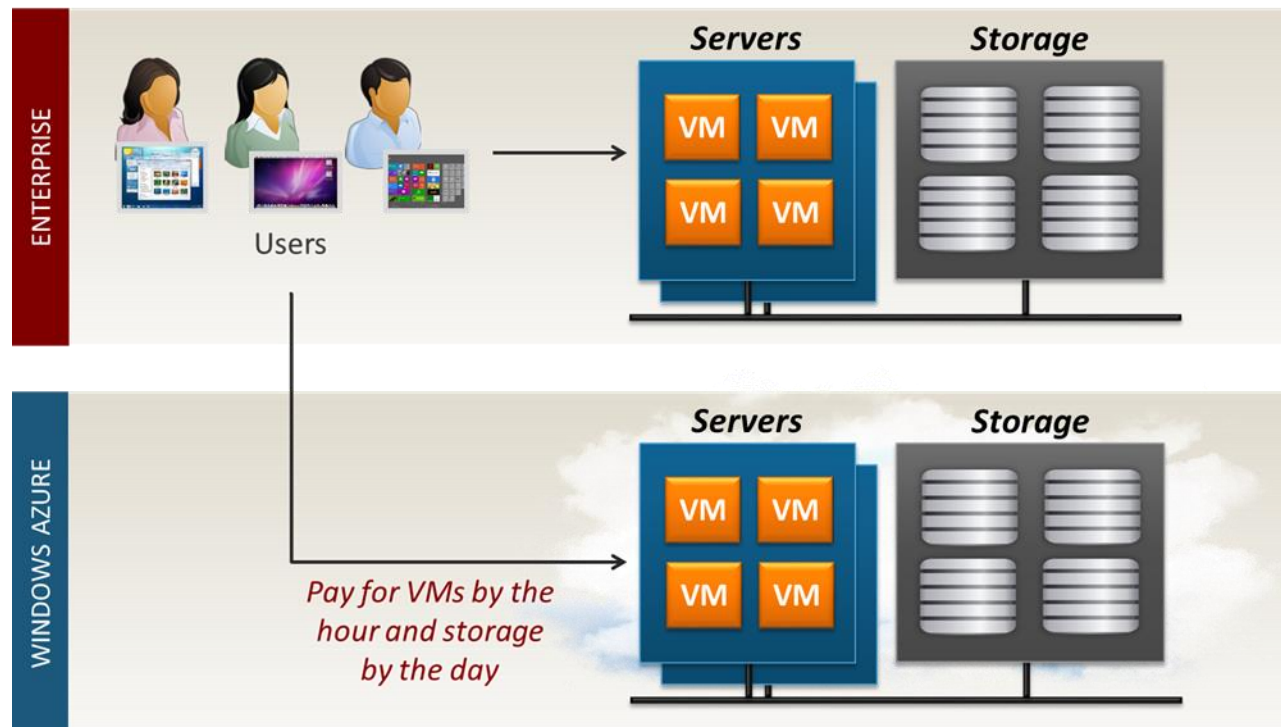
WHY SHOULD YOU SELL INFRASTRUCTURE PROJECTS THAT USE WINDOWS AZURE?

What's in it for you? How can Windows Azure help you sell more projects to more customers?

As described later in this guide, different kinds of cloud infrastructure projects have different benefits for you. But some advantages apply to all of them.

YOU CAN SELL PROJECTS THAT HAVE LOWER HARDWARE AND SOFTWARE COSTS.

Windows Azure services are provided by enormous datacenters run by very few people—they're largely automated. This scale and automation mean that using Windows Azure will probably cost less than using your customer's own datacenter. Even if the cloud isn't cheaper today, it surely will be in the future as competition among cloud platforms keeps forcing prices down. And since Windows Azure provides pay-as-you-go computing resources, there's no up-front commitment to hardware or software that your customer might not need.

YOU CAN SELL PROJECTS THAT PROVIDE BUSINESS VALUE FASTER.

You're always selling business value, and the sooner your customers get that value, the easier your project is to sell. Because Windows Azure is a public cloud platform, there's no need to order, install, and configure hardware to support a new project. This lets your customer get started more quickly, shortening the time to value.

YOU CAN POSITION YOU AND YOUR COMPANY AS LEADERS IN THE MOVE TO CLOUD COMPUTING

In ten years—maybe less—a majority of applications will run in the public cloud. Ask your customers; they'll almost certainly agree. And while this shift offers big benefits, it's also a big change. Your customers will need help getting there.

Selling projects that use Windows Azure today positions you and your firm as leaders in this industry transformation. It helps make you the trusted partner for your customer's future cloud work. Even if you initially sell only small Windows Azure projects, these can be the gateway to much more in the future.

THE QUESTION ISN'T *WHETHER*; IT'S *WHERE* TO START

For most of your customers, the real question isn't whether they'll embrace public cloud platforms. The real question is where they'll begin using this new technology.

IT infrastructure projects, especially small ones, offer tangible, quantifiable benefits with low risk, and so they're the best way for many organizations to get their feet wet with public cloud computing. By selling these projects on Windows Azure, you can help your customers begin their transition to this brave new world.

WHY SELL PROJECTS ON WINDOWS AZURE RATHER THAN ANOTHER CLOUD PLATFORM?

Why should you sell projects on Windows Azure rather than one of its competitors, such as Amazon Web Services?

YOUR CUSTOMER MIGHT HAVE A STRONG RELATIONSHIP WITH MICROSOFT.

Perhaps the customer knows and trusts their Microsoft sales team, for example, or has had good experiences with Microsoft support. And since nearly every organization uses some Microsoft products, using Windows Azure doesn't require adding to their vendor portfolio.

MICROSOFT MIGHT BE A PREFERRED PARTNER FOR YOUR ORGANIZATION.

You might propose Windows Azure for projects rather than a competing cloud platform because of your own firm's relationship with Microsoft. Also, Microsoft potentially shares the Windows Azure revenue it receives from your customers with you.

YOUR CUSTOMER MIGHT HAVE PAID-FOR WINDOWS AZURE CREDIT IN THEIR ENTERPRISE AGREEMENT.

Many customers have purchased some Windows Azure usage in their EA and are looking for a way to use it. Selling them a Windows Azure project might mean they have no extra cost for computing resources.

MICROSOFT OWNS BOTH WINDOWS AZURE AND OTHER PRODUCTS THAT YOUR CUSTOMER WILL DEPLOY IN THE CLOUD.

This gives customers a common source of support for the cloud platform and many of the applications that they want to deploy on it. It also provides shared services, such as the common directory service used by Windows Azure and Microsoft Office 365. And while SharePoint and other Microsoft products can run on multiple cloud platforms, Microsoft can potentially make these products work better together on Windows Azure.

MICROSOFT HAS A BROAD CLOUD STORY, INCLUDING BOTH PUBLIC CLOUD AND PRIVATE CLOUD TECHNOLOGY.

Customers that wish to use both might find these connected technologies attractive. For example, an organization that uses System Center to create its own internal private cloud can connect to Windows Azure using the same tools. Similarly, organizations using Office 365 can get single sign-on to applications running on Windows Azure, since both use the same directory service.

HOW DO YOU HANDLE COMMON OBJECTIONS?

Like every new technology, customers have concerns about Windows Azure and public cloud computing. Three of these objections are so common that nearly all of your customers will raise them.

Most of the time, these objections can't be addressed with a single response—they require longer conversations. This section gives you a place to start talking with your customers about these issues.

SECURITY: CAN MICROSOFT REALLY KEEP MY DATA SAFE?

One way to address this objection is to help the customer understand that this question isn't really about security—it's about trust.

With their own datacenters, customers are responsible for the security of physical servers, networks, and more. With Windows Azure, however, this is no longer true. While customers are still responsible for application security, keeping the datacenter secure is Microsoft's responsibility. The customer must learn to trust Microsoft—there's no alternative.

Most often, customers build this trust slowly, starting with smaller Windows Azure projects. However it happens, though, using Windows Azure requires customers to believe that Microsoft can keep their information secure.

COMPLIANCE: CAN I STILL MEET MY LEGAL REQUIREMENTS USING A PUBLIC CLOUD PLATFORM?

This objection can be harder to address, mostly because 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 Windows Azure project must comply with.

Here's the good news: many, maybe even most, organizations that dig into the details find they can do more than they thought was allowed with public cloud platforms. It can take time to understand the issues for a specific project, but in the end, this objection often isn't as much of a showstopper as it might seem to be.

In some cases, leaving regulated data on-premises while the application runs on Windows Azure can be an effective solution. In others, though, such as applications that work with tightly regulated data, using Windows Azure might not be a good option.

AVAILABILITY: WILL WINDOWS AZURE DATACENTERS BE UP WHEN THEY'RE NEEDED?

Like every other cloud provider, Windows Azure 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 Windows Azure datacenters will be at least as good as their own. Microsoft also provides a service level agreement (SLA) that spells out penalties if the promised availability isn't met.

SCENARIO: DEPLOYING PACKAGED APPLICATIONS ON WINDOWS AZURE

Just as you can deploy packaged applications in your customer's on-premises datacenter, you can also deploy these applications in Microsoft's Windows Azure datacenters.

The figure below shows the basics of how this looks. Using Windows Azure Virtual Machines, your customer can create VMs running Windows or Linux, then deploy applications in those VMs. For example, Microsoft supports many of its own applications in this scenario, including SharePoint, BizTalk Server, Dynamics GP and Dynamics NAV, SQL Server, and others. An organization can also connect its own datacenter to a Windows Azure datacenter through a virtual private network (VPN) connection using Windows Azure Virtual Network. This lets the organization's users access applications in the public cloud as if they were running in their own datacenter.

Why Should You Sell These Projects?

DEPLOYING PACKAGED APPLICATIONS IN THE CLOUD REQUIRES BILLABLE HOURS.

Just as with a customer's datacenter, deploying application on Windows Azure requires work. Establishing connections between the customer environment and the new off-premises application also takes time, and so it's another source of billable hours.
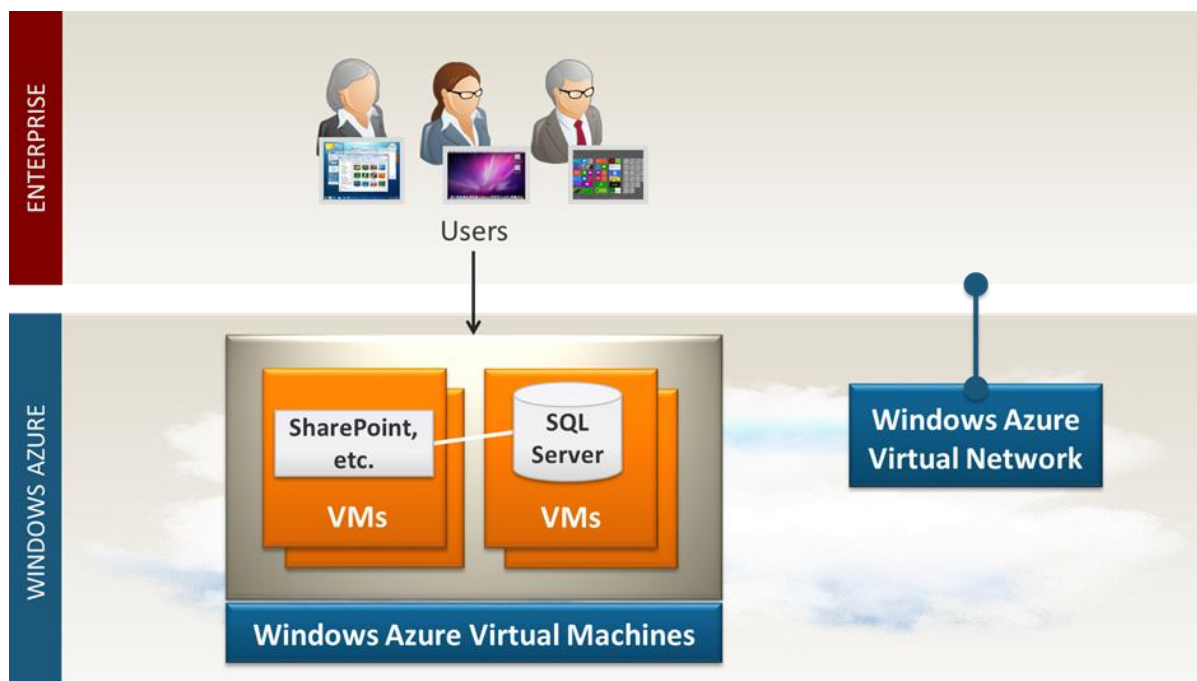
PACKAGED APPLICATIONS RUNNING ON WINDOWS AZURE NEED TO BE MANAGED.

Whether an application runs on premises or on Windows Azure, it still needs to be managed. In the long run, managing an application running on Windows Azure is likely to bring your firm more revenue than just deploying the application, so it probably makes sense for you to sell these services as well. And if your firm does the original cloud deployment for the application, 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 applications on Windows Azure is cheaper than running them in their own datacenters. This is especially true for applications that aren't used constantly. If your customer shuts down Windows Azure applications when they're not needed, such as at night, he stops paying for the VMs they run in.

If any of your customers have purchased Windows Azure hours as part of an enterprise agreement but aren't sure how to use them, deploying packaged applications on this cloud platform means that they'll get hardware at no extra cost— they've already paid for it.

DOES AN I.T. OR BUSINESS LEADER WANT TO SPEND ON THE BUSINESS, NOT I.T.?

CIOs, CFOs, and others can be attracted to the idea of having less hardware on their organization's books. They're also likely to prefer to turn IT infrastructure into an operating expense rather than a capital expense. Both free up money to spend on what they really care about, which is improving the business itself.

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 physical or virtual machines, Windows Azure VMs can be available in minutes. Today, many business groups run their own servers, a practice commonly called *shadow IT*, to avoid this delay. A customer that's in this situation is especially likely to be receptive to using Windows Azure rather than fielding its own servers.

DO YOUR BUYERS BELIEVE THAT CLOUD COMPUTING IS THE FUTURE?

Some business and IT leaders already understand that the move to public cloud platforms is inevitable, largely for cost reasons. (In fact, nearly every start-up today relies on cloud services. Why should an established business let newcomers have that advantage?) Customers who already get this are looking for a place to start that provides a quick win. Deploying packaged applications such as SharePoint on Windows Azure can offer this.

How Do You Handle Common Objections?

TRUST? COMPLIANCE? AVAILABILITY?

Many organizations have concerns about trust, compliance, and availability for public cloud platforms. See the earlier section in this guide for responses to these concerns.

WON'T USING 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 applications on Windows Azure.

WILL MY APPLICATION RUN ON WINDOWS AZURE?

Some packaged applications aren't a good fit for Windows Azure, either for technical reasons or because they don't (yet) have a licensing or support model for the public cloud.

This isn't a problem with most major Microsoft applications, and other vendors are rapidly making their offerings cloud-friendly. Some customers have also reported success running unsupported applications. Still, there are situations where deploying an off-the-shelf application on Windows Azure isn't a viable option.

SELLING ACTIVE DIRECTORY PROJECTS ON WINDOWS AZURE

In some situations, deploying an application in the public cloud might also mean installing Active Directory alongside it. Running SharePoint on Windows Azure, for example, can sometimes be more effective with a cloud-based Active Directory service that's connected to the customer's on-premises directory.

In other cases, you might sell a pure Active Directory project on Windows Azure. For example, a number of SIs have installed Active Directory Federation Services (AD FS) in the public cloud to provide a low-cost server for single sign-on. Applications need infrastructure, and so deploying packaged software in the cloud can sometimes mean deploying these supporting services as well.

SCENARIO: MOVING EXISTING APPLICATIONS TO WINDOWS AZURE

Applications that are currently running in your customer's on-premises datacenter can be moved to Microsoft's Windows Azure datacenters.

Sometimes called "lift and shift", the figure below illustrates this idea. Instead of running on premises, an application and the database system it uses can run in VMs created using Windows Azure Virtual Machines. These VMs can run Windows Server or Linux, which lets your customers move applications running on either system.

Why Should You Sell These Projects?

MOVING APPLICATIONS TO THE CLOUD REQUIRES BILLABLE HOURS.

Especially for larger organizations moving lots of software, these can be sizeable projects. Applications moved to the cloud also commonly require integration with applications and data that remain in the customer datacenter. Creating these connections will require more billable hours.

APPLICATIONS RUNNING ON WINDOWS AZURE NEED TO BE MANAGED.

Just as with packages deployed on Windows Azure, on-premises applications moved to Windows Azure must be managed. You can sell these managed services more easily if your firm moves the applications in the first place.

Move application and data from customer datacenter to Windows Azure
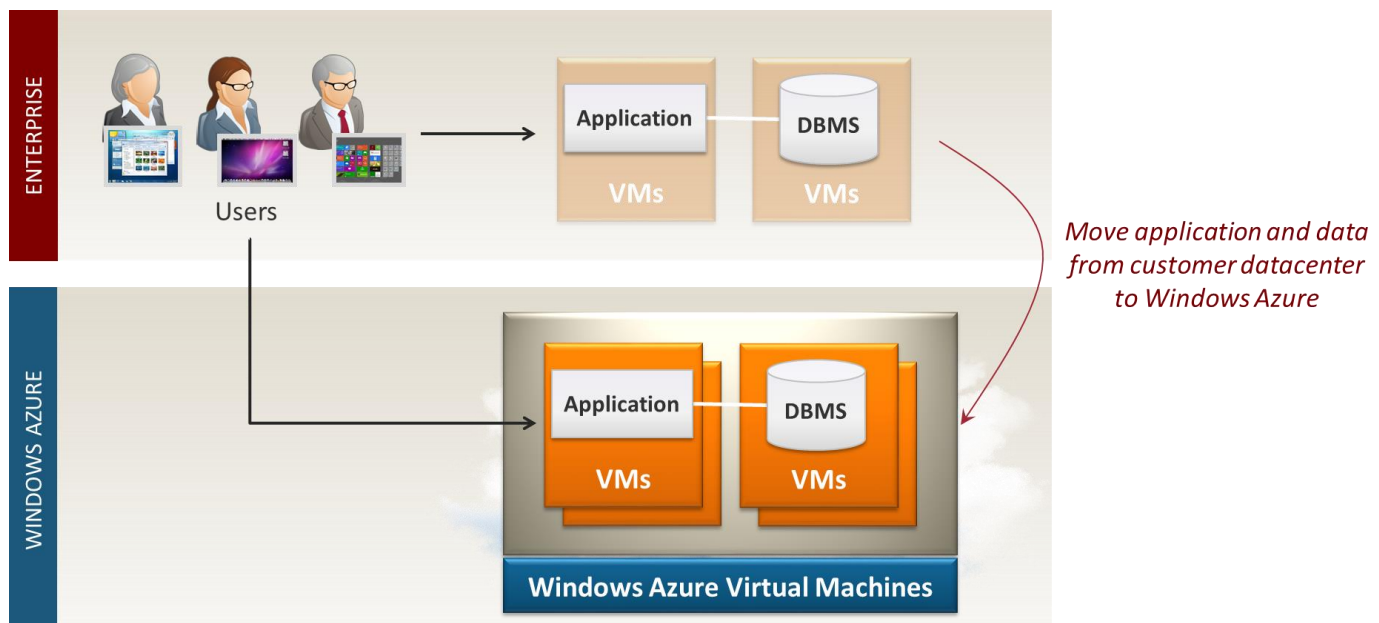
RUNNING APPLICATIONS ON WINDOWS AZURE MEANS THAT I.T. PROCESSES WILL NEED TO BE RE-DESIGNED.

Governance and deployment will need to be re-thought for a mixed on-premises/cloud world. Doing this well can require specialized expertise, which means billable hours for your firm.

How Do You Recognize Potential Projects?

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

A cost-conscious organization might find that running applications on Windows Azure is cheaper than running them in their own datacenters. As the price of public cloud computing continues to drop, this will almost certainly be true in the not-too-distant future.

DOES AN I.T. OR BUSINESS LEADER WANT TO SPEND ON THE BUSINESS RATHER THAN I.T.?

A business unit leader or CFO that wants to focus spending on the business, not IT, can be attracted to the idea of having less hardware on their organization's books. They're also likely to want IT infrastructure spending to be an operating expense rather than a capital expense, a change that Windows Azure's pricing model makes possible.

IS A BUSINESS UNIT RELYING ON EXTENSIVE SHADOW I.T.?

A business unit with lots of shadow IT, i.e., applications deployed on servers that are separate from (and maybe unsanctioned by) corporate IT, is a good candidate for using Windows Azure. Rather than worry about hardware on their own, they'll likely be happy to let Microsoft provide it for them.

DOES AN IMPORTANT APPLICATION NEED TO BE REPLATFORMED?

When an application needs to be moved or rewritten, moving it to Windows Azure can make sense for your customer. Maybe the operating system the application runs on is going out of support, or perhaps the application needs to be significantly changed to meet new requirements. In situations like these, moving it to a public cloud platform can be a good option. Why build a new on-premises version of the application in a cloud-oriented world?

IS IT TIME FOR A HARDWARE REFRESH?

If an organization's servers and other computing hardware need to be replaced, its leaders should consider adopting a public cloud platform rather than buying new equipment. If a significant share of your customer's servers are fully depreciated, for instance, or if they need to buy replacements for old servers, they're likely to be more receptive to a project that moves applications onto Windows Azure.

How Do You Handle Common Objections?

TRUST? COMPLIANCE? AVAILABILITY?

Many organizations have concerns about trust, compliance, and availability for public cloud platforms. See the earlier section in this guide for responses to these concerns.

The truth is that moving existing applications to Windows Azure can be a significant step for your customers, and so it's common for companies to start with smaller steps, such as using cloud storage or creating a development and test environment in the cloud. (Both of these are described next.) An SI that offers hosting services might even move some of a customer's applications to its own datacenters and others to Windows Azure, depending on cost, regulations, and other issues.

WHY MOVE WHEN MY HARDWARE ISN'T FULLY DEPRECIATED?

If a customer hasn't fully depreciated the hardware an application runs on, it might not make economic sense to move that application to Windows Azure. Look for a better candidate, but make a note of their depreciation schedule for future projects.

IS THE CLOUD REALLY CHEAPER?

The customer might argue that Windows Azure isn't really cheaper. Much of the time, this objection reflects how hard it is for organizations to understand their own costs.

Are they really comparing apples to apples? Do their cost estimates include Windows licenses, people, datacenter space, electricity, cooling, and everything else that's built into the usage charges of Windows Azure? Especially when the IT group provides the estimates, there's an incentive to underestimate costs, since they might feel that their jobs are at stake. Making this argument requires detailed, honest analysis of what your customer is really spending today.

One option is to look for customers that are already using a hoster or colocation facility. They'll have a better idea of what their costs really are, so showing that Windows Azure is cheaper gets easier. And even for organizations that believe Windows Azure is too expensive today, it's worth revisiting the issue a year from now. Prices keep going down.

CAN MY APPLICATIONS RUN ON WINDOWS AZURE?

Even though Windows Azure provides ordinary VMs running off-the-shelf versions of Windows Server and Linux, some existing applications still aren't a good fit. For example, an application might require an operating system that's not supported by this cloud platform. Windows Azure supports only 64-bit systems, including Windows Server 2008R2, Windows Server 2012, and several versions of Linux. Even if the application's operating system isn't supported, though, it can still be possible to move it to a supported OS, such as a newer version of Windows Server, and thus move the application to Windows Azure.

WHAT IF MY APPLICATION RELIES ON OTHER APPLICATIONS AND DATA?

Applications live in an ecosystem—they share databases and more—which can make it hard to move a single application. But moving all of the applications in this ecosystem, e.g., all of the marketing applications, might be a viable solution (as well as a bigger project for your firm).

It can also be easier to build a business case around a larger group of applications, since they probably run on an identifiable set of on-premises datacenter hardware. Because all of this hardware can be repurposed, the cost comparison with Windows Azure might be clearer.

It's also possible, of course, to integrate applications in the cloud with on-premises software and data. In fact, this kind of hybrid environment is the norm when organizations begin moving their existing applications to Windows Azure.

SCENARIO: USING WINDOWS AZURE FOR APPLICATION DEVELOPMENT AND TESTING

In most organizations today, application development and testing is done with virtual machines. Instead of using an organization's own on-premises VMs, why not use VMs running on Windows Azure?

VMs created using Windows Azure Virtual Machines can potentially run everything that a dev team needs: the application being created, tools for development and testing, databases, and more. Because Windows Azure supports both Windows Server and Linux, organizations can use it to create applications that run on either platform. The figure below shows how this looks.

Why Should You Sell These Projects?

SETTING UP A DEV/TEST ENVIRONMENT REQUIRES BILLABLE HOURS.

While developers might create and manage the VMs they need by themselves, you still have the potential to sell projects with billable hours. Your firm might set up and maintain a service catalog, for instance, which provides a set of VM options specifically designed for this customer.

SMALL CLOUD PROJECTS HELP CUSTOMERS BUILD TRUST

Selling small, low-risk projects like this helps you position yourself as the trusted partner for cloud computing. Many organizations will start small, then move on to the larger, higher-value scenarios described earlier. If you got them started on their public cloud journey, they're more likely to turn to you for help with these bigger projects in the future.
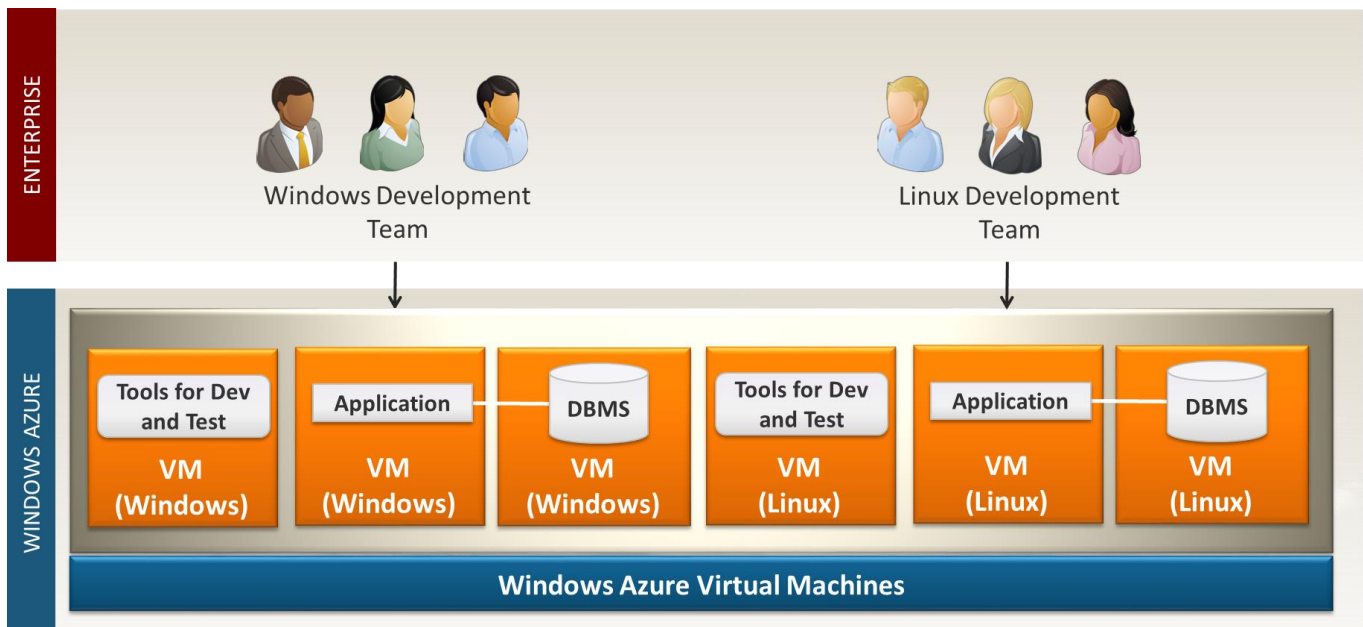
How Do You Recognize Potential Projects?

IS A DEVELOPMENT TEAM UNHAPPY WITH THE TIME REQUIRED TO SET UP THEIR ENVIRONMENT?

If a development team believes that getting their dev/test environment up and running takes too long, they're a good candidate for a Windows Azure-based solution. Many internal IT organizations take days or weeks to create the VMs that developers need; Windows Azure takes a few minutes. Using Windows Azure VMs can also give developers more freedom, since some organizations tightly control what can be installed on VMs used for dev/test.

IS A DEVELOPMENT ORGANIZATION LOOKING FOR LOWER COST?

Cost-sensitive development groups can be attracted to this approach. Windows Azure VMs are cheap, and they can be shut down when they're not in use.

How Do You Handle Common Objections?

TRUST? COMPLIANCE? AVAILABILITY?

Organizations might have concerns about trust, compliance, and availability for public cloud platforms. See the earlier section in this guide for responses to these concerns. These concerns aren't usually as severe with dev/test scenarios, however, since there's typically less (or no) critical data being kept in Windows Azure datacenters during development.

WON'T CENTRAL I.T. LOSE CONTROL OF DEVELOPMENT/TEST?

In some organizations, especially larger firms, central IT typically has total control over the VMs used for dev/test environments. This is harder to do with Windows Azure, since developers can create VMs on their own. (Some even pay for them with their own credit cards). Yet this is also a plus—developers commonly value the freedom, flexibility, and speed they get from using VMs that aren't locked down by their own IT people.

SCENARIO: USING WINDOWS AZURE BLOB STORAGE

For many organizations today, storing data is an endless challenge. There's always more of it, and it needs to be kept for longer and longer periods. One attractive solution can be to use the cheap and abundant storage that Windows Azure provides.

The figure below shows the most popular way to do this today. This scenario uses StorSimple, a storage device sold by Microsoft. As the figure shows, this device sits in a customer datacenter, where it provides local storage. It's also connected to Windows Azure Blob Storage, however, which provides a very large amount of low-cost storage. The StorSimple device

automatically moves data between local storage and Blob Storage based on how that data is accessed. To the user, the device looks like a big, cheap, on-premises data store.

Why Should You Sell These Projects?

SMALL CLOUD PROJECTS HELP CUSTOMERS BUILD TRUST

Installing a StorSimple device is simple—it isn't a large project. Still, selling small, low-risk projects like this helps you position yourself as the trusted partner for cloud computing. Many organizations want to start small, but will move on to the larger, higher-value scenarios described earlier. If you got them started on their public cloud journey, they're likely to turn to you for help with these future projects.
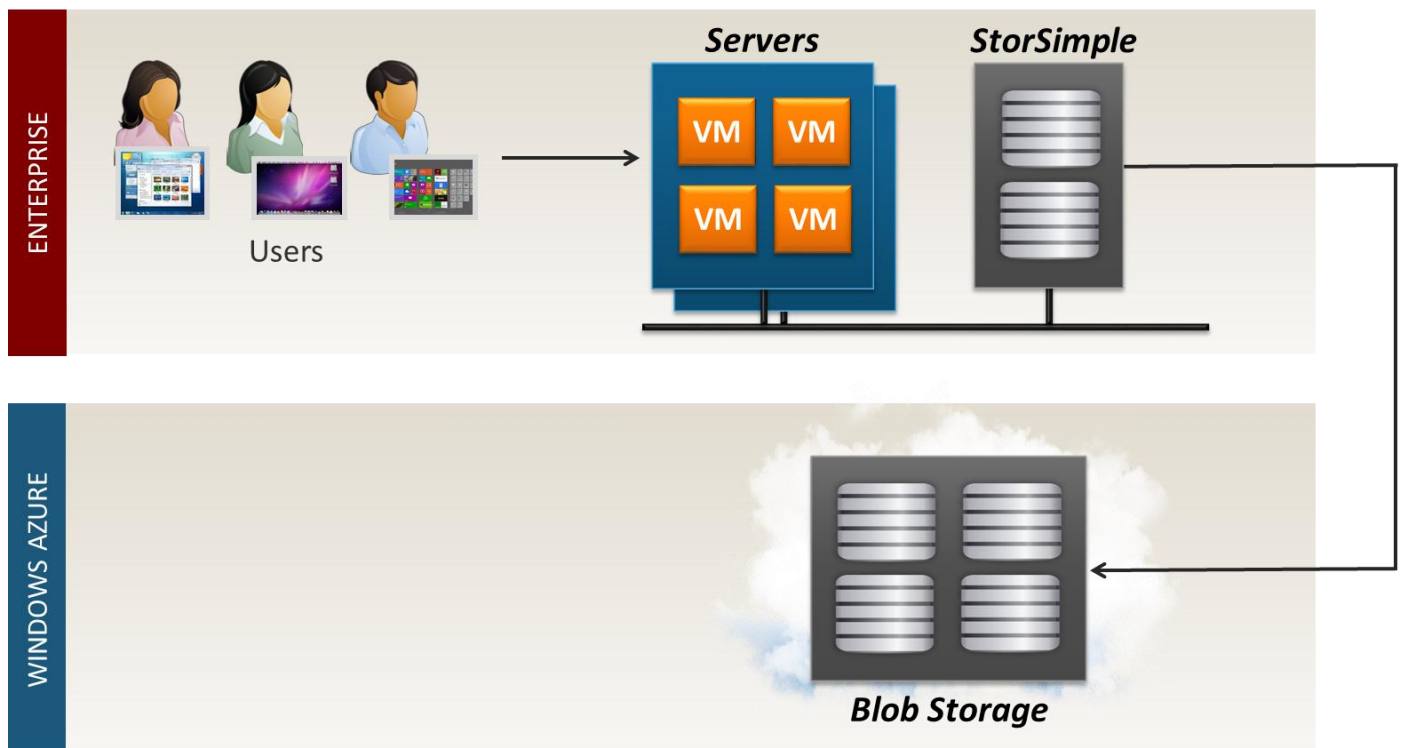
How Do You Recognize Potential Projects?

IS AN I.T. ORGANIZATION LOOKING FOR LOWER COST STORAGE?

Any organization that needs more low-cost, directly accessible storage is a candidate for this scenario. Organizations commonly know their current on-premises storage costs, so demonstrating that a Windows Azure solution is cheaper is usually straightforward. And since almost every organization needs more storage and wants lower costs, most of your customers are likely to be in this category.

IS AN I.T. ORGANIZATION LOOKING FOR HIGHLY RELIABLE DATA STORAGE?

If an organization wants both direct access to its data and assurances that the data will not be lost, they're a good candidate for this scenario. Windows Azure Blob Storage provides geo-replication, which means that the data it contains is copied to two geographically separated Windows Azure datacenters. If some disaster destroys the customer's data in one of them, there's another copy available. And since customers always control where their data is physically stored, they don't need to worry about what part of the world it might be in—they know.

How Do You Handle Common Objections?

TRUST? COMPLIANCE? AVAILABILITY?

Organizations might have concerns about trust, compliance, and availability for public cloud platforms. See the earlier section in this guide for responses to these concerns. These concerns are commonly muted with StorSimple, however, which is why it's one of the most common places for organizations to begin using Windows Azure.

WILL ACCESS TO DATA STORED IN THE CLOUD BE FAST ENOUGH?

Some customers worry that accessing their data in a remote Windows Azure datacenter might be slow. Most often, this isn't a problem—the StorSimple device can cache frequently accessed data locally—but trying the solution before buying can be a good way to alleviate this fear. In some situations, customers might need to upgrade their network connection to get good-enough performance.

COMPARING SCENARIOS: REVENUE POTENTIAL VS. DIFFICULTY OF SALE

Of the four scenarios described in this guide, some will bring you more money than others. Some are also easier to sell.
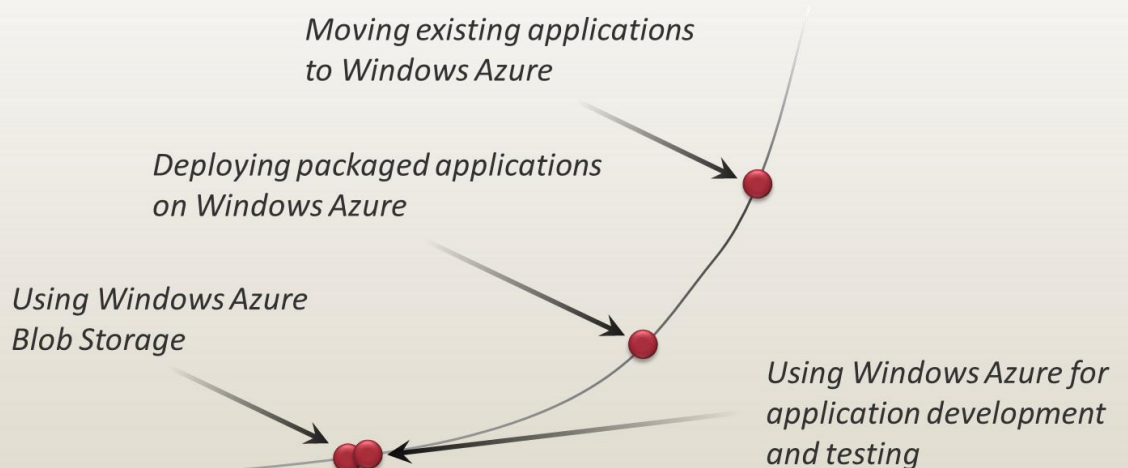
The figure below shows a rough picture of the relationship you're likely to see. Unsurprisingly, the scenarios that produce the most money for you are also the ones that are typically hardest to sell.

This is one reason why you should consider selling the simple scenarios first: using Windows Azure for application development and using Windows Azure Blob Storage. Even though they won't bring you as much money up front, these small beginnings can be the gateway to larger projects in the future.

A CLOUD-FIRST POLICY

Why shouldn't your customers have a cloud-first policy? Unless there's a compelling reason not to, why not assume that every new application—packaged or custom—is deployed in the public cloud? This is the ultimate destination for most organizations, so why not start now? Helping your customers understand and embrace this idea might be the most helpful thing you can do for them right now.

Revenue Potential for SI

Moving existing applications to Windows Azure

Deploying packaged applications on Windows Azure

Using Windows Azure Blob Storage

Using Windows Azure for application development and testing

Typical Difficulty of Sale

SALES GUIDES FOR MICROSOFT SI PARTNERS

o   Selling Windows Azure Projects: Custom Applications

o   Selling Windows Azure Projects: Infrastructure

o   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.