Sell Solutions, Not Servers

A look at the power of Microsoft Azure

by: Dale Stein, Technology Assurance Group (TAG)

After analyzing more than $1 billion in office technology transactions, there are some trends that we feel morally obligated to point out. For example, nearly 10 years ago, we noticed that on-premise phone systems were starting to fade out, so we prepared dealers for the next wave. We warned: "If you don't switch to VoIP or cloud phones, your competitors will switch and outpace you. You can either catch the wave and enjoy the ride of a lifetime — or be sucked into the undertow."

Back then, we were early — and, as a result, the businesses that took action remained five to 10 years ahead of the curve. The early adopters profited and expanded market share. Meanwhile, the laggards worked harder than ever before and struggled when they had to start competing on price.

Today, the same situation is unfolding with servers. Most office technology dealers ignore this data because they have become reliant on server sales to help prop up their businesses. Their need to survive has effectively blinded them from seeing new opportunities.

Let us be absolutely clear: If you are still relying on server sales to help keep your business running, you are now at significant risk of being outcompeted. Why? Because you are in direct competition with an 800-pound gorilla: Microsoft.

To boil all this down into a single sentence, here is why now is the time to reexamine your business model: Microsoft Azure is not just a platform — it is an ecosystem. Azure technology is the future and it is time for office technology dealers to embrace it before it is too late.

The Azure Advantage

Here is the good news. The truth is 90% of your competitors still have not adapted to Azure. And that is because it is new. They do not know how to price it, they lack a true understanding of how the underlying architecture actually delivers a lower true cost of ownership, and they are underestimating how dramatically it will impact the industry.

Back when we predicted the decline of on-premise phones, there was a combination of factors at play — technological innovation, maturity in the life cycle and profitability potential for business owners. That same mix is back.

So, why haven't your competitors figured this out yet? Most of your competitors will dismiss Azure, yet, ironically, they are not certified Azure Solutions Architect Experts. That begs the question: How can you dismiss a solution that you do not understand yet?

If you are not ready to make the jump, at least consider buying Microsoft stock — the company is revolutionizing the tech space in ways you cannot afford to ignore.

Azure offers unparalleled benefits to your clients:

■ Cost savings: Azure is more affordable for the end user and more profitable for the dealer.

■ Scalability: You can easily scale up or down depending on demand, giving your clients needed flexibility.

■ Energy efficiency: By moving to Azure, businesses can save a considerable amount via regional electricity arbitrage. For example, electricity costs are higher in Hawaii than they are in Louisiana, so what if all your servers ran in the latter location?

■ Future innovation: Microsoft is at the forefront of tech advancements like quantum computing and artificial intelligence (AI). When you sell Azure, you are not just selling a product, you are selling an ecosystem of continuous innovation, which will keep your customer around for a long time.

Why Azure is a Game Changer

Microsoft's Azure platform is not just a cloud solution. It is an ecosystem that customers will never want to leave. Once they are in, the benefits are endless. They receive a constant stream of value-added services, which increases their productivity and boosts their profits while you gain a long-term opportunity that will grow recurring revenue streams to your business. How would your life be positively impacted if you reduced your dependence on large capital expenditure/project-based work over the next five years? What if every client

and every service you sold started to compound your profitability?

Here is why office technology dealers need to examine Azure:

■ Control costs: Azure's cost management features allow you to closely monitor and control your clients' spending.

■ Better performance: The platform optimizes efficiency, providing better results with fewer resources.

■ Stronger security: Azure is backed by Microsoft's $5-billion annual investment in cybersecurity and a team of 8,500 security professionals. Offering this level of security gives your clients peace of mind — something most competing MSPs/dealers cannot match.

Tackling Competitor Myths

One common objection we hear is that Azure is too expensive, but this misconception stems from IT companies that are not Azure certified. Since they lack a fundamental understanding of Azure's pricing structures, they dismiss it because they want to keep selling what they already know. And even though server sales have been a strong profit center for many years, your clients do not want to keep purchasing them. All else equal, we estimate Azure costs to be roughly $165 per employee, which is nearly the same as traditional servers but with 30% better security, performance and scalability.

Another example of how Azure actually reduces the total cost of ownership is through proximal backup centers and leveraging various storage tiers (hot, cold or archive). These options allow for cost-effective, flexible data management that traditional on-premise servers cannot compete with.

If your competitors are trying to steer clients away from Azure, make sure they are dismissing sophisticated concepts like storage tiers, otherwise they have no grounds for dismissal. They are avoiding it because they have not figured it out. We are teaching hundreds of office technology dealers how to harness Azure to secure a lasting competitive advantage.

In reality, Azure's total cost of ownership is far lower than traditional options, and the value it delivers — including improved cybersecurity, enhanced performance and scalability — is unmatched.

The Stakes for Office Technology Dealers

Office technology dealers who fail to adopt Azure are at risk of losing clients to those that do. Azure-certified MSPs are already four years ahead of the curve, and as they uncover new value-adds for clients, they will continue to pull away from the competition because every time they make a new sale, they will add more recurring revenue into their businesses.

In the near future, this will make them exponentially

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harder to compete with because they will be compounding profitability, which will enable them to hire better staff members and invest in larger marketing/advertising campaigns to capture more market share.

Additionally, Azure eliminates the need to replace servers every four years, which means your business will cease to be reliant on convincing clients to make a major capital expenditure, which they do not want to make every few years. With Azure, the clients you onboard are highly likely to remain clients for life.

What's In It for Office Technology Dealers?

For dealers, Azure is not just a tech solution — it is a game changer that can breathe new life into your business. Here is why:

■ Recurring revenue: Azure allows office technology dealers to build consistent, predictable revenue streams. Tired of always "putting out fires"? Do you want to see what you can accomplish when you spend the majority of your time working "on" your business versus "in" your business?

■ Better client retention: Once clients move to Azure, they will never want to leave the Microsoft ecosystem. Azure continually evolves with AI, quantum computing and other cutting-edge technologies, keeping your clients futureproofed.

■ Competitive edge: Most of your competitors do not understand Azure yet, which gives you a significant advantage. If you have ever wondered how some companies secure a top-10% position in a new market and can sit on that for decades, it is because they sought out new information and moved faster than 90% of their competitors.

You are in complete control of whether you harness this shift or are forced to adapt. Azure is not just the future — it is the present. The only question is whether you will be part of it. For office technology dealers, the time to act is now. Azure is transforming the landscape of IT, offering an ecosystem that is more secure, cost-effective and scalable than traditional servers. By moving to Azure, you are not just keeping up with your competitors, you are setting the pace. ■

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