

How an MSP made Microsoft Exchange Services more Profitable, and Clients Happier, by Moving to the Cloud

KEY TAKEAWAYS

By leveraging VAR Dynamics' Cloud platform for hosted business applications, MSP Network Computer Solutions was able to:

- ⦿ Increase customer satisfaction with its Microsoft Exchange service
- ⦿ Cut operational costs
- ⦿ Raise the profit margin on its Exchange service
- ⦿ Elevate the company's brand in the eyes of customers using VAR Dynamics' private-label tools
- ⦿ Leverage the high reliability of its branded Exchange service to win additional business

Network Computer Solutions was founded in 1993 to help small businesses in Northern Indiana get the most out of their business technology, boosting productivity and profitability.



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This case study examines the many benefits accrued to a Managed Services Provider and its customers when it converted its installed base of on-premise Microsoft® Exchange customers to Hosted Exchange.

The Challenge

MSP Network Computer Solutions (NCS) in Indiana provides a wide range of managed IT services to clients including Business Continuity Planning, IT Consulting, VoIP, Email/Spam Protection and more. One of Computer Network Solution's core services is delivering and managing Microsoft® Exchange Server, which provides email, calendaring, task management, contacts and more for customers.

“My initial goal was to reduce the staff and overhead costs required with on-premise Exchange while still delivering quality, reliable Exchange services. The sole reason I chose VAR Dynamics was on the recommendations of other MSPs who use their service.”

– Mark Marley, CEO, Network Computer Solutions

As hosted services specifically and Cloud services generally began exploding in popularity, CEO Mark Marley began exploring the business case for moving his installed base of customers from on-premise Exchange Server to Hosted Exchange. “After doing the research, it quickly became clear that if I could move my customers to the Cloud, it would be a 'Win-Win' for both my business and my customers. But I still had questions to answer. How do I ensure a smooth transition to off-premise Exchange? How will my customers react? What hosting provider offered the best platform for doing this? Were there unknown risks? Frankly, where do I even start this process?”

The Opportunity

Microsoft Exchange Server is the leading enterprise-class messaging system in the world, but Marley had discovered in his research that there were several powerful arguments for moving to an off-premise, Hosted Exchange service. In a nutshell, Marley says, it came down to this: lower costs for NCS, and better Exchange services for customers. “By making a transition to Hosted Exchange, I could clearly see a more profitable Exchange business for me, plus happier customers in the future who might also trust my company to deliver other IT services besides Exchange. Translation? Make the move, and make it now.”

So Marley began investigating potential partners who could deliver the platform and services he felt he needed. But the most persuasive evidence he discovered came from MSPs. “The sole reason I chose VAR Dynamics was on the recommendations of other MSPs who use their service.”



Why VAR Dynamics?

For Mark Marley, his number one priority in choosing a hosted services partner was to be confident in that vendor's ability to enable NCS to continue to provide high quality, reliable Exchange services. "Other MSPs assured me that their uptime was of the 99.999% variety, and VAR Dynamics was able to verify that." But VAR Dynamics also stood out for other unexpected reasons. The company's "ReadyNow" partner program allows MSPs to private-label not only their Hosted Exchange service, but also other services like Microsoft Dynamics CRM, Microsoft SharePoint, Zimbra, email archiving and more.

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– Kevin McKeever, Director of Operations, Grace Village Retirement Community

"They basically serve you your branded, hosted services business on a platter," said Marley. "You get a Control Panel, a Support Website with a great Knowledge Base, marketing pages for your website, sales document templates and such, and we easily branded all these tools with our company logo and message. VAR Dynamics itself is invisible to our customers." VAR Dynamics also sells exclusively through the channel, which assured Marley that there would be no channel conflict or competition from any "direct" services.

Transitioning Customers to Hosted Exchange

When Network Computer Solutions signed on as a VAR Dynamics partner, it had approximately 30 clients for which it was providing managed services for on-premise Microsoft Exchange Server. Starting in June of 2011, Marley began the process of gradually transitioning nearly all of those customers to Hosted Exchange on the VAR Dynamics platform. Selling customers on this transition was not hard.

"Most customers just want their email to work and be available because it is critical to their business continuity. I saw one study that found that 97% of email users consider it to be vitally important to doing their work," said Marley. "It's become similar to a utility like electricity. It is critically important but taken for granted, until it goes down."

"During the transition, my team informed our customers that there would be no change in their Exchange service, except that there would be fewer outages and fewer problems in general. That's pretty much all it took because most customers trust their MSP when it comes to IT. NCS also uses VAR Dynamics' hosted Exchange Service for their Email service. If their own MSP uses hosted Exchange and prefers it over on-premise Exchange, that testimonial was good enough for the customer. They don't really care 'how' it works, they just care that it works."

The task of moving Network Computer Solutions' installed base of on-premise Exchange customers to the Cloud proved to be a simple and relatively painless process. VAR Dynamics provides partners with a Control Panel that allows them to provision and maintain customer accounts from a single administrative console. This allowed Marley the freedom to set up accounts and services on demand. This was one important factor – this 'self-service' capability – that separated the VAR Dynamics platform from that of other hosting providers.

"What is really great about the VAR Dynamics platform is that you don't have to open up a ticket with them, or start a big, complicated 'migration project' with their Support Team to transition old customers, or add new customers for that matter. We did it virtually all by ourselves within the Control Panel. It's clean, simple and easy."

Today, virtually all of those 30 NCS customers who were previously on Microsoft Exchange Server are now enjoying the upgrade to Hosted Exchange.

The Benefits to End Users

"Bottom line, it's about business continuity for our customers. Hosted Exchange has proven to deliver great uptime, much better than their on-premise Exchange," says Marley. "Plus, the service is delivered at a predictable monthly cost without the unforeseen costs of managing and repairing a server."

But Marley points out that there are other significant benefits that translate into seamless Exchange service with the most updated features 'always on' and available. "Many customers had old 2003 or 2007 Exchange servers. Old servers don't just go down, they tend to have other service issues that require constant monitoring, maintenance and repair. They have outdated feature sets. With hosted Exchange all those issues have gone away, and customers notice it and appreciate it."

Mindy Truex, Vice President of Creighton Brothers, a family poultry business in Indiana and a customer of NCS, concurs. "We had an extended power outage in our community a few months ago. We didn't have landline phone or computer service. However, we could still access our email via our smartphones and web connections where we could find live service. That was only possible due to the upgrade NCS provided us to their new hosted Exchange service, and it really helped us keep our operations running smoothly with our customers and vendors. That would not have been possible in the past."

Another NCS customer, Grace Village Retirement Community, echoed the improvement in quality of service. "I'd have to say that hosted Exchange has been one of the best IT upgrades we have made in the past decade," says Kevin McKeever, Director of Operations. "It just works, and I don't have to worry about it anymore. The easy remote access we get from anywhere, at anytime, is a valuable feature to many employees too."

“We've had such good service with our new cloud email system that I really haven't given it much thought. It has been 100% reliable, not 99.999%, with no downtime or lost email and great mobility. We are so satisfied with the reliability of the system that it seems to be out of sight, up in the Cloud, and out of mind!”

– Mindy Truex, Vice President, Creighton Brothers LLC



The Benefits to MSPs

For Network Computer Solutions and other MSPs who have moved their Microsoft Exchange Server customers to the Cloud, they have reaped both expected and unexpected benefits.

Lower MSP Operational Costs

NCS's Marley's first goal was to reduce the staff and administrative overhead required to manage Exchange Server. Shortly after making the move, "I no longer needed a highly trained Exchange Administrator on staff. That by itself cut nearly \$80,000 in loaded payroll costs (salary plus payroll taxes, vacation/sick pay, benefits, etc.). Essentially, that amounted to \$80K annually in "found money" for my business." Moving forward, VAR Dynamics provides most of the "Exchange expertise" required to provide quality service.

Win-Win: More Profitable Exchange Services + Improved QOS

The transition was a clear, no-doubt-about-it 'Win-Win' for NCS and its clients. Customers received dramatically improved Microsoft Exchange services with outstanding uptime, mobility, business continuity and seamless upgrades to the latest Exchange feature sets for virtually the same price. "At the same time, our Exchange business became much more profitable because the move to Hosted Exchange wrung out most of the labor and administrative costs associated with managing Exchange Server," says Marley. Further, adding, provisioning and managing new customers does not require a technical expertise. Marley has now transferred these duties to administrative staff, freeing Marley and his team to focus on more compelling and profitable projects for the company.

Happier Customers = Customer Loyalty = New Opportunities

The increased satisfaction level NCS's installed base of customers have with Hosted Exchange has built their confidence in NCS services even higher. Confidence builds loyalty, and loyalty brings new opportunities to serve those customers. And with new NCS customers, "We leverage Hosted Exchange as our "foot in the door" to solve an immediate need. Once those new customers experience the quality of our service, they often bring us in to manage their other IT needs," says Marley.

Branding: A Launching Pad to Brand Your MSP Services

The VAR Dynamics *ReadyNow Partner Program* gives partners an array of automated tools that are easily used to fully brand the Cloud Exchange service, as well as other Cloud business apps like Microsoft Dynamics CRM, Microsoft SharePoint, Zimbra, Email Archiving and more. *ReadyNow* provides partners a Control Panel they brand for all services provided through VAR Dynamics. The Control Panel is also customer-facing if the MSP chooses, allowing for customer "self-service" interacting with the MSP's brand. *ReadyNow* also provides a complete Support Website with Knowledge Base for all partners which can be branded and put into use in minutes. Additionally, partners receive pre-built marketing web pages for each service they offer, and automated templates for Proposal Generators, Terms of Service agreements, SLAs and more. "We even use the quoting tool to quote other services not offered by VAR Dynamics," says Marley.

Stable Annuity Revenue Streams

Everyone wants annuity revenue streams, the kind of monthly, predictable, long-term revenue that forms a strong foundation for any business to grow and prosper. NCS, and MSPs worldwide, gets exactly that by providing popular Cloud services from VAR Dynamics.

