

Microsoft Partner Insights

Benchmark your business by finding out how leading Microsoft Partners have responded to the extraordinary circumstances of 2020/21



Law 365 is an award-winning national law firm exclusively serving Microsoft Partners. We specialise in commercial, technology and employment law, taking care of all your daily contract negotiations and employment and HR needs.

Legal Disclaimer

This e-book has been written for Microsoft Partners as a summary of our research findings. The information does not constitute legal advice and should not be relied on as constituting legal advice.

Fancy a natter about legal matters? Email kim@law365.co to arrange a meeting.

Welcome

Anyone who knows me will tell you I'm a little obsessed with Microsoft Partners. I've dedicated my legal practice to them, and I even married one!

As we emerge from the strangest year in most of our work and personal lives, I wanted to know how my favourite businesses had fared. So, we teamed up with IT leaders and Coeo to produce this research.

It was reassuring to hear how successful many had been and also how resilient others were who had to make some tough decisions.

We're sharing our findings here in the hope that you will be able to use the information as you review your experiences from the past year. For example:

- 74% of the Microsoft Partners surveyed reported a year-on-year increase in revenue. Hopefully you were one of them?
- Profit margins overall were healthy (full graphs are in the following chapters) and the average revenue per employee of the Microsoft Partners we spoke to was just over £120,000, with average EBITDA per employee at just over £17,500.
- A lot of Microsoft Partners struggled to find top talent, although luckily most companies showed strong staff retention, with the average staff tenure being just over 4 years.
- Did you know that the average salary for a lead consultant is £73,000?



With many of us emerging for the first time, I want to say how much I'm looking forward to seeing you again in person, or meeting you face to face if we haven't had that opportunity yet!

Best wishes,

Kim Simmonds
CEO and Founder, Law 365 Ltd



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CEO, Microsoft Partner 67

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CHAPTER 1:

About the companies and the research

The research conducted over the last 6 years has been predominantly quantitative. This year's study is the largest and most detailed, encapsulating both in-depth qualitative and quantitative research with this group – involving lengthy one-to-one interviews with every participant.



About the survey respondents

The companies who took part in the research cover a broad array of the Microsoft Partner market; not only in business type and size, but also in areas such as headcount and ownership structure.

Managed Service Providers (MSP) formed almost a half of the group, with System Integrators (SI)/Professional services consultancies accounting for over a third.

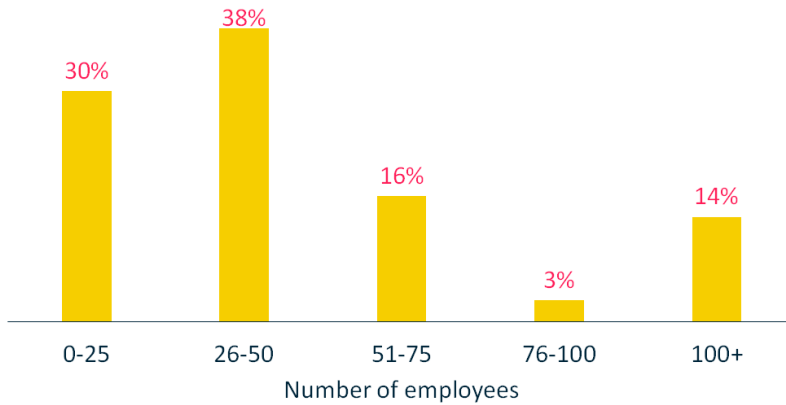
In prior years, respondents have been more clearly defined in terms of being either a consultancy or SI or a managed service business, whereas this year's research shows a shift in focus to full service offering i.e. SI + MSP + IP.

Business Category

The group consisted of a good mix of companies by headcount size, the most common being 26-50 employees. The largest companies with 100+ employees accounted for 14% of the participants and these tended to be the Microsoft Partners that were Private Equity (PE) backed. The average headcount was an impressive 66 employees, however the median was 33.

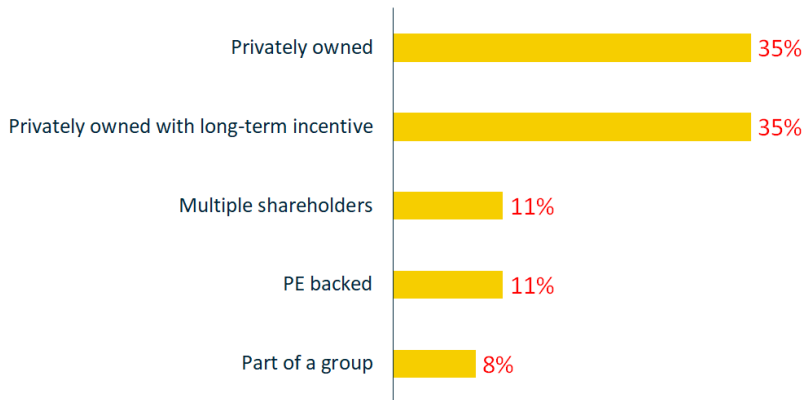


TOTAL COMPANY HEADCOUNT



With regards to ownership structure, almost three quarters of Partners surveyed were privately owned and these typically were the smaller Microsoft Partners.

OWNERSHIP STRUCTURE

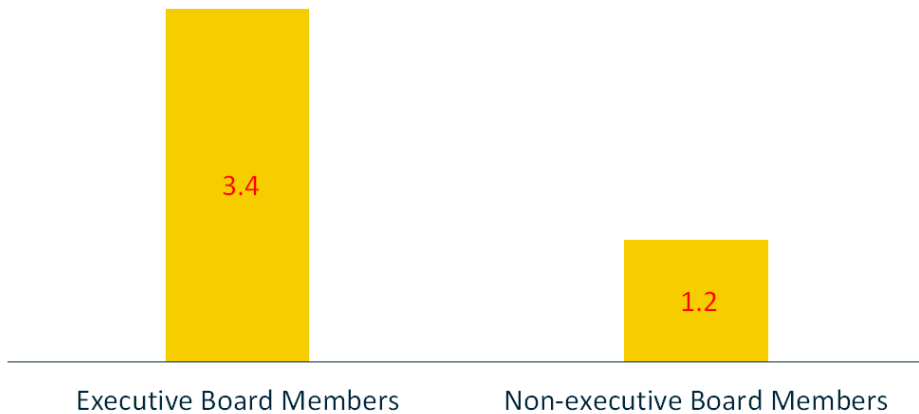




The largest companies (by revenue) in the group were typically backed by Private Equity (PE). PE backed firms have tended to raise funding mainly for acquisition purposes, often as part of a buy and build strategy.

When it comes to the composition of the board of directors, the average number of executive board members for the group was 3.4 with an average of 1.2 non-executive members. The PE backed companies generally had at least 2 non-execs, whereas the smaller Partners may not have any external counsel at board level.

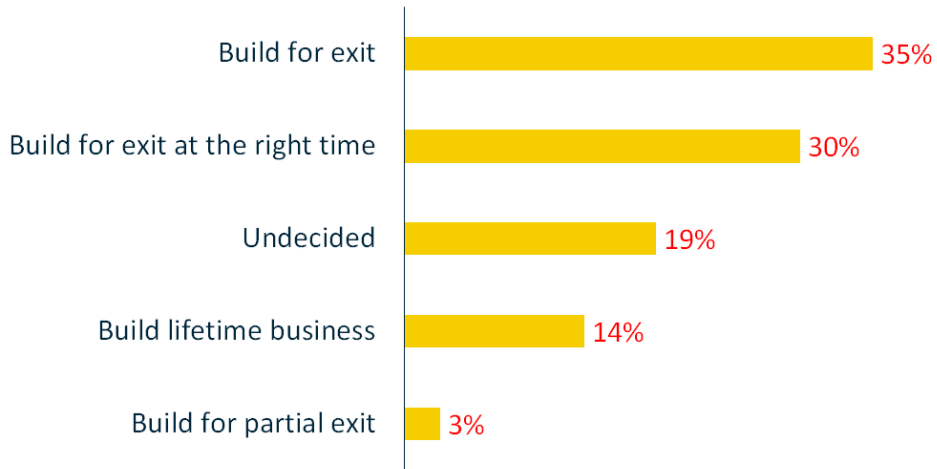
BOARD COMPOSITION AVERAGE





When discussing leadership ambitions for the business, there was an overwhelming tilt towards building for exit, which accounted for two thirds of the participants surveyed. Often Microsoft Partners start small and build a very technically capable business, they then mature and management start to build the business for a sale in the future.

LEADERSHIP AMBITIONS





About IT Leaders

Established in 2012, IT Leaders is a group of CEOs and shareholding leaders of predominantly Microsoft Partners for shared learning and collaboration.

All participants are senior leaders or the singular leader of their business which creates a rich environment for discussion, comparison, problem solving and learning about the personal, shareholder and commercial considerations they face. Many have aspirations to grow and realise equity value. Some, during their time within the group, have realised that ambition and are now encountering a different set of opportunities and challenges. This evolution adds to the potential within IT Leaders as experiences and lessons are shared and compared.

IT Leaders are mainly clustered around various aspects of the Microsoft technology stack – some are leaders in a singular specialism, others offer a broader spectrum of expertise, most offer managed services of one type and some are entirely managed service providers. Many in the group develop IP either as part of their service or as software developers. The businesses range in size, headcounts averaging between 15 and 100, revenues between £5m and £15m, with outliers either side. The two things all participants have in common is an eagerness to learn and a driving ambition for success.

The group conducts annual benchmarking surveys to track and compare progress, pay scales, investment appetite, and their quarterly meetings involve discussions on current market conditions and topical industry issues.

IT Leaders has spawned additional meeting groups, one for sales leaders and another for technical and operational leaders. These additional groups have the exact same ethos and set-up and the connections established in the original CEO forum add value and understanding to the other groups and vice versa.

IT Leaders is a growing and thriving small institution of like-minded people. It operates by mutual contribution and consensus and is facilitated by Shaun Frohlich.



Just some of the Microsoft Partners in IT Leaders

Aura Technology	Addin365	Atlas Cloud
Bedroq	Cloud 9 Insight	CNS Group
Coeo	Comparex (Part of SoftwareOne)	Content and Code
Content Formula	Earthware	Core
CSL	Extech	Entrust IT
Exactive	Kynetix	Finling
ljyi	Modern Networks	Mando Group
Matrix 247	Program Framework	NAK
Prodrive IT	Redpixie (Part of HPE)	Purify Tech
Quiss	Sinara	Silverbear
Simpson Associates	Thirdbridge	Sol-Tec
Sprout IT	VIA (Part of Wavenet)	Thirdspace
TiG		



About

Shaun Frohlich

Founder of
INCREDIBLE RESULTS

With over 38 years of industry experience, Shaun is a well-respected figure among the IT leadership community and has spent the past 10 years helping people to shift their mindset from working on the business to realising growth potential and value from the business. His ability to inspire and equip others to create incredible personal and professional change is borne out of his own experiences – good and bad – in founding, growing, buying, transforming, investing in and selling IT businesses.

Shaun founded Bytes Technology Group in 1982 and Bytes Recruitment in 1997 and in 1999 successfully sold both via a trade sale before exiting in 2000. Following an interim management role at the early cloud services provider, Attenda, he led a buy and build strategy initially buying IT reseller Teksys, transforming the original business to create a software and services company, and more than doubling its revenues in 5 years via a combination of acquisitions and organic growth. After exit via trade sale in 2008 Shaun joined the leadership team at Microsoft as the director that led the Partner channel. Shaun left Microsoft in 2012 to do what he has been doing ever since, helping IT business owners grow and realise equity value. In the past 8 years this has led to over 20 transactions comprising a mixture of Management Buy-Outs (MBOs), partial and full exits.



About

Emily Frohlich

A psychologist by background, Emily has over 15 years' experience developing talent and driving performance in organisations, leaders, and teams. She has a Masters in Organisational Psychology and her work focuses on helping businesses understand and get the best from their people and customers.

Emily worked for business psychologists Nicholson McBride for 13 years, including 8 as a Client Director, before becoming an independent coach and consultant in 2019. As well as conducting client and stakeholder research such as the IT Leaders Survey, Emily is retained by EY as a Senior Executive Coach for central government where she works with senior leadership across multiple departments.

Emily has extensive experience working with global law firms, as well as in investment banking, private equity, management consulting, and in the public sector. At the heart of her approach is a focus on understanding behaviour and developing effective working relationships. Her work includes executive and board coaching, organisational change, leadership development, and research. Clients Emily has worked with recently include: Allen & Overy, Bank of England, Baird Asset Management, BCLP, Clyde & Co, EY, Fidelity International, HM Treasury, Home Office, Judicial Board, Ministry of Defence.



About

Coeo

Coeo are a trusted data partner, and for many years have helped Incredible Results collect, analyse and gain insights from annual survey data. They use Azure to host and report on the insights from this Microsoft Partner research.

Coeo were the first Microsoft Partner globally to be awarded with the prestigious *Analytics on Azure Advanced Specialization*. They also hold the *Windows Server and SQL Server Migration to Azure Advanced Specialization* and *Microsoft Gold Partner* status... so you can rest assured that your data estate will be in a safe pair of hands.

Coeo help businesses realise their full potential through better use of data. Since 2007, they have specialised in the Microsoft Data Platform and Analytics solutions with extensive knowledge in the finance, retail and technology industries.

Data is at the core of what Coeo do. Their expert team hold more Microsoft certifications than any other data platform specialist in Europe and are passionate about sharing their knowledge and expertise to help their clients become industry leaders.

Coeo works with clients to create the most appropriate technology strategy for their business and provide mission-critical support as and when they need it. They are experts in architecting, optimising and migrating mission critical transaction processing systems. They accelerate deployment of enterprise class business intelligence solutions that win business confidence and deliver insight.



CHAPTER 2:

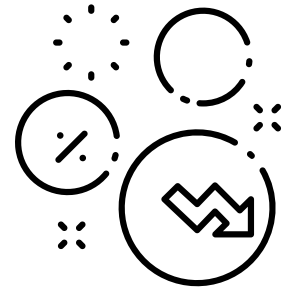
Financials & Business Outlook



The year of COVID-19 in review

Microsoft Partners, like all businesses globally, were forced to press pause when the pandemic hit in 2020. But that didn't last long. As countries locked down and everyone started working remotely there was an immediate surge in the need for many of their services.

Here's a look back on the events as they unfolded, where possible we've used the words of the senior leaders at the Microsoft Partners interviewed.



In this chapter, we look at the:


- Microsoft Partners response to the pandemic
- Top 3 revenue findings
- The Bottom Line: What about profits?
- Business outlook for 2021



MARCH 2020

Uncertainty as the country locks down

The predominant theme from those interviewed was positive in the face of considerable uncertainty. Most had initially started the year strong but then took advantage of the resources available to prepare them for what might come next.

A decorative graphic on the left side of the block consisting of several overlapping pink paperclip shapes on a dark blue background.

“2020 Quarter One was great, and then life stopped in March! 65% of our revenue is recurring and the other 35% just fell off a cliff.”

“We really battened down hatches, furloughed everyone we could.”

But that didn't mean that most weren't caught off-guard. The national lockdown presented tough challenges to overcome.

A decorative graphic on the left side of the block consisting of several overlapping pink paperclip shapes on a dark blue background.

“We had enough to keep us going for a few months but then it ran out. Things were a lot slower, and decisions were under a lot more scrutiny.”

“All our training engagements disappeared. A number of our big customers were badly hit, so things were delayed.”



There were silver linings amongst the chaos. A boost of public sector funding fuelled business for some, “30% of our client base is public sector who saw an uplift in budget.” While the rise in global demand for cloud solutions opened up new markets for others.



“We got a deal from central government within 7 days which is unheard of.”

“Some of our customers realised they had no digital transformation plan for how they access and analyse their data. They were effectively forced into programmes of work.”

SUMMER 2020

Opportunities emerge

By the summer of 2020 the opportunities for Microsoft Partners were beginning to become apparent. And there were many.

They reported, “an uplift in transformation projects,” and increased “demand, particularly for intranet solutions.” Data analytics, security, AI and public sector projects saw Microsoft Partners having to recruit to keep pace. Clients leant on Managed Service Providers (MSP’s) and Software as a Service (SaaS) companies to survive if they had not started their digital transformation journey already.



The feedback regarding this period was upbeat.



“Data analytics feels like a priority for clients. We are very optimistic.”

“There were challenges to start with in the pandemic, we had a lot more movement in our clients. Some accelerated, some just stood still. We have had 20% growth and there has been significant demand. Some big projects have just carried on, and some transformation projects which we have had to move quickly on.”

On reflection, though some businesses had to transition to meet the different and evolving requirements of the pandemic, most felt they adapted, overcame the obstacles they faced along the way and ended the year well.



“Now feeling very confident. Strong team, very strong market.”

“We are now reasonably confident as we have the largest professional services order book we’ve ever had.”

“It’s actually been a good time - 2 years’ worth of digital transformation in 2 months.”



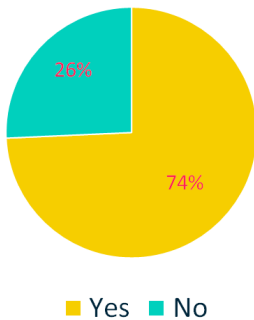
Top 3 revenue findings

01 Increased revenue for most

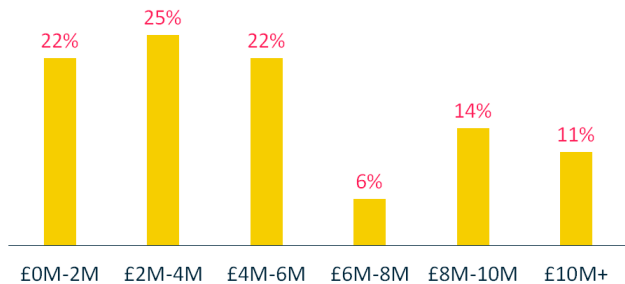
The graph below shows that a quarter of Microsoft Partners generated revenue of between £2m-£4m. This is closely followed by just over a fifth with revenues of £0-2m and another fifth with £4m-6m. In aggregate, almost three quarters of the Microsoft Partners surveyed had revenue lower than £5m.

TOP LINE:

DID REVENUE INCREASE IN 2020?



2020 REVENUE





02 **Success impacted significantly by client-base**

Which vertical or industry sector the Microsoft Partners serviced also played a crucial role in what kind of 2020 they had. If their customers were established e-commerce, logistics, or some areas of financial services such as digital payment providers, then they did very well. Microsoft Partners that service sectors such as high street retail, travel and hospitality, and the aviation industry reported a far more challenging and turbulent year.

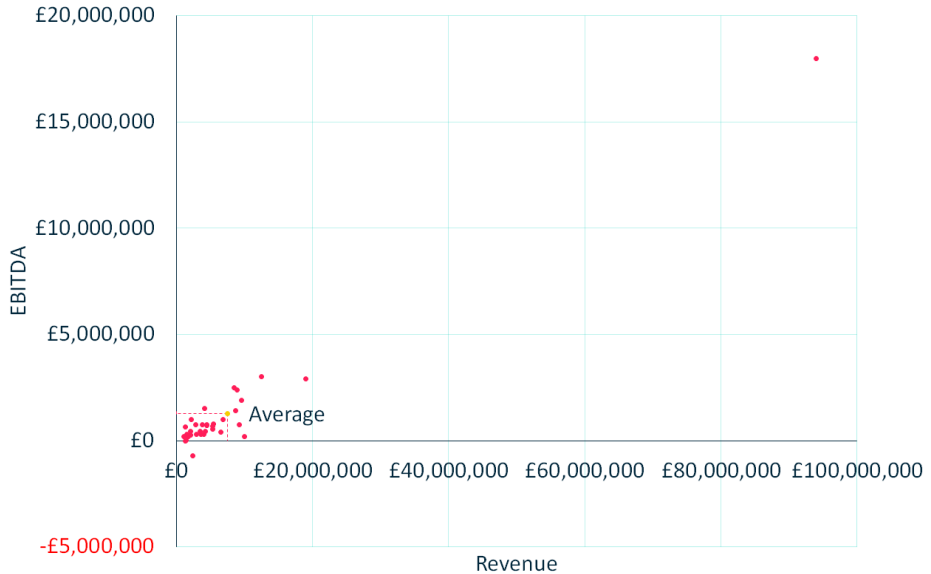
03 **Size matters**

The size of Microsoft Partners customers also played a key role in their success. The research highlighted a marked difference between Enterprise customers (2500+ staff), corporate (500-2499 staff), and SMB (<500 staff) in how they responded to the impact of pandemic on their digital transformation journey. It was generally business as usual for Enterprise clients as they had deeper pockets and were more easily able to find budget to support increased IT spend, however for some SMB clients their very existence was called in to question and therefore many sought to cut IT spend.



2020 REVENUE V EBITDA - ALL PARTICIPANTS

As can be seen below, there is a diverse spread of Microsoft Partners with one outlier in the top right.

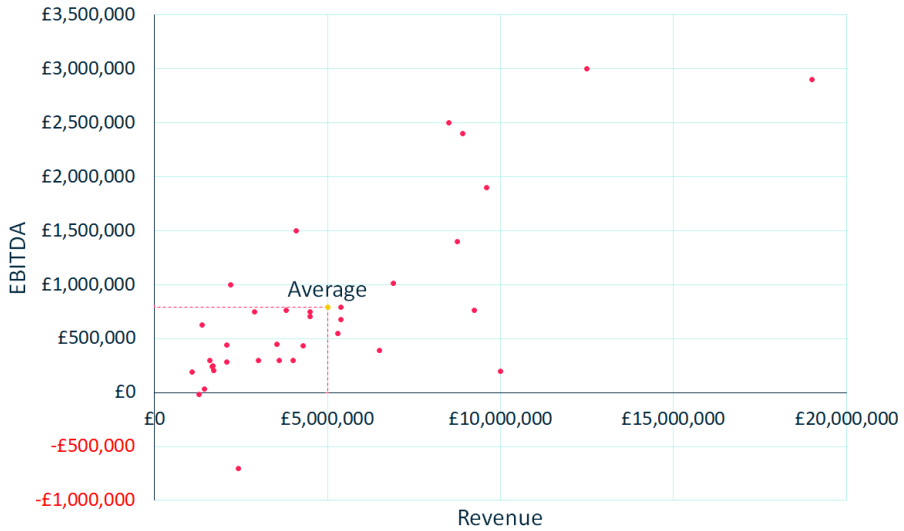


The average revenue reported for the group was £7.5m, with an average EBITDA (Earnings Before Interest Tax Depreciation & Amortisation) of £1.3m.

If we zoom in on the main cluster of companies we get a clearer picture on the EBITDA versus revenue dispersion.



2020 REVENUE V EBITDA - MAGNIFIED



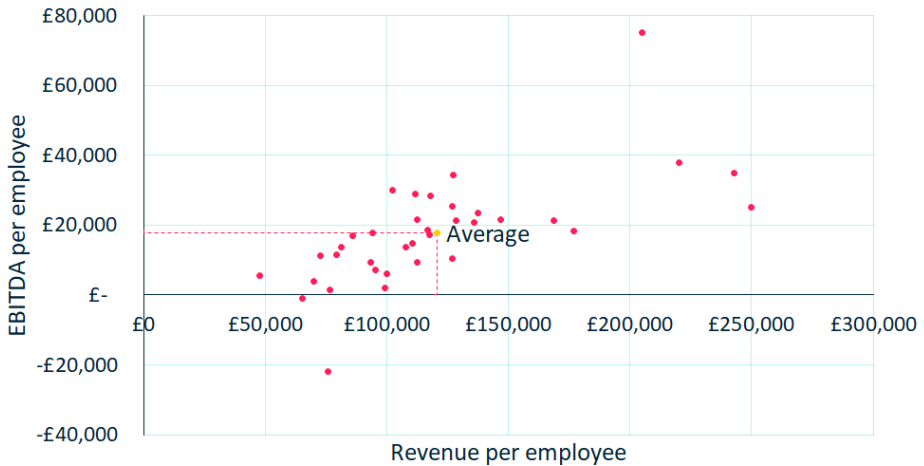
The average revenue reported for this subset (excluding the outlier) was £5m, with an average EBITDA of £0.78m.



Recurring revenue

This was the life blood for a significant number of Microsoft Partners over the last year. Recurring revenue from annuity products and services stabilised many and enabled them to weather the storm, with a few providers viewing managed services or SaaS products as somewhat 'pandemic-proof'. Many respondents confirmed this will continue to be a major area of focus in 2021.

REVENUE & EBITDA PER EMPLOYEE

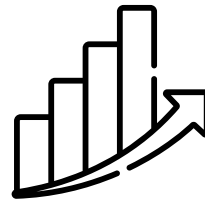


As can be seen from the chart above, the average revenue per employee of the Microsoft Partners we spoke to was just over £120,000, with average EBITDA per employee at just over £17,500. This is very positive as a good benchmark for revenue per employee is more than £100k, with the large management consultancies reporting closer to £200k revenue per employee.



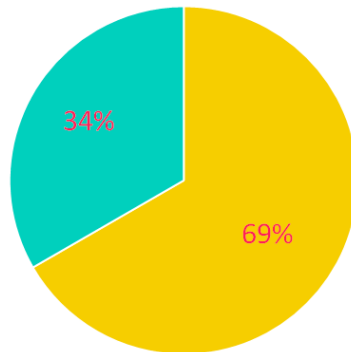
BOTTOM LINE:

What about profit?



Arguably the most important question and metric for any business owner or manager is how the pandemic affected profits. So, we asked them.

DID EBITDA INCREASE IN 2020?



■ Yes ■ No

Just over two thirds reported an increase in EBITDA when compared to 2019 results.

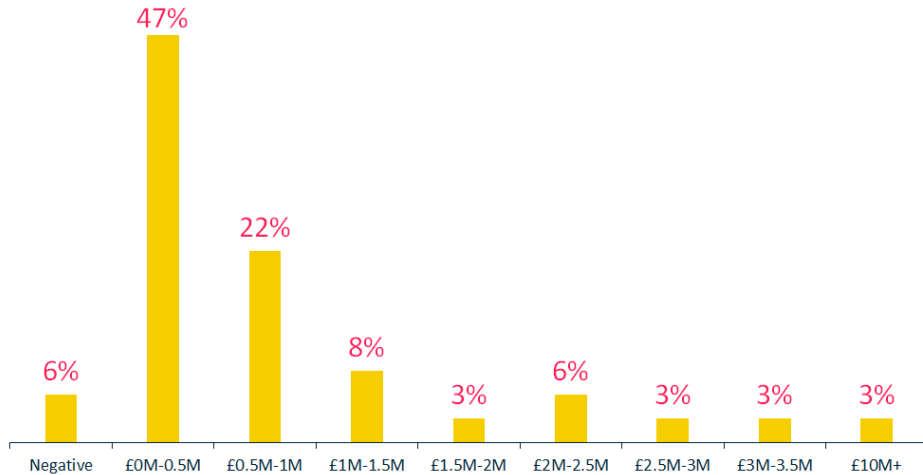
Many Microsoft Partners reacted swiftly and reduced costs where they could. Costs such as travel and entertainment were naturally curtailed via the national lockdown mandate. Even staff expenses were limited: organising wine tasting or a quiz night via Teams is far less expensive than a hefty bar tab plus travel and hotel costs normally associated with staff events.



Microsoft Partners did report increased expenditure to allow staff to work from home more comfortably e.g. equipping employees with good chairs and monitors, although no one felt that this broke the bank.

A positive outcome is that lower costs could be here to stay, Microsoft Partners have proved that clients do not need to have consultants or project teams on site to complete work. Additionally, many staff will want to continue to work from home which could result in reduced office costs.

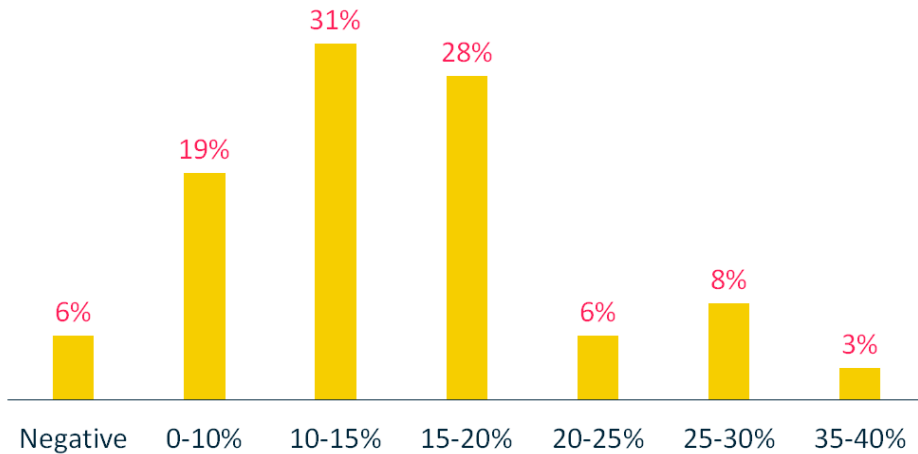
2020 EBITDA



Almost half (47%) of Microsoft Partners surveyed reported an EBITDA of £0-0.5m, with almost a further quarter (22%) at £0.5m-1m and 8% generating £1m-1.5m. This is due to the fact that many of the Partners are of a similar size and operating efficiency. The 15% of Partners surveyed that make more than £2m of EBITDA tended to be the larger Microsoft Partners. The margins bar chart below shows that the majority of Partners make similar margins.



2020 EBITDA MARGIN



Almost one third of the firms surveyed were operating on a EBITDA margin of 10-15%, followed next by 28% of respondents with a margin of 15-20%. Overall, 94% of companies surveyed were profitable in 2020.

With the majority of Microsoft Partners making fairly similar margins, we dug deeper to find out what the Partners were doing to generate higher profits.

01

First, those Partners that were either pure MSP (Managed Services/ Support) or Hybrid SI/MSP (Systems Integrator / Project services e.g. consulting with managed services) tended to have more stable income and hence more stable profits. The best performing Partners reported gross margins for managed services above 65%.

02

Second, many of the Partners driving higher EBITDA margins were those that had developed some of their own software. Reported gross margins were 70% to 75% where Partners were selling their own in-house IP (Intellectual Property). Very few Partners did this exclusively, most sold their software along with consulting services combined with a support service, however the higher margin from the in-house IP really made a difference to the bottom line.



Separating the most profitable System Integrators (SIs) that mainly sold project or consulting services was the gross margin made on this. The top performing Partners operated at 50% to 55% gross margin mainly due to operational efficiencies. It didn't matter if the salaries paid to the consulting staff were necessarily higher than average as long as they billed at the right rate consistently (Note: You can read more on salaries in the Chapter 5 which covers Compensation).

What was also notable was that many of the Microsoft Partners generating the highest profit had developed customer up-sell/cross sell strategies to ensure that they sold as much as they could to every customer they had. This was also combined with customer satisfaction measurement, whereby Partners measured their customer satisfaction with various tools to ensure that they were not losing customers due to poor service.

Finally, the most profitable Microsoft Partners were also ensuring that they claimed as many rebates and incentives from Microsoft and other vendors, such as Claiming Partner of Record (CPoR), Partner Admin Link (PAL), as well as Cloud Solution Provider (CSP) licence fees. Many also received other funding from Microsoft to help deliver projects such as End Customer Investment Funding (ECIF).

Business Outlook for Microsoft Partners: Looking ahead to 2021 and beyond

After a turbulent year that saw many Microsoft Partners and their clients struggle, but overcome, the challenges that the global pandemic presented, there was still cautious optimism from leaders when asked for their thoughts on the business landscape in 2021 and beyond.

Many of the Microsoft Partners entered 2021 with a larger client base and increased order books due to the demand for their services in 2020. The expectation from most is that this demand amongst clients, in areas such as digital and cloud transformation, will continue to grow.



"I think that strong demand for cloud transformation and managed services will continue for the next 3 years at least."

"Very confident, market buoyant for digital transformation services in our chosen sectors. We grew by 48% last year."

Pricing was a real issue for some, with several leaders reporting that price compression for their services had started and had the potential to continue.



"We are already starting to see MSPs having to drop prices, we had to drop by 30% in one instance. It's a race to the bottom."

A recurring theme was the uncertainty surrounding the medium to long term impact of Brexit and was a concern for many of the leaders interviewed. Specifically, the idea that the global pandemic had potentially masked some of the fallout of Brexit, not just for themselves but also for their clients. In fact, for many of the leaders the biggest concern was for their clients and the impact the pandemic has had on them.



"Customer solvency and survival is a concern. We saw real challenge to some of our clients. Saw some attrition in them and lockdown 3 has been the final straw for some."

"I am still concerned with COVID and the impact on our customers. None of ours went out of business fortunately but it's a concern.... I'm still conscious that we aren't out of it yet. Will this repeat - will COVID crop up every winter?"



Following a year of recurring lockdowns, global business disruption, and curtailed expenditure it is clear that as we emerge from the other side of the pandemic there will likely be significant pent-up corporate and retail spending that could be unleashed in the second half of 2021 and beyond, with the I.T. sector uniquely placed to be one of the main beneficiaries of this. The pandemic has really focused people's minds on how essential I.T. is to our day-to-day lives.



"Information Technology has shown itself to be an important strategic element in organisations need to combat their COVID response. We are still seeing the need for organisations to modernise and move to Office 365 to accelerate that modernisation and change to an "as a service" model."

"One of the things the pandemic has done, it has organised people's view on digital transformation needs. They've accelerated digital/cloud transformations. More momentum has been generated; clients are looking for better alternative ways."

CASE STUDY #1

ABOUT SILICON REEF

Silicon Reef realise their M&A goals with great corporate legal advice



Silicon Reef are a leading Microsoft Partner and SharePoint development agency.

As specialist SharePoint consultants, Silicon Reef provide project management, design and development services, including migration, bespoke intranet solutions, and cloud strategies based on Microsoft products. They have a range of brand-name clients ranging from mid-market level businesses through to Government departments and enterprise clients.



“Since engaging with Law 365 we have seen a total shift in the way we approach engagements and legal issues. Kim and the team have been extremely accessible and great to work with.”



Giles Court
Co-Founder and MD, Silicon Reef



Law 365 were the perfect partner in an exciting year for Silicon Reef, providing ongoing commercial legal advice on an everyday basis along with corporate and employment legal advice in a major acquisition of Comms Management product, Ripple. The essential ingredient in M&A is making sure that both sides are transparent and informed about the relationship they are embarking upon, and the experience that Law 365 were able to provide made this a seamless transition.



“Acquiring the Ripple product is a natural and exciting step in Silicon Reef’s growth plan. Ripple sits perfectly within the Silicon Reef offering, connecting people, improving the way they work and communicate, and enabling them to share their stories. It also provides a unique way for our customers to listen to their employees. This is everything that Silicon Reef is about – empowering, engaging, and inspiring employees to Work Happy every day.”



Alex Graves
CEO, Silicon Reef



CHAPTER 3:

People and Culture (Part 1)

THE NITTY GRITTY OF HUMAN RESOURCES

In this chapter we focus on arguably a company's greatest asset... its people.

- › Headcount and composition of the Microsoft Partner workforce
- › Business function headcount
- › Employee age
- › Management structure
- › Staff retention

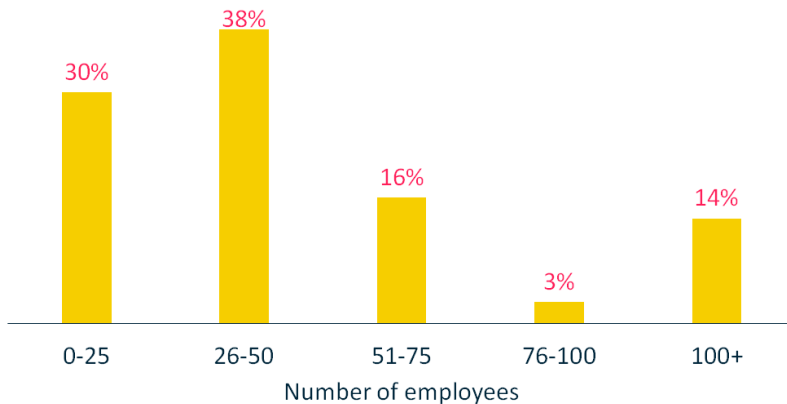


Headcount and composition

The group interviewed for the research consisted of a good mix companies by headcount size, the most common being 26-50 employees.

The largest companies with 100+ employees accounted for 14% of the participants and these tended to be the Microsoft Partners that were PE backed. The average headcount was an impressive 66 employees, however the median was 33.

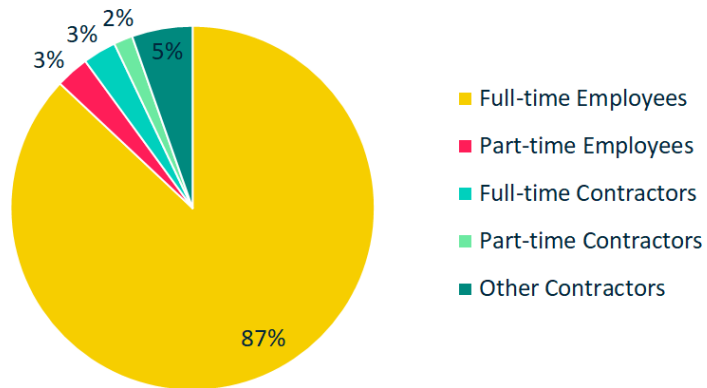
TOTAL COMPANY HEADCOUNT





It will come as no surprise to learn that across the surveyed companies 87% of staff were permanent full-time employees, with part-time staff and contractors accounting for 13%.

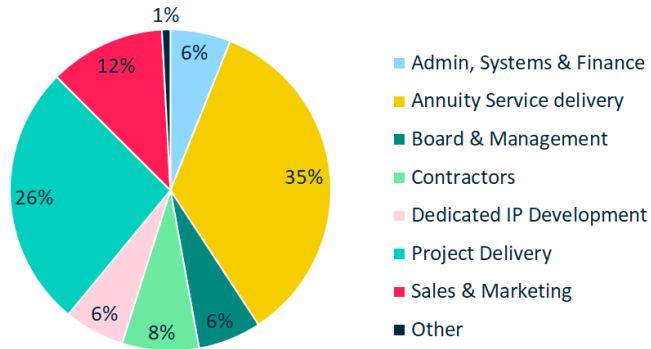
HEADCOUNT BY EMPLOYMENT TYPE



When analysing the split of headcount by business function, just over one-third were part of annuity service delivery teams (e.g. managed services/support function). This number reflects the fact that almost half (46%) of the companies that participated were MSPs. A further 26% of employees were part of project delivery, again tying in with the second most prevalent company type in our survey, SIs/Professional Services Consultancies.



HEADCOUNT BY DEPARTMENT

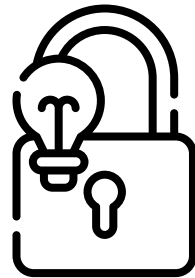


Microsoft Partners have built resilience and are striving for higher margins – which is demonstrated with over one third of staff engaged in annuity service delivery. Typically the gross margin from annuity services is approximately 60% to 65%, which not only helps overall profitability, but also annuity services generally incur reduced sales costs as the customers renew contracts for multiple years, thus providing resiliency and certainty of income for the Partner.

Microsoft Partners embrace IP

An interesting point to note is that many Microsoft Partners are now investing in intellectual property (IP) development, with headcount showing at 6% of total workforce now.

This has increased from prior years where very few Partners were active in this space. By building their own IP, this has at least three benefits for Microsoft Partners.



- 1 It allows Microsoft Partners to differentiate in the market.
- 2 It creates more 'stickiness' for them with their customers as they are 'tied in' to a solution.
- 3 It allows them to generate higher margins, as typical own IP gross margins are around 70%.

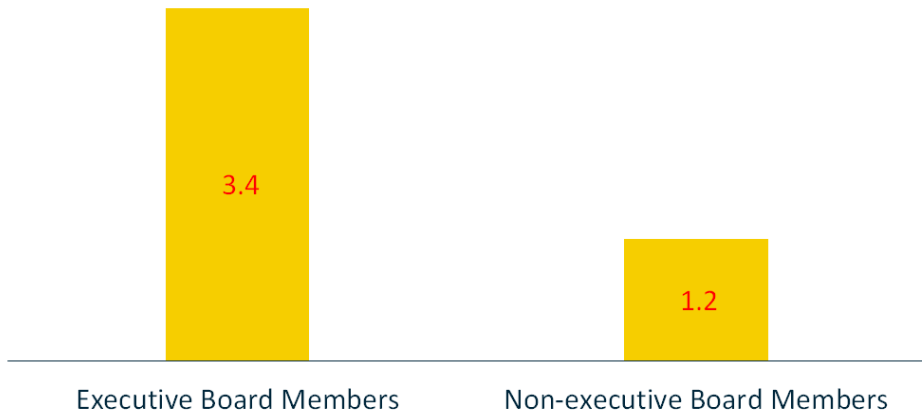
Board Composition

As can be seen from the headcount by department pie chart above, 'Board and Management' account for 6% of total headcount. In the smaller Partners, the board represents a higher percentage of the workforce and as the Partners increase in size, the board as a total of headcount decreases to less than 2%.



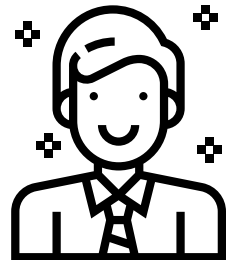
Non-exec board members were popular in Microsoft Partners with an average across the group of 1.2. The smaller Partners typically had one external board advisor, whereas the larger, or PE (Private Equity) backed Microsoft Partners had two non-exec directors to help with governance and external oversight.

AVERAGE BOARD COMPOSITION



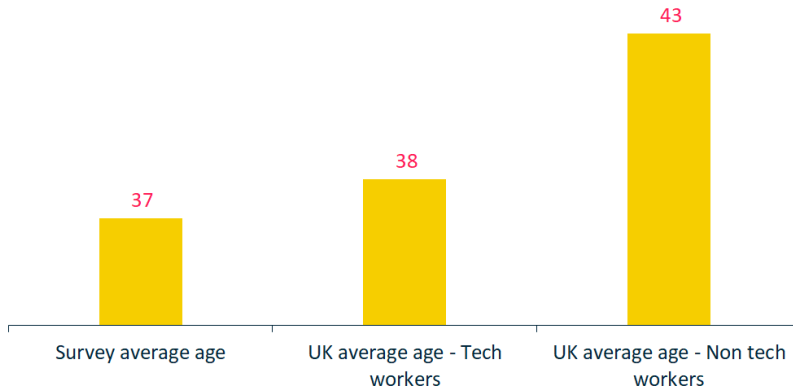
Employee age

The average employee age for the participating companies was 37 years old, which is representative of a relatively young workforce. The national average age for UK tech workers is 38 years old, however for non-tech workers the average age jumps to 43. It is estimated that 50 year old plus workers will become the biggest working population in the next 5-10 years.



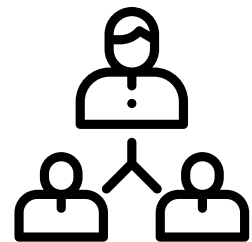


EMPLOYEE AVERAGE AGE



Management structure

We asked senior leaders about the span of control of the managers within their respective companies. We found that on average each manager had just over 5 employees reporting to them. The maximum number of direct reports for a single manager was 10, however several respondents told us they intentionally run a very flat structure keeping managerial reports to a minimum.



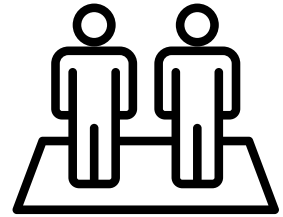
“We have a flat structure. There is no management. We have mentors, but no management”



Staff retention

Most firms showed strong staff retention, with the average staff tenure being just over 4 years.

There was marginally stronger staff retention in technical roles, with just over half of the companies (58%) showing that 80-100% of technical staff are still employed after 18 months.



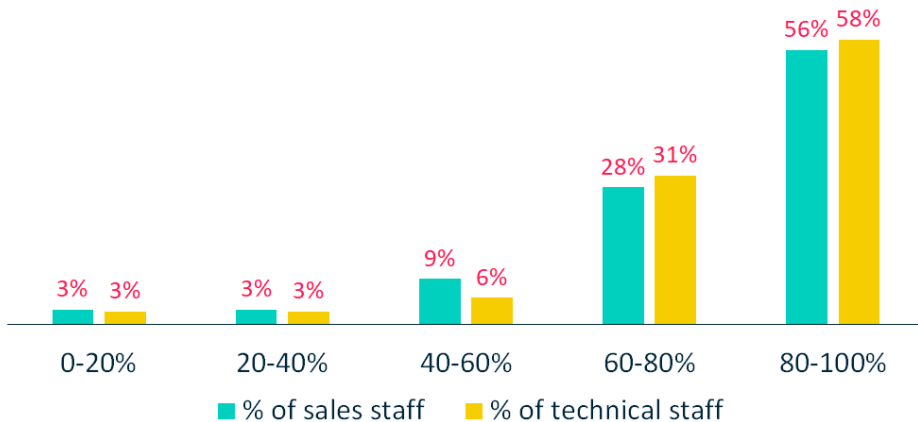
This was almost in line with sales staff retention, with 56% of companies reporting that 80-100% of salespeople would still be at the firm in the same period.

The figures above represent that salespeople are often let go if they are not hitting targets, although typically it takes a year to realise that a salesperson has not made the grade.

Additionally, salespeople are often lured away by the incentive of a sign-on bonus, which can be attractive if the prospects for hitting targets are not good at their current employer.

Technical and consulting staff tend to be more risk adverse and, as long as they are looked after will be less likely to leave, which provides a stable workforce for most Microsoft Partners.

AVERAGE % OF STAFF STILL EMPLOYED AFTER 18 MONTHS





CASE STUDY #2

ABOUT COEO

Coeo leads the way with best employment policies



Coeo are highly trusted experts in data management and analytics in Europe.

As a data management specialist, CoeO has achieved more accreditations than their competitors by executing enterprise-class business intelligence solutions.

The majority of their clients are enterprise level with some SMB and mid-market organisations. CoeO helps their clients reduce risk by creating robust scalable solutions that bring real business value.

Forward thinking CoeO wanted enhanced family-friendly policies

COEO were the ideal client for our employment lawyers. They came with one clear objective – to be the employer of choice when it came to excellent policies for their staff.

CoeO wanted to really stand out from the crowd by being the best place to work. They asked us to draft family-friendly policies that would set them apart.



We've also reviewed their Contracts of Employment, adding bespoke clauses to suit their needs, reviewed their Commission Scheme plan, and advised on TUPE.

We're currently supporting them on their Apprenticeship Scheme, which they are expanding this year to increase opportunities and diversity.



"The Law 365 team provide a fantastic service, with practical advice, supporting us in concluding agreements that are balanced and fair for all parties. The team help us get business done, while highlighting risks and obligations to ensure we make informed decisions."



Justin Langford



CHAPTER 4:

People & Culture (Part 2)

9 WAYS COVID IMPACTED WORKPLACE WELLBEING

In this chapter we continue with the topic of people and culture. We let you hear it from the horse's mouth – using direct quotes from the leaders of Microsoft Partners.



01 Senior leaders recognised the potential mental health crisis

Throughout the hours of interviews that were conducted with the senior leaders of Microsoft Partners it was clear that that the COVID-19 pandemic, and specifically working from home, had taken its toll on the wellbeing of their employees, both physically and mentally.



“It has been a real struggle, keeping people together. We’ve had such a hard time. We’ve had more people off with stress and mental health issues in January 2021 than all of the last year. People wake up and they are at 100% capacity before they even get to their desk. There is no resilience. And our clients are experiencing that too.”

“There has been a general reduction in people’s mental health.”

“This has been the toughest thing. Taking care of staff mental health.”

“We have had to be a lot more thoughtful about the people side of our business, there have been huge impacts on people working at home with no let up.”

“Purposeful support to the team, and trying to help uncover issues early on, has been key. In terms of the way we work, we have regular meetings, communicate a lot, send goody bags.”



“People feel they need to work more, and as much as I try to reiterate the message that we don’t want them to burn out, they keep going. We are having to actively force people to take time off.”


“We have people we’ve identified might need extra support and check in. Some of those who are naturally very introverted have really become very isolated - too much. People have missed company events and just being together.”

“We were 100% working from home before and still are, but everyone is feeling more anxious, isolated, because their personal lives have changed.”

02 Employee wellbeing now the top priority

The IT leaders we interviewed realised the impact of lockdown on employee wellbeing and were quick to implement new ways to support them. They made addressing the issue one of their highest priorities “materially increased focus on mental wellbeing” with a variety of initiatives. They said they were “paying a lot of attention to OfficeVibe and follow up” to track morale, and “creating touchpoints” to support them through this difficult period.





“Big focus on employee wellbeing and mental health – we significantly upped support and communication. A range of new touch points and access to external expertise. We are having to work things out as we go, and how to adapt to this strange environment. There are much more frequent check-ins, scenario planning, being more agile – knowing that things can change in an instant.”

“We have more regular company meetings, and I am making the effort to call every employee every month to keep in touch. We’ve allowed complete flexibility with times worked and allowed people to use holiday creatively and reduce their hours to help with home schooling etc.”

“We’ve developed better cross organisational engagement. It has been mostly about trying to keep people confident, engaged and feeling supported. We’ve done a huge amount around that. A lot of time and energy – in the first lockdown we built a lot of wellbeing linked activities.”

“We’ve moved beyond the trivial stuff in the first lockdown, like baking, to more well-being focused initiatives, trying to encourage people to get out of the house each day.”


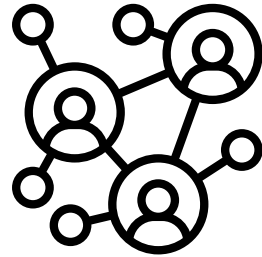
“We have introduced an Employee Assistance Programme, a buddy system, daily all company stand-ups, monthly socials (we pay for a takeaway), and we trialled Friday afternoons off for the school holidays.”

“We are trying to make sure that people’s wellbeing is taken care of with providing counselling services etc.”



03 **Rapid innovation to improve communication and 'contact'**

It was evident that without the regular contact that came with being office based there was a need for "better and more frequent communication across the business."

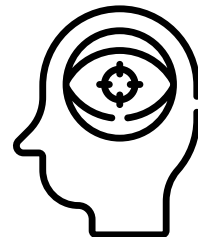


"Internally, we were quick to recognise how important it is to keep people in the loop. Greater communication."

"There have been more frequent, shorter internal meetings and regular online socials. We are giving more social 'down time' during business hours. Also, regular recognition - this has been huge - it's been so important. We buy small gifts and send them to people. General over-communication."

04 **A positive response to initiatives**

Over time the trickle-down effect of the increased focus and implementation of new initiatives started to pay dividends.





“We have regular calls for people to bring issues to the fore. Providing that forum has been really helpful.”

“People have become more comfortable about talking about wellness and checking on each other.”

“We have also reduced the number of hours that someone would work on a project, i.e. from 8 to 6 hours. That has been met with real positivity.”

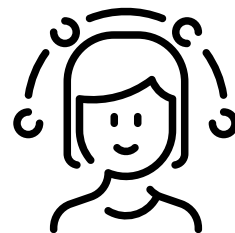
“Employee engagement scores have gone up, which is partly hopefully down to things we’ve done but also work has become more important to people.”

“Interestingly, in the third lockdown people were actually now spending a little more time checking that people are OK and having a laugh and a joke, more bonding and rapport.”

“We have become better at doing a lot more checking in with each other on this stuff. Trying to get people to talk about their families. It is important that leaders lead on this.”

05 **Recognising the unique pressures on younger staff**

There was a general consensus amongst the senior leaders that there had been a demographic split amongst employees regarding how their experience of working from home had been in the last year.





Most felt that younger members of staff found the situation extremely difficult due to social isolation and many not having a suitable home office set-up (i.e. having to work in their bedroom due to lack of space).

However, for older staff and those living at home with families, this period has been slightly easier and, in some areas, relatively positive. e.g. being able to spend more time with family, less time travelling.

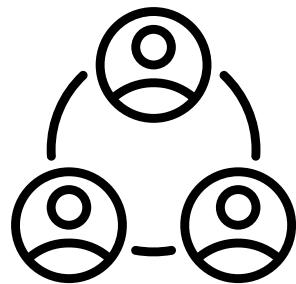


“The younger people have found it harder - more complaints, less satisfaction, more mental stress - possibly not having a good home office set up. They are missing out on socialising more. The married with kids have more room, are more established, working from home is easier.”

“It has felt like we have been in a prison cell working from the apartment and having just video calls.”

06 The erosion of office culture

A recurring topic during the interviews was culture, or rather the battle to maintain office culture. Along with employee wellbeing it was the most discussed subject. The majority of Microsoft Partners surveyed seemed to be continually wrestling to find the equilibrium between the safety of working remotely versus the erosion of a culture that had been built up over years.





“Initially, people really liked working remotely, then they got fatigued by it. How to manage and keep people motivated has been hard.”

“Trying to maintain culture is hard.”

“We’ve always worked hard at our culture. It has been difficult to keep it going, all the fun things we do. The cultural events have gone and it’s left a gap.”

“We had a very active social scene. Our younger team members would have been very impacted, we used to do social stuff a lot.”

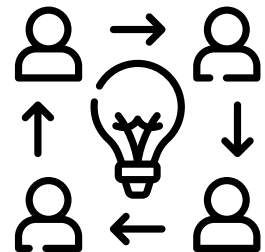
“I’m having to take out more time in the day to talk to everyone, as we haven’t got the natural rhythm of being in the office.”

“There has been so little of getting people together, they’ve taken on training, but I think there will be some job movement.”

“There has needed to be a blend of being in the office and keeping contact with people where they need it.”

07 **Less collaboration = less creativity**

Facilitating collaboration between employees while working remotely was a major challenge. It was also felt that working remotely had stifled creativity by virtue of not being in a collaborative team environment and having regular contact with others.





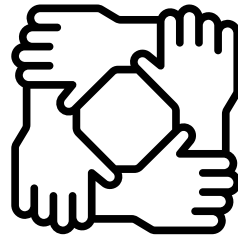
“The biggest problem has been the breakdown in relationships between the team. Most people were used to working in the office, most of us able to collaborate. People have missed the human connection.”

“People felt they could do they jobs functionally perfectly well from home, but they missed the team and interaction.”

“Those that have worked together and met physically have a distinct advantage over those who’ve never met.”

08 The crisis “brought us together”

However, it was refreshing to hear than in other cases the last year had galvanised teams, created stronger bonds, and been viewed as a positive for culture.



“The pandemic has made our culture stronger. We have a growth mindset and that has really been embedded during the pandemic”

“We are a communicative management team and have managed to turn the tide on people who weren’t pre-COVID-19, very engaged.”

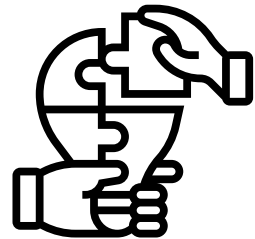


“Ironically it’s been quite positive. There’s nothing like a crisis to help people pull together and feel closer. I would say the team is closer now and talks more than it ever has. We have developed more of a family atmosphere by pulling together. We agreed from the start that we would preserve jobs over profit and would not be a drain on the country. That had the effect of generating more good will from the staff than any number of away days or team building exercises could have.”

“Relationships for people who worked together have got stronger.”

09 **Goodbye command and control, productivity is the priority**

It was also interesting to see how being forced into this abnormal working scenario had ultimately lead to “more focus on productivity and less on hours worked.” This permanent shift away from how things were being done prior to the pandemic was seen as hugely positive, as well as more “regular recognition, this has been huge - it’s been so important.”



“We were far too command and control, whereas the pandemic has driven us to let this go.”

“We’ve given people even more autonomy; some people love this, and some people want more hand holding.”



CHAPTER 5:

Compensation, Recruitment, Learning & Development

This chapter covers the quantitative metrics and qualitative findings of our research, to give you insights into how other Microsoft Partners handle staff compensation, recruit successfully and grow the knowledge base of their employees.

Are you paying too much, or too little?

We look at salary ranges by role, by recruitment and reasons for staff exiting Microsoft Partners, amongst other focus areas.

- Compensation
- Recruitment
- Learning and Development



Compensation

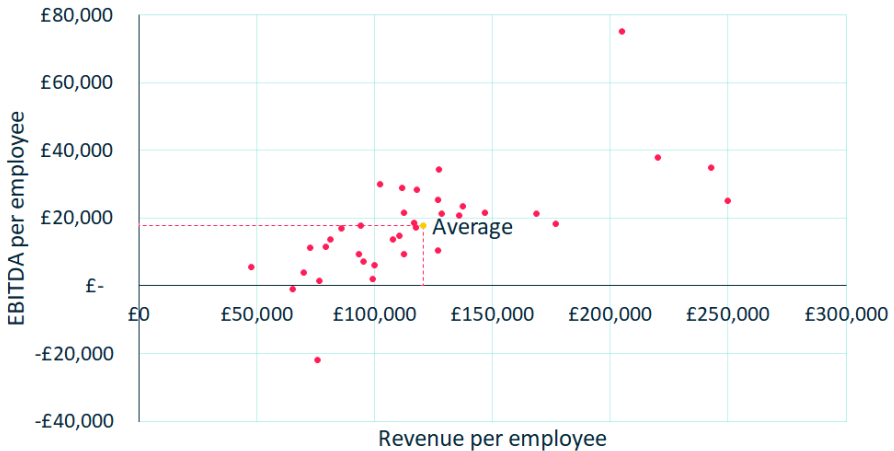
Always a popular topic! We were able to discuss remuneration in detail with participants, exploring salaries at a business function level.



To provide some context we thought it would be useful to analyse revenue and EBITDA already given the abbreviation per employee first.

As the chart below shows, the average revenue per employee of the Microsoft Partners we spoke to was just over £120,000, with average EBITDA per employee at just over £17,500. This is positive, as a good benchmark for revenue per employee is more than £100k, with the large management consultancies reporting closer to £200k revenue per employee. Furthermore, according to Statista, US Professional Services firms averaged £116,500 (US \$165,000) per employee in 2020.

REVENUE & EBITDA PER EMPLOYEE

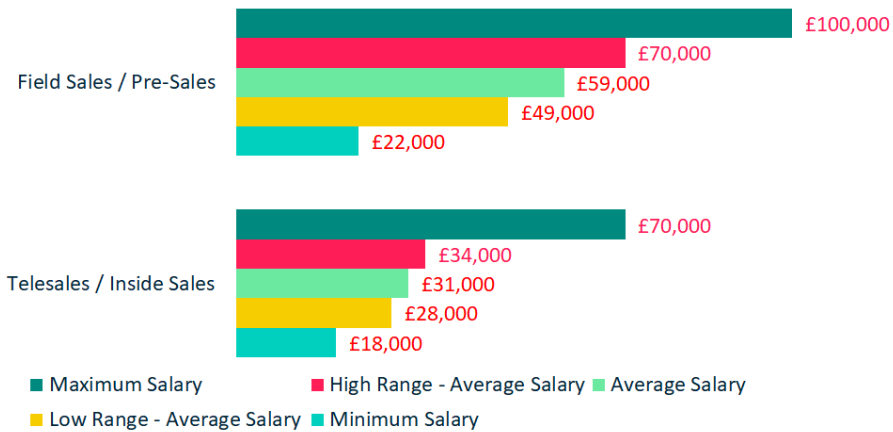




Average Salary by Business Function

Participants provided us with both a high and low salary range for each type of role within their business. From this we were able to determine the average salary at both the high and low ends of the spectrum, in addition to the overall average salary and the minimum/maximum salary by function across the whole survey.

COMPENSATION - SALES STAFF



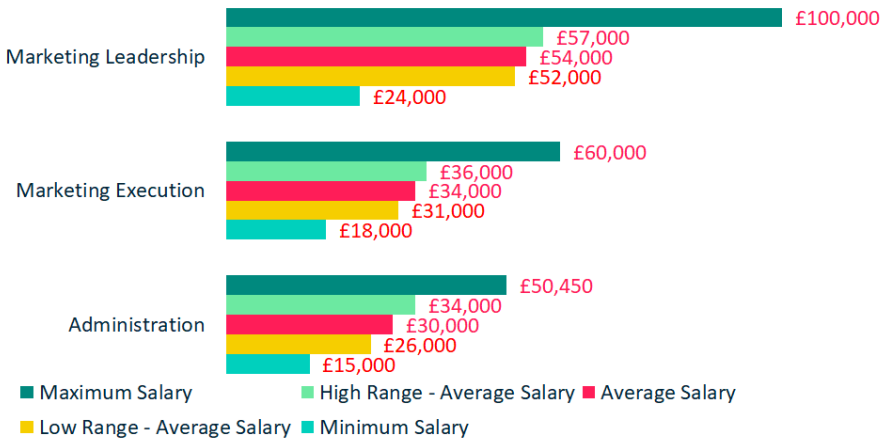
As can be seen from the chart above, the salary range for field or pre-sales staff ranges from £22,000 all the way to £100,000, and telesales/inside sales salaries range from £18,000 to £70,000.

The disparity is largely determined by experience and the target that the individual carries. For example, employees at the lower end of the pay scale are likely to have less experience and will also have a lower sales target. Senior staff on the other hand not only command higher salaries, but they also have more responsibility and a bigger sales target to hit.



The salary survey also covered detailed questions about percent of variable compensation, and this can be found in the Chapter 7 instalment in the Microsoft Partners Insights series, which focuses on Sales & Marketing.

COMPENSATION - MARKETING & ADMINISTRATIVE STAFF

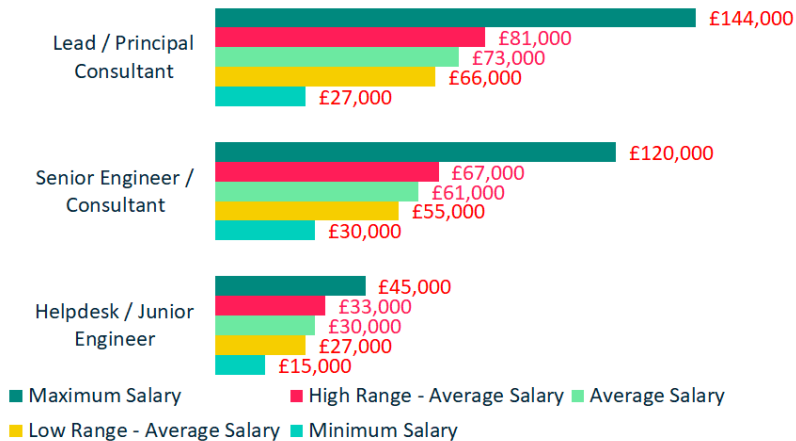


The marketing and administration salary ranges are quite closely aligned, without a great variation in all the average figures. For example, marketing leadership ranges from £52,000 at the average of the low band to £57,000 at the average of the high band. Only a small number of the larger Microsoft Partners were paying significantly higher salaries due to the larger teams that the individuals were managing and the added responsibility associated with the role.

This is also true for the marketing execution roles, with average high/low range only spanning from £31,000 to £36,000, indicating that that most Microsoft Partners are closely aligned on their compensation for marketing roles.



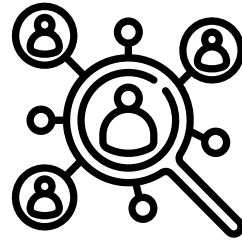
COMPENSATION - CONSULTANTS & ENGINEERS



The compensation for billable staff again was similar across all the Microsoft Partners. The seniority of the staff made a significant difference as did the size of the teams they were managing for the Lead/Principal Consultant. The maximum salaries were paid by a couple of the larger Partners and the staff were also generally Microsoft Most Valuable Professionals (MVPs).



Recruitment



2020 = Feast or famine

2020 was a strange year in the context of recruitment for the Microsoft Partners. There was a stark contrast between a number of companies we spoke to - some had to periodically use the government furlough scheme, while others struggled to hire fast enough to meet the unprecedented demand for their products and services.



"Finding and retaining good talent is a concern. We had a couple of really good developers leave after a year to go work for a bank."

The 3 main hiring challenges

01 Candidates could dictate their terms

For those that saw their teams grow in the last year, the feedback highlighted a more competitive marketplace for talent. Many of the CEOs we spoke to felt that interviewees were able to dictate a larger portion of the terms than in previous years, such was the high demand for their skills.



“The really senior people we have been interviewing are mainly the ones who say they don’t fancy an office-based role anymore, when in fact we would want them in the office.”

“There is a pressure on salaries as the war for talent increases. We have a good team and risk losing them to competitors offering more money.”

02 **Hiring fast enough and getting the best person for the job**

Many leaders were concerned that hiring at scale would be an ongoing issue, while others were more concerned that finding the right person was the bigger challenge in light of such a competitive hiring market for top talent.



“Our biggest challenge is finding good people.”

“A lot of my concerns are around people, onboarding and recruiting talent.”



03 Differentiation in a competitive market

A significant portion of the senior leaders we spoke to felt that offering employees total flexibility with regards to working from home/ office, and flexible working hours was now the new normal. Prior to lockdown, flexible working had been a key differentiator for many Microsoft Partners.

One CEO highlighted that for companies who were already offering flexi-hours working prior to the COVID-19 pandemic, this had actually hindered them in attracting top talent as they no longer stood out from the crowd.

Leaders were potentially being forced to think outside the box in an effort to maintain an edge in their recruitment drive, with one leader stating they were considering switching to a four day working week as standard.

Many respondents were keen to highlight the positives though.



“We have also been able to recruit people further away from us. The barrier of geography has been removed.”

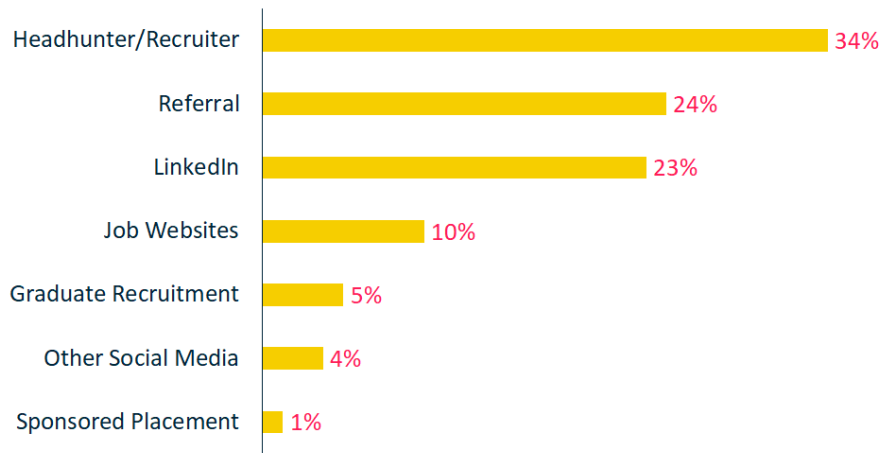
“We’ve involved more people in recruitment, included cross-department involvement in recruitment. This has been really impactful.”



Head hunters remain the top choice for recruiting

We can see from the chart below that the top three recruitment channels combined (recruiter, referral and LinkedIn) dominated the survey and accounted for 81% of the votes with headhunters/recruiters being the single most utilised option.

TOP WAYS TO RECRUIT



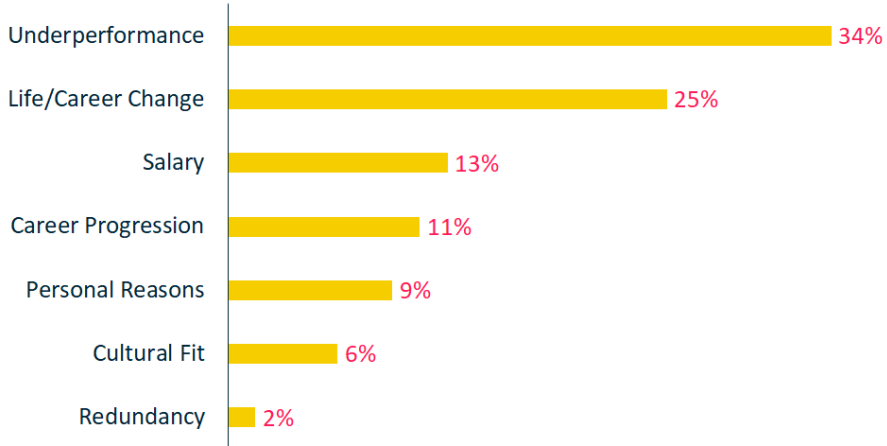
Staff retention

On a related topic, we also discussed the most common reasons for staff leaving their role.

It is possibly not a complete surprise that ‘underperformance’ had the highest score (34%), however a quarter of the votes were for ‘life/career change’ which is potentially a little more surprising and opens up the question; how much did the events of the last year focus people’s minds on their future, their career, current work/life balance, and contribute towards the employee turnover rate for companies?


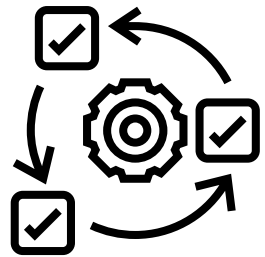


EMPLOYEE REASONS FOR LEAVING



Learning & Development

As people are one of a company's biggest assets, we were interested to find out what formal training programmes the Microsoft Partners had in place to nurture and develop staff. Investment in training and development programs can yield long term benefits by filling voids where there are skill shortages and fostering the next generation of leaders for a company.



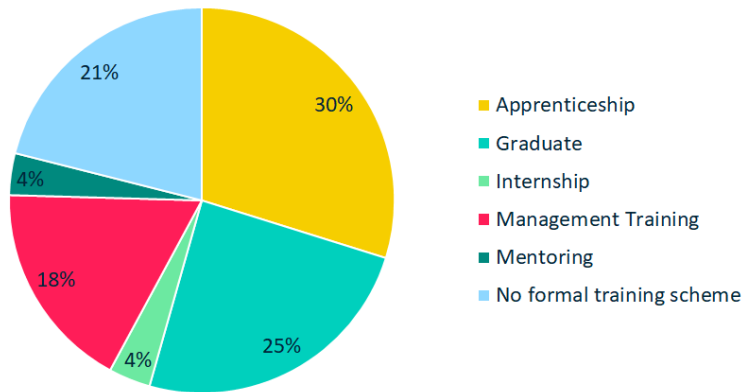
“Our apprenticeship scheme started 13 years ago. Have really seen the benefits of this, with people flourishing.”



Formal training schemes offered by most

We found that over half of the companies surveyed employ a formal graduate or apprenticeship scheme, however it was surprising to learn that 21% had no formal training program at all. Many instead opting to utilise personal development plans or informal ad-hoc training.

FORMAL TRAINING SCHEMES OFFERED



Time out for Grad schemes

As with all other facets of business, Learning and Development (L&D) was also impacted by the global pandemic. Several leaders told us that the remote working aspect had made previously established programmes almost unsupportable.



"We do graduate schemes and apprenticeships, but it has been put on hold. It's too hard trying to develop young, very junior people not being face to face, so have stopped for now."

"This year we haven't had apprentices or a grad scheme."

Another of the key areas to suffer was mentoring. Not being in the office or having the ability to sit in close proximity to colleagues meant that mentorship was extremely challenging to facilitate, which in turn has led to slower development of new staff in particular.

Increased demand for management / leadership training

There was general agreement amongst the respondents that more could and should be done when it came to leadership training. Only 18% of the companies surveyed employed a formal management training programme. It was also interesting to note that of those same companies, several told us that they felt that these programmes needed to be improved.



"We do lots with the leadership team but need more with the next layer down. We plan to do this in 2021."

"We offer management training, but interestingly, no one really takes it up."



Only two of the Microsoft Partners we interviewed reported using a performance or executive coach. This is a growth area in Learning and Development (L&D) and is being more widely adopted across larger businesses as a way to improve both overall team and individual performance.



“We have a coach who is an expert in human performance, she worked in sport and in business, helps us understand the performance and psychology.”

Remote working made on-boarding difficult

Easily the most discussed topic within the L&D section was onboarding of new staff. The majority of the group felt with was one of the most problematic issues during the last year.

How do you integrate a new member of staff and develop them when they can't physically work with the rest of their team, they can't shadow anyone, they can't even meet socially?



“The big thing is new starters. We are finding it really hard to onboard and integrate new starters virtually.”

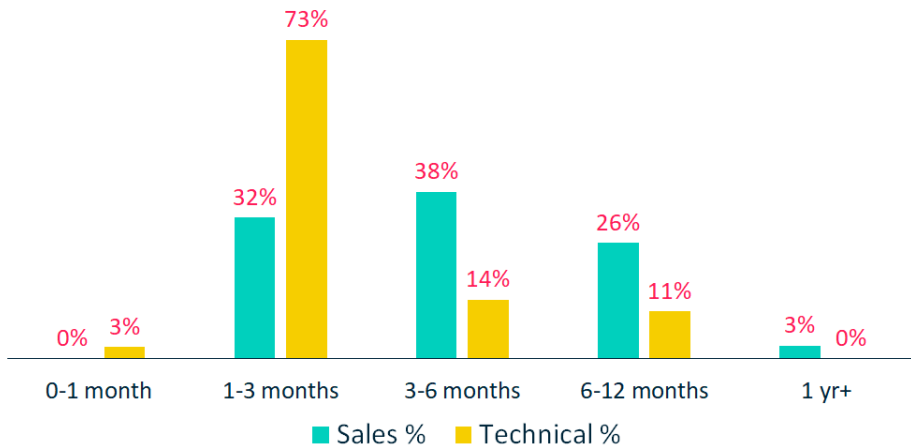
“Our team is set to grow considerably this year - on-boarding, training, successfully working with a new team is not as straight forward when we are all working remotely.”



Technical staff got up to speed fastest

Exploring onboarding further, after looking at the underlying data, 'Technical Staff' show the shortest time to become productive as a new starter, with just over three quarters (76%) of CEO's reporting that this happens in the first three months. In general, technical staff can be utilised in billable projects or support roles within days or weeks. This contrasts to only 30% of new sales staff reported to be productive within three months. Typically, Microsoft Partners report that sales staff take longer to build pipeline, understand the business and bring deals to close. This makes it harder for Partners to fully understand if the sales hires are performing or not.

TIME FOR NEW STARTERS TO BECOME PRODUCTIVE





CHAPTER 6:

Diversity & Inclusion




Diversity and inclusion is high on the agenda for business owners

Diversity in the workplace has for quite some time been a focal point for companies, however in response to major news events bringing racial discrimination, gender inequality and LGBTQ issues to the fore in the last year, many have sought to reinvent their efforts and move it higher on their agenda.

We were interested to find out how much was being done to promote diversity and how much this was discussed at board level.

Several of the leaders we spoke to were aware of the importance of addressing it head on.



“It’s one of our big strategic priorities. We talk about embracing fairness in diversity and inclusion. We are also trying to encourage more young black people into technology in the wake of BLM. We knew we are not well represented in that area, but we’ve called this out as a priority.”

“We are talking about this a lot. We are doing a whole range of things on this. Working with Microsoft on their BAME project.”

“It is a big priority for us. We are really not very diverse in terms of gender.”

“It is very important to us. We looked at if we represent our community – we are fairly representative. We’ve improved on gender diversity; our leadership team is now 60/40 whereas it used to be all men. The Black Lives Matter movement really triggered us to think about doing more – we are working with Microsoft and joined a community group of theirs.”

“We have just integrated diversity into our enterprise objectives, and within that team objectives.”



Diversity of applicants linked closely to location

A contingent of the group felt that they were happy that they had representation from wide array of people and backgrounds, however this had happened naturally over time rather than intentionally. Those companies based in London and other large cities often benefited from a more diverse pool of applicants, while rural offices struggled to attract a broad spectrum of qualified candidates.



“Diversity isn’t something we talk about, but we are mindful of it, we are very diverse... ethnicity, gender, religion, sexual orientation. Not by design.”

“If I walk around my organisation I see people from different backgrounds, a real melting pot of ethnicity. We don’t actively promote it.”

“We don’t directly discuss it much. Our board is 50/50 so we have good a good mix of gender diversity in leadership. We have a good mix of ethnicity, without consciously doing so.”

“It’s not something we regularly talk about. We have 50% female/ male split. We have a multicultural workforce, not by design.”



Increased attention on gender diversity

Gender diversity tended to be more prevalent in the conversation, often due to the fact the industry has traditionally had significant tilt towards male employees forming a larger proportion of the workforce. And although greater efforts are being made to address the imbalance, women still only account for 16.2% of the UK tech workforce and hold just 12.6% of board positions.



“Gender diversity is something we have focused on much more because of the industry history..... we have introduced new ways of working, e.g. flexible working, part time starting, that have made us more attractive to women.”

“We have struggled historically to recruit women, mainly because tech has been very male.”

A 2020 article in Information Age highlighted that, ‘while some software will be targeted at a specific segment, e.g. men, the success of most enterprise software – a market worth \$360 billion in 2018 – will depend on its mass appeal. Companies participating in this market will be at a huge advantage if they’re able to understand how a cross-section people will engage with their technology – and they’ll be far more likely to do this if they have diverse perspectives represented within their design and development teams”. This is a point that is often lost in conversations surrounding diversity in the workplace.



"Gender diversity, we have focused on in last 4 years. We did a pay audit which resulted in some changes... we are 50/50 now."

There was less discussion around racial or LGBTQ diversity, and it was unclear whether leaders felt they were making progress in this area.

Recruitment challenge: "The best person for the job" or affirmative action?

When it came to discussing diversity through the recruitment process many were keen to assert that they operate a pure meritocracy.



"We are an equal opportunity employer and our main ethos that we are looking to recruit the "best person for the job" - meaning that we hire strictly on merit. If that person has the requisite skills, experience and qualifications that they are welcomed with open arms."

"Have always just hired the best people for the job."

"We don't deliberately seek diversity. We like the idea of finding people who think a bit differently and went for someone who culturally was very different."



“Positive discrimination is still discrimination. I don’t want to do something just to hit a stat. However, you have to choose the right candidate in the moment, you have to consider what a very narrow demographic will look like. We’ve also got to do our bit for society too. It is on our minds but not high up on our radar.”

“Not really much of a topic of conversation to be honest. We just hire the right person for the job, if we needed to make changes to accommodate, we would do that.”

“I’m very anti-woke! The goal is to match the job with the best person.”

Others indicated a desire to be more purposeful in ensuring their recruitment process covered people from a variety of backgrounds.



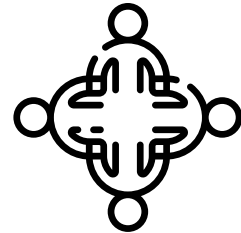
“It is something we are well aware of. Whilst we wouldn’t positively discriminate in our hiring process, we want our recruitment procedure to be as broad and inclusive as possible so that our business can benefit from a range of cultures and backgrounds.”

“Currently, our approach is we just advertise and recruit the best person for the job.... we need to make some proactive plans on this though.”

“One of our values is ‘come as you are’. We really want an as diverse a workforce as possible across the full definition of D&I. We don’t have to go into see customers, so physical disability is no real barrier now.”

It was also refreshing to hear some members of the group discussing and embracing neurodiversity in the workplace, as it is often an area that is less covered amongst the wider topic of diversity and inclusion.

Diversity – The impact on recruitment



It is clear that diversity in the workplace is starting to have a more direct impact in the recruitment drive of companies. The recruitment website Glassdoor reported that over two thirds (67%) of job seekers considered workplace diversity to be a key factor when evaluating prospective employers. In addition to this over 50% of current employees expressed a desire to see their current employer do more to increase workplace diversity. This is especially true of both Millennial and Gen-Z job candidates and existing employees.

Historically corporate reputation management has often centred on companies trying to ensure that its largest clients have a positive opinion of them, however the ongoing societal focus on diversity and inclusion has forced companies to take a wider view of their image when considering their reputation in the marketplace and with employees.

Microsoft Partner Insights

80 or older

CHAPTER 7:

Sales & Marketing

In this chapter we cover:

- › The top ways Microsoft Partners win business
- › Costs
- › Sales & marketing staff salaries
- › What metrics are used to determine variable compensation



MARCH 2020

Trouble ahead for sales?

The COVID-19 pandemic had an almost immediate impact for sales teams globally. New business conversations with clients came to an abrupt halt in March 2020, and most companies faced the prospect of a previously healthy sales pipeline vanishing overnight.

The impact of this event affected how Microsoft Partners acquired and engaged with new clients, forcing many to rethink their sales and marketing strategies. With no ability to arrange physical meetings, roadshows or attend conferences, how you deployed your sales teams also required re-evaluation.



“It has been hard to stay in touch let alone win new business without being in touch.”

“What is difficult is breaking into new clients. I expect new customer sales to be challenging until COVID-19 restrictions are lifted. But hopeful of a bounce back in customer enthusiasm once we are allowed out again.”

“We changed our marketing strategy. Being unable to attend costly events has forced us to rethink our marketing plans.”

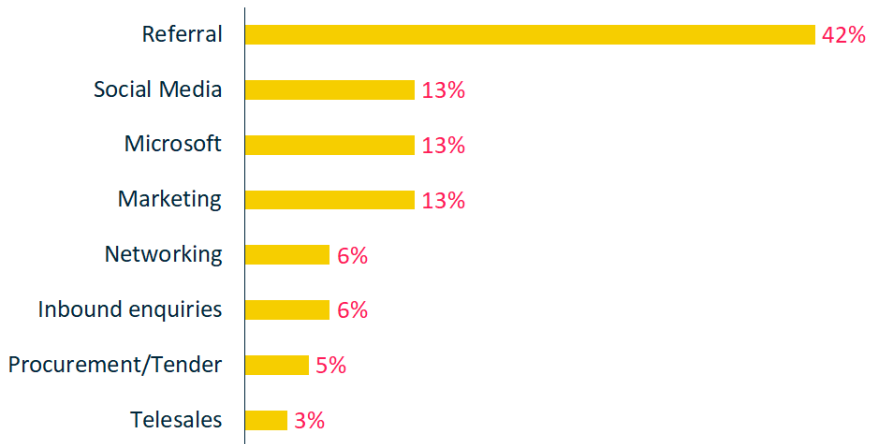
“We have redirected our marketing efforts to more digital.”



Referrals = The top channel for new business

Looking deeper into how these companies generate sales, we asked CEO's what were their top ways to win new business.

TOP WAYS OF WINNING NEW BUSINESS



With 42% of new business coming from referrals, or up to 55% if Microsoft referrals are also included, it highlights just how important reputation and connections are to winning business.


It may also make some Microsoft Partners question the value or the amount of money they spend on marketing activities, when potentially all they need to do is ask for more referrals from their current clients, or current Partners.

However, as marketing can be a bit of an enigma to many Microsoft Partners, they will agree with John Wanamaker, who is credited with coining the phrase "Half the money I spend on advertising is wasted; the trouble is I don't know which half".



Creative solutions for maintaining relationships

Finding ways to connect with potential clients who were also stuck working from home became the puzzle everyone was trying to solve. Creating regular new content and exploring new and untapped marketing channels yielded positive results for the majority of the group. Many of the Partners we spoke to emphasised the benefits of running webinars in particular, and how they had become an important tool in lead generation.



“With clients, we pivoted to doing more content on YouTube and blogs. At this point, nine months later it has turned into our no.1 lead generation source. That has really paid dividends.”

“Webinars have become more important as a way of nurturing new contacts and generating leads.”

“We have put a lot of effort into web-based marketing. It is harder to run workshops virtually, but we have really tried using things like Microsoft whiteboard, We are trying to engage people rather than push information to them.”

“We are getting more content in front of them, and we ran a number of webinars. Part of our strategy was around Partner enablement, to help them out during the crisis.”



Over the last few years Microsoft Partners have increasingly been adapting their sales and marketing strategy, in addition to product/service offering, to align themselves closer to specific client sectors. Spurred on by Microsoft's championing of vertical specialisation for Partners, these companies have seen the benefit of carving out a niche. This has enabled Microsoft to refer business to Partners more easily, and ultimately increased the probability of winning deals.



"Tailoring marketing to target customers in new way of working, packaging support offerings to target changing customer needs and make them easier to sell, making sure on-point with Microsoft evolving M365."

Partners have also adjusted pricing models to adapt to shifting client expectations. Many now price projects on a 'per outcome' basis rather than the historical model of 'per day'. This has mirrored Microsoft's own change to a 'per user/per month' pricing structure.

Investment for growth

Sales and marketing departments on average accounted for 13.8% of total company headcount within our cohort, with the average number of sales & marketing staff being 6 people (after removing the largest outlier).

Many CEO's reported to us that investment in sales and marketing teams had been a significant focus towards the end of last year and expected this to continue throughout 2021.



“Sales growth/target attainment has been hard under COVID. We are compensating by investing significantly.”

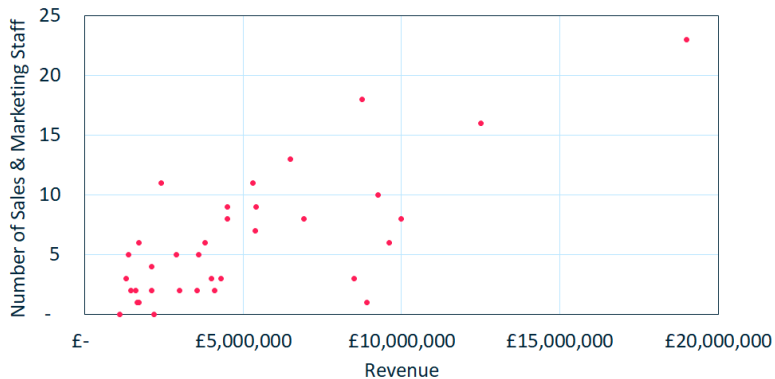
“We massively stepped-up marketing and hired more senior people, it’s a chance to clean up our ‘garden’, putting in a brand-new website, rebranding. Everyone in the business is writing playbooks.”

“I have been investing heavily, I have recruited 15 people in the last year - senior people. This quarter is forecast to be the best ever, I have so many people in marketing.”

“I’m feeling confident due to the growth achieved in 2020 and the new sales/marketing team that are in place. We’ve done well, getting a marketing strategy in place. 2021 has started really strong.”

The chart (below) shows 2020 revenue generated and number of sales and marketing staff for the main group of Microsoft Partners we spoke to.

SALES & MARKETING STAFF VS REVENUE



Note: one outlying company omitted due to scale



Although interesting to visualise it is too simplistic to draw conclusions tying quantity of staff to revenue generated, as there are a multitude of variables that are not taken into account here.

Not only were several of the group making more hires in sales and marketing, many were also increasing overall spend in this area.

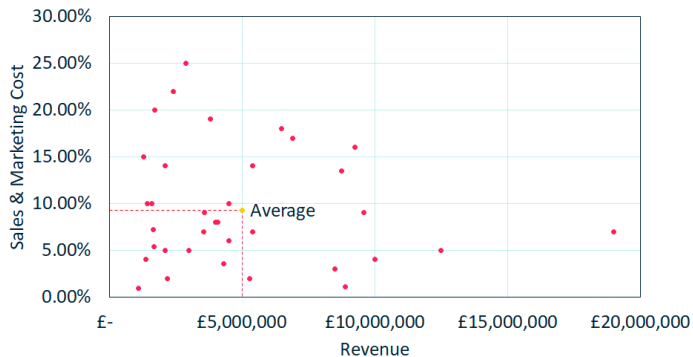
“We decided to really ramp up our sales and marketing effort rather than scale it down. This is starting to pay dividends.”

“We upped our marketing spend so we were well placed. What we are seeing is that paying off with customers signing up.”

Costs

For companies that participated in the survey, our data shows that that on average sales and marketing costs accounted for 9.3% of total revenue. This is not high and 15% to 20% spend is often found in other industries. The Partners who were growing faster were often the ones spending more on sales and marketing as a percentage of revenue.

SALES & MARKETING % COSTS VS REVENUE



Outlier removed from the above chart for scale purposes.



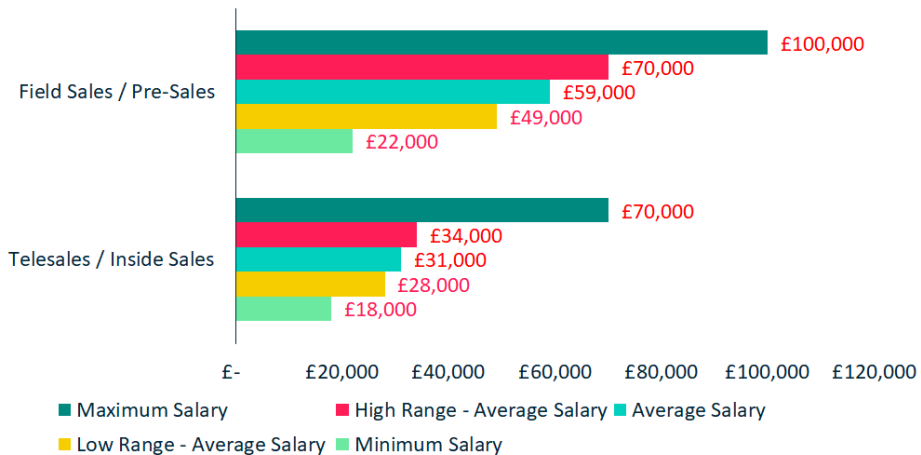
Salary increases delayed to control costs

Aggressively trying to control costs during such a turbulent year was a key initiative many sought to pursue in 2020. This often included delayed or even curtailed pay increases for many companies. The recruitment market however remained buoyant for the most sought-after.

We asked the cohort to provide salary information for various sales and marketing roles, specifically a high and low salary for each function. This enabled us to generate average high/low salary ranges for comparison.

When comparing average salaries, employees in field sales (£59,000) and marketing leadership (£54,000) were almost in-line with each other. Where they diverged was at the higher end of the salary scale, where the average in the high range for field sales staff (£70,000) was 23% more than for marketing leadership (£57,000).

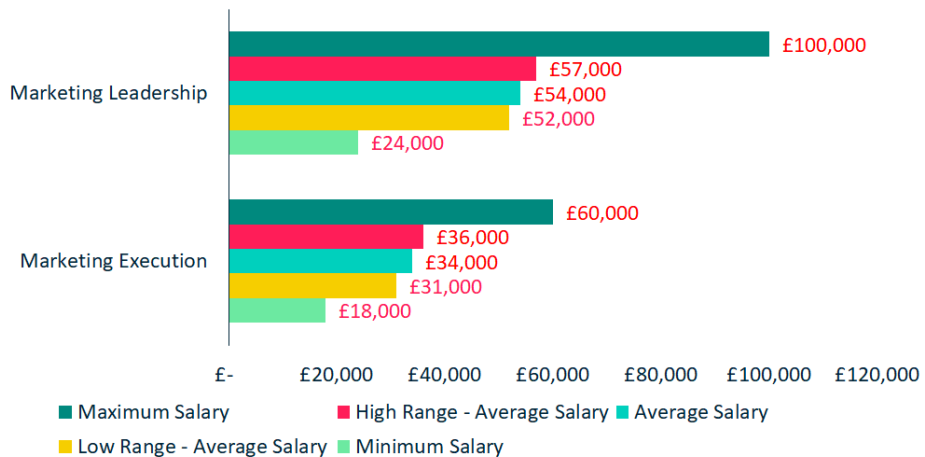
SALARIES - SALES





As can be seen from the chart above the salary range for field or pre-sales ranges from £22,000 all the way to £100,000 and telesales/inside sales ranges from £18,000 to £70,000. The disparity is largely determined by experience and the target that the individual carries. For example, a lower paid person is likely to have less experience and will also have a lower sales target. Whereas the more senior staff not only command higher salaries, but they also have more responsibility with a bigger target to hit.

SALARIES - MARKETING



The average marketing salary bands are quite closely clustered with a relatively tight spread between average high and average low salaries. For example, marketing leadership remuneration ranges from £52,000 at the low average to £57,000 at the high average. Only a small number of the larger Microsoft Partners were paying much higher salaries due to the larger teams that the individuals were managing.

This is also true for the marketing execution roles with average ranges only diverging from £31,000 to £36,000, indicating that most Microsoft Partners are closely aligned on their compensation for marketing roles.



Variable Compensation – Key factors

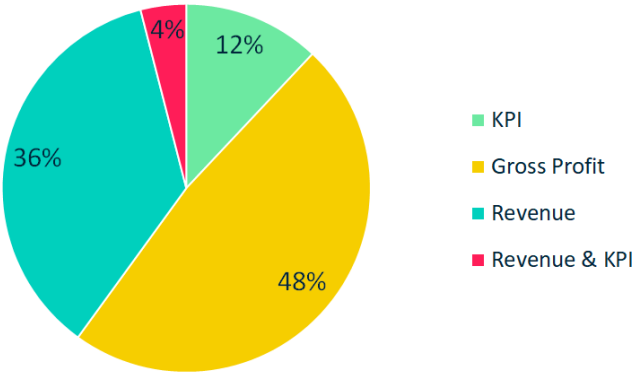
Driving sales growth, meeting revenue targets and ultimately finding the right incentivisation mix between fixed salary and variable pay/commission for employees to meet these goals, is a constantly evolving topic.

When discussing this with the group, those that have dedicated sales staff, 83% of them said they pay a variable component within their total compensation structure.

Within this subset of companies, the average guaranteed/variable income ratio was 70% guaranteed and 30% variable, with just under one third of the group using a 50%/50% ratio.

Creating an incentivisation structure that mutually benefits the employee and the employer is key to longevity and sustainability. We were interested to find out more about how the Partners quantify and measure the variable pay component and what exactly is it based on?

WHAT IS THE VARIABLE OR COMMISSION PAY BASED ON?





Almost a half of the group pay commission based on gross profit rather than revenue, therefore incentivising sales staff to focus on maintaining margins and not offering discounts purely to win deals.

It was also interesting to note that 16% of companies had pay linked to Key Performance Indicators (KPI). This is a growing trend amongst employers to reward sales members for demonstrating the appropriate behaviours, whether that be selling more of one type of product than another, adding value by cross-selling with other parts of the business, or even tying compensation to customer lifetime value for the firm.



“We’ve really had to focus on looking after our clients. With sales strategy, we’ve targeted and got account managers to be really focused around KPIs.”

CHAPTER 8:

Office space

In this chapter we spoke to senior leaders at the UK's top Microsoft Partners to get their thoughts on office space; has the turbulence of the last 12 months changed their mindset when considering office space requirements? What did they learn and what does it mean for their companies?

The COVID-19 pandemic has without doubt changed the way we will work going forward. From the looming uncertainty of future national lockdowns, demand from employees to continue working from home in some capacity, or the need for social distancing in the workplace.... the effects look set to have an impact for quite some time. We sat down for 1-to-1 interviews to discuss the issues in more detail. Where possible we have used each CEO's own words.



Office Space - Current State

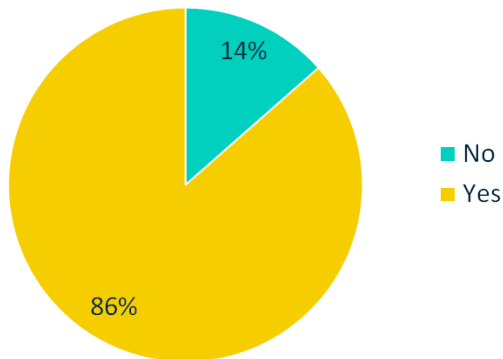
The first point we wanted to clarify was if the Microsoft Partners in our group even have offices? It's almost taken for granted that the answer will always be 'yes', however more and more firms in the sector are moving to a completely remote working model, spurred on by employee sentiment and rapidly changing technology that makes this move ever more seamless.



"We've always worked virtually, we don't have an office. So not a lot has really changed. The only thing that has changed is how we engage with customers."

"We don't have an office anymore.... it hasn't been an issue losing this as many of our people were used to working from home."

DO YOU HAVE OFFICES?





Our results showed that 14% of companies have no offices at all and work entirely remotely. It was interesting to note that approximately half of this subset had no office space prior to the pandemic, whereas the other half had decided to relinquish their office space after the pandemic had started.



“We didn’t renew our office lease in June, and we are now 100% virtual company. Going well so far.”

“We got rid of the office in the middle of the pandemic. It made sense.”

Future Plans

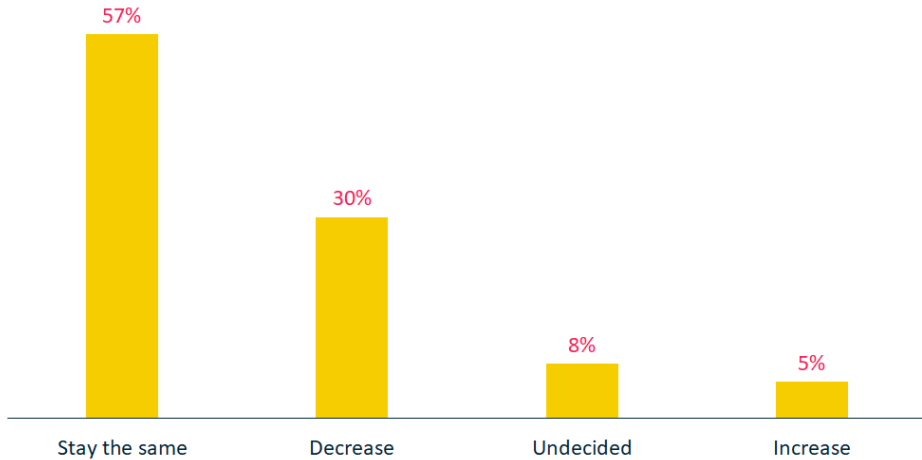
Given the disruption of the previous 12 months, coupled with potential future economic headwinds on the back of the pandemic, it is unsurprising to see that only 5% of CEO’s surveyed intended to increase their physical office space.



“Just before the pandemic we had a verbal commitment to double our space. We obviously held on that, but we want to go ahead with more space.”



WHAT ARE YOUR INTENTIONS WITH REGARDS TO OFFICE SPACE?



Just over half of the companies (57%) taking part had a more cautious outlook and said they expected their office space requirements to stay the same. Also included in this number were respondents who have no offices and intend to continue as such. In addition, included in this category were several companies in the group who own their building and who were committed to making the situation work.




“I own the building so hopefully things will stay the same! Our office area is quite modern, lots of hot desks, gather spots, etc.”

“We won’t go back to how we had it before. Some people will work remotely going forward. We’ll still have a sales office presence but think they will not go in so much. We own our own premises, it should be fit for the growth we have planned.”




Others had highlighted the fact that landlords had been prepared to offer preferable leasing terms during this difficult period, leading them to maintain their office space.

A decorative graphic on the left side of a dark blue banner, consisting of several overlapping pink paperclip shapes.

“I have a lovely office, I thought we would be at capacity, I am being offered a great rate/deal so it has been great. So stay the same, even though we are growing.”

Only 8% remain undecided on their plans, with many of these CEO’s concerned about future growth in the business or how to best to accommodate their employees and balance working remotely with returning to the office.

A decorative graphic on the left side of a dark blue banner, consisting of several overlapping pink paperclip shapes.

“Some people would welcome a return to physical working space. I don’t know yet what we will do on office space.”

“Unsure. We have to either give six months’ notice and move out in November or sign up to another 5 years. We need a crystal ball.... it might be a case of coming back in part. So, an office for 60 might only have 20 socially distanced. Or we go fully remote, but I don’t get the sense people will want this.”

Almost a third of the group (30%) confirmed they were looking to downsize in future or had taken the plunge and already cut their office space. Although many factors came in to play when coming to the to the conclusion that downsizing was the right decision, cost-saving was an obvious but compelling reason for most Microsoft Partners.



"We moved offices from 70 desks to a flexible office space operation like WeWork of just 16 desks. Saved us £16,000 a month."

Almost all of the leaders we spoke to in this category however highlighted the fact that they felt the way their businesses were set-up had without doubt changed forever and they could not justify maintaining the same amount of office space.



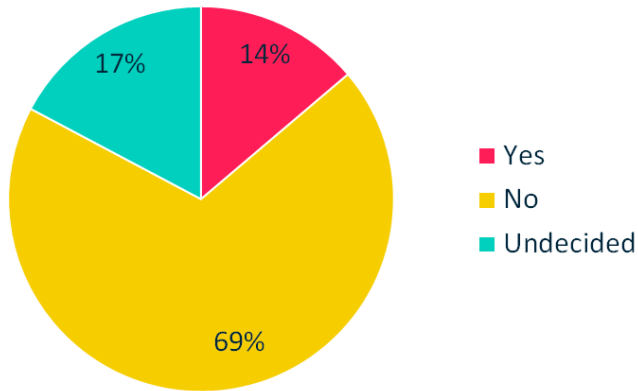
"We've closed one [office] and will close another.... We won't go back to so many people in the office and are really looking at what space we need for how we work. We are scaling up but won't see this in our office costs."



No Going Back

We were interested to know if CEO's thought their companies would ever revert to having an office at full capacity.

WILL YOU EVER RETURN TO HAVING ALL EMPLOYEES IN THE OFFICE?



It might not come as a surprise that just over two thirds (69%) thought they would never go back to having all employees in the office, and this echoes the sentiments from previous points discussed.

"I don't think we will be working the way we used to again. I won't go back to 5 days a week in the office again."

"We are never going back to full time in the office."



A New Approach

When digging into this point further, a common theme amongst the cohort emerged of needing to 'change the way we work', not just addressing the standard 9am to 5pm office routine but also how teams interacted with each other and how best to set-up the office for a new approach. Most leaders felt flexibility in giving employees the choice of when to work from home or the office would become the new normal. Many of the group said they were considering adapting the office space to enable more collaboration between teams that might be scheduled to come in on the same day (e.g. sales & marketing), more meeting rooms for team gatherings and fostering creative sessions, but less individual desks/stations.



"We have about 35+ staff. Our office can take 70 people. We will be changing the kind of space we will have – changing to more modern collaborative spaces, not loads of desks bunched together."

"The shift will be what we use that space for, i.e. workshoping with others rather than doing all their work in the office."

"We surveyed people pretty vigorously about what their appetite was to come back to the office. People felt they could do their jobs functionally perfectly well from home, but they missed the team and interaction."

"We are expecting to have to negotiate and come to terms with different ways of people being in the office."

"No one wants to stay working from home forever. We have an office built for growth, which we think will probably suit us in the future, with an element of hot desking and flexible working."



CASE STUDY #3

ABOUT ANS

ANS delighted by the legal support they need to provide seamless service

The logo for ANS, consisting of the lowercase letters "ans" in a bold, white, sans-serif font.

Innovative digital and cloud experts, ANS, deliver end-to-end digital transformation – from cloud enablement to using your data to make intelligent business decisions. They are Microsoft Azure Expert MSP, Dynamics 365 Specialist and an AWS MSP.



“We needed Law 365 to help manage the contracts while our in house legal was on maternity leave. Their flexible subscription model and excellent responsive service has made it a seamless transition. They’ve covered all our contract requirements and it’s been a top notch service from start to finish. We highly recommend them!”



Chris Hodgson,
COO, ANS



CHAPTER 9:

Legal Services



Commercial Lawyers

A commercial lawyer will have your business and interests in mind and will ensure that you are legally covered from all aspects of risk prior to entering in to any sort of transaction with a client or supplier. They will be able to identify the potential risks to your business and advise how to negate or minimise them. However not all Microsoft Partners use a lawyer. We have used the respondents’ own words where possible.

We asked the leaders within our group whether or not they used commercial lawyers, for example to negotiate customer and supplier contracts (excluding HR issues).

DOES YOUR ORGANISATION USE COMMERCIAL LAWYERS?



Only 14% on the group said that they use a lawyer on regular basis to handle contractual issues. One third (33%) said they only involve a law firm for either the most complex type of contracts or in instances where the contract value was greater than normal. At the other end of the spectrum it came as somewhat of a surprise to find that just over a quarter of all respondents (27%) either never, or very rarely, use a commercial lawyer.



"It's interesting as a couple of years ago we wouldn't have envisaged spending so much on legal services, but they are worth it - having a high quality legal team is so important."

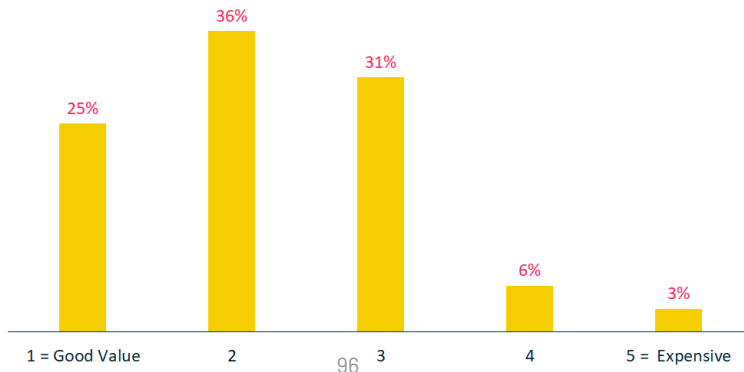
"I used to be really wary of legal services but I am converted."

Legal fees

We couldn't have a discussion about legal services without talking about legal fees. Part of the reluctance to employ a lawyer often stems from the fact that there is a perception that a client is not getting value for money. Traditionally law firms bill clients for every six minutes of work, which quickly ends up as a hefty legal bill regardless of how complex the work undertaken was. A lawyer's typical response is, "the more time I spend on this, the more thorough I am, therefore the more protected you are". While this may be true to get the most protection, it is not good for most Microsoft Partner's bank accounts.

This then leads to selective use of lawyers on bigger contracts or with bigger customers, which accounts for about 58% of the use of lawyers (see the previous chart). Although this helps Microsoft Partners to reduce their overall legal bill, it leaves them exposed to risk in the contracts and negotiations that they do not use lawyers for. In terms of value for money, we discussed this issue with the group to get their thoughts.

HOW WOULD YOU RATE THE VALUE OF HIRING A LAWYER?





Almost two-thirds (61%) of CEO's felt hiring a lawyer was positive in terms of value (score 1 or 2). Only 9% in total said that it did not represent good value and was expensive (score 4 or 5). The average score for the survey was 2.3, indicating that Microsoft Partners were overall relatively pleased with the value they had received from their legal teams. Several CEO's in group said that lawyers provide an essential service but did not necessarily represent great value for money.



"Lawyers are expensive but valuable."

"Essential but hard to say great value!"

"I don't think it's good value for money but it is necessary and provides me with confidence."



Subscription vs Ad Hoc Fees

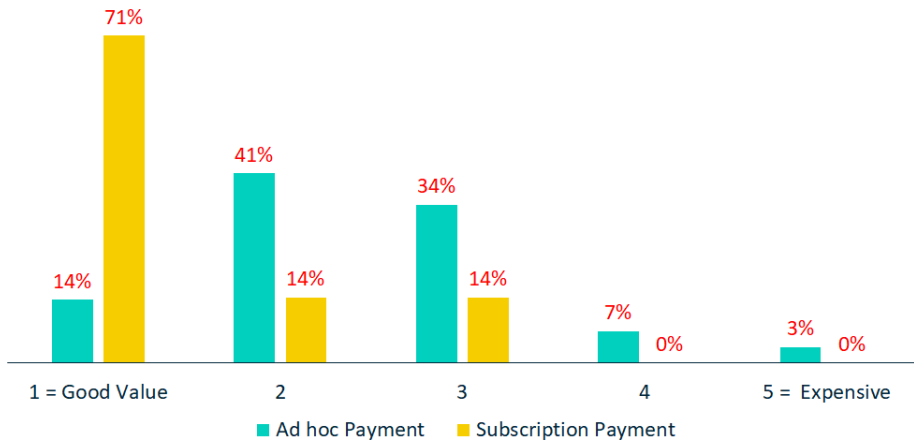
Within the group 19% of the companies were employing a legal service provider via a subscription payment package. This new billing model utilises a lower fixed cost monthly retainer which gives the client a pre-determined number of monthly credits/tokens which can then be used against any type of legal work, from a review of a Non-Disclosure Agreement (NDA) to the creation of an End-User Licence Agreement (EULA), or even the full services of lawyer to get a complex deal over the line (i.e. multiple rounds of contract review and negotiation). The subscription model also enables companies to easily budget for legal costs in addition to reducing their overall annual legal bill when compared to ad hoc fees.



“Having someone from our legal team on a call is absolute value.”

When sub-categorizing the ‘value’ scores from the bar chart above, to split out those companies that were paying a lower monthly subscription fee versus those that were paying higher one-off ad hoc fees, the results showed a clear trend.

**HOW WOULD YOU RATE THE VALUE OF HIRING A LAWYER?
SUBSCRIPTION VS AD HOC PAYMENT**





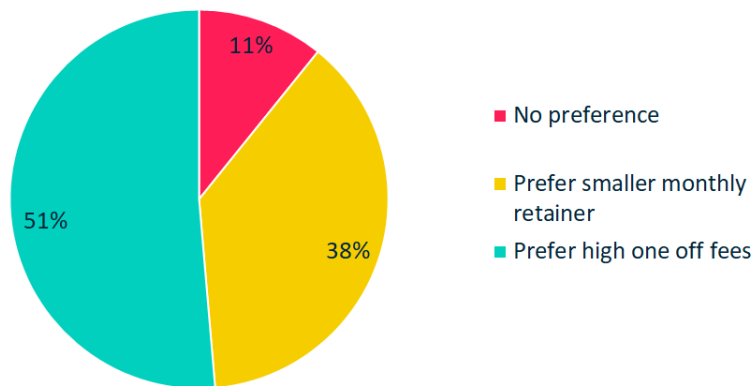
Almost three quarters (71%) of companies with a subscription payment arrangement said it represented 'good value' (score = 1), this contrasted to only 14% of companies who pay for legal services on an ad hoc or case-by-case basis. At the opposite end of the scale nobody using a subscription service felt it was expensive or represents poor value (score 4 or 5), compared to 10% of firms paying ad hoc fees who felt it was poor value and expensive. It was interesting to note that the average 'value' score amongst the group for subscription clients was 1.4, compared to 2.4 for ad hoc payers (-42% versus subscription).



"We have credits to use each month. They have a fixed price, so it's in their interest to be efficient."

We were intrigued to know if the group had a preference for how fees were structured given there has been an increasing shift away from the traditional billing/time methodology to more firms offering fixed pricing.

HOW WOULD YOU PREFER TO HAVE LEGAL FEES STRUCTURED?



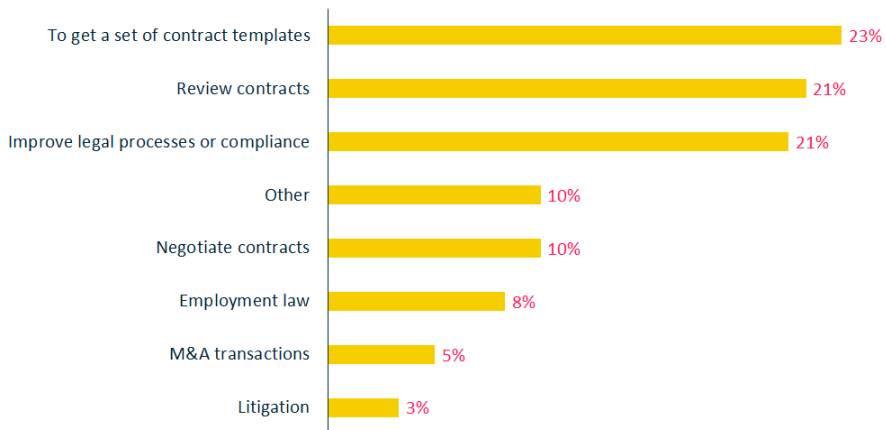


Over half of the leaders (51%) said they would prefer to pay high one-off fees (e.g. £5k to £15k per single contract review and negotiation), with just over one third (38%) preferring an option to pay a smaller monthly fixed fee to access legal services every month whenever they needed it. This preference for high one-off fees seemed at odds with some of the 'value for money' scores seen in the previous chart when considering that 44% of companies who pay on an ad hoc basis rated them only 3 (average value), 4 (average/poor value) or 5 (expensive, poor value).

Types of Work

There was quite a wide spectrum of answers when it came to discussing what work Microsoft Partners hired lawyers to carry out.

REASONS FOR USING PROFESSIONAL LEGAL SERVICES





The most popular requirement was without doubt contracts; drafting, negotiating, reviewing, purchasing templates..... it was the single biggest driver of legal support and accounted for over half (54%) of the responses.



"Prior to working with Law 365 We felt our contracts were ok but we thought we should tighten them up."

"We have our own MSA so we negotiate that ourselves. If it is the customer's contract we send that out for a legal review."

"We use lawyers to structure initial contracts."

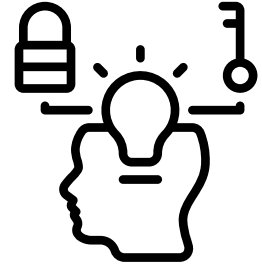
"What works is the NDA process - turning them around at speed."

In fact, hiring a lawyer for a contract review in the situation where a Microsoft Partner was using their client's contract instead of their own was a popular response. This a relatively common occurrence when dealing with enterprise clients who are often able to dictate that their contract template be used.



"I work with big managing agents where I feel like don't have much choice but to accept their terms, so I don't use lawyers, although maybe I should."

Intellectual Property



Intellectual Property (IP) rights were also a key area where many in the group sought advice from lawyers, and for good reason too. Many standard contracts provided by customers that Microsoft Partners are asked to sign state that the “customer will own all intellectual property including any pre-existing and general know-how”.

This is not ideal for a Microsoft Partner to agree to as typically every Partner has some pre-existing level of IP or knowledge, hence the reason why the client awarded them the business in the first place. However, most IP clauses by default mean that the end customer could end up owning all IP imbedded within the project, even IP the Partner created and owned prior the commencement of the customer’s project. This includes all ‘know-how’, methodologies employed, or the template used for configuration. Furthermore, it is problematic if the Partner customises software and uses any of their own existing code or modules to speed up the development process, as they are then contractually giving all this up to the customer. This situation can also potentially prohibit the Partner from using it again on future client projects.

The most profitable Microsoft Partners re-use templates, know-how, methodologies, code bases, configuration scripts and even build guides, to increase efficiency and generate high quality outputs. It is therefore in their interests to not give this away to the end customer. IP clauses need to be worded in such a way to protect the Partner, for example, so that the Partner retains at least all pre-existing IP, any ‘know-how’ and general IP used in the creation of any bespoke IP. This allows them to re-use this for other clients.



Improving the Sales Negotiations

Several CEO's felt that their sales teams sometimes "showed naivety" in the contract discussion process with clients, and they valued lawyers for several reasons.

- 1** A lawyer is able to play the 'bad cop' role during negotiations with the end client if needed, ensuring the Partner gets a great commercial deal and fair contractual terms. Left alone, the sales person the salesperson could sometimes be less worried about contractual terms and could be too accommodating in the negotiations to ensure they win the business and collected their commission.
- 2** With a lawyer undertaking the actual negotiation with the client, this then freed up the CEO from attending the meeting to work on more productive things, safe in the knowledge the deal would be closed properly and there would be no "giving in to last minute demands from the client".
- 3** They would use a lawyer to provide training and workshops for salespeople to help them be better equipped to understand contract terms. Law 365 provide this service to their clients as part of the subscription offering.



Other Areas of Legal Help

There was also a general consensus that “one-off tactical issues” and “things we don’t do every single day”, for example understanding new markets or applying for government licenses, were areas where many participants would hire a lawyer. And although most participants were using their legal teams proactively there were instances when they were used in a more reactive way, or as one senior leader put it, they hire lawyers ‘when things go wrong!’.

A small percentage of the group we spoke to already had internal legal counsel within their company, however they sometimes use an external legal team to assist with the workload during busy periods or to leverage specialist knowledge in a particular field.




“We use [external lawyers] as an overflow team. We have general counsel.”

“Even though we have an in-house lawyer, they are backlogged, so we use Law 365 as specialists to help our sales team negotiate deals.”



Negotiating Contracts

One of the main reasons given by CEO's as to why they do not use lawyers was that their companies already had a selection of pre-existing contract templates that would be continually used for new deals.



"We don't accept arbitrary changes and have a standard contract. If we work with a public body we may make an exception."

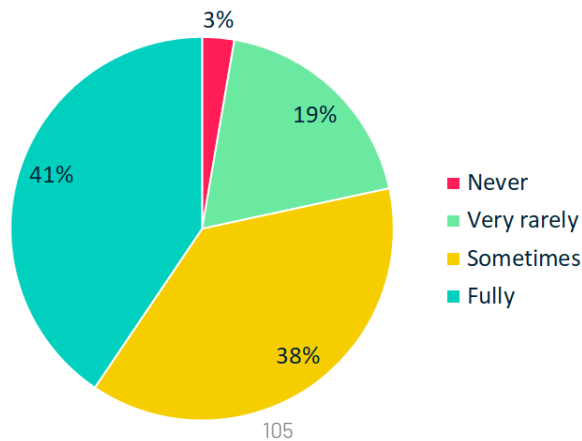
"We try and use our standard contract where we can."

"Tend not to use lawyers. We don't do non-standard contracts."

"We have a historical base of contracts I use."

Following on from this point we wanted to know more.

DOES YOUR ORGANISATION NEGOTIATE CONTRACTS?

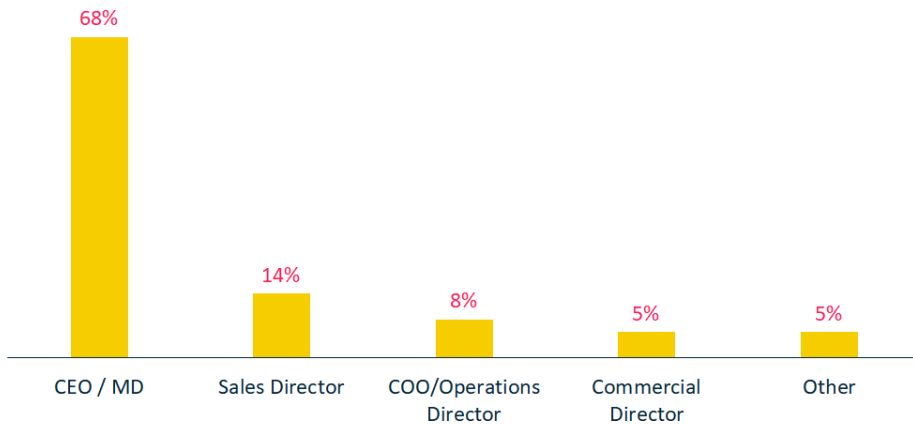




Only 41% of the group said they fully negotiate contracts with their clients and suppliers. It was surprising to learn that almost a quarter of the group (22%) either very rarely or never negotiated contracts. This highlights that many Microsoft Partners are potentially operating with too much contractual risk. In our experience of performing contract audits it is often surprising how much risk is in fact is being carried by companies without realising it. This unnecessary risk is also bad for company valuations as during any company sale process, the buyer conducts a due diligence process of which a key area is legal. When a buyer finds too much risk in the client contracts it can often be used as reason to reduce the offer price.

For the companies who do negotiate contracts the conversation moved on to discussing which person has responsibility for driving those negotiations.

WHO NEGOTIATES CONTRACTS WITHIN YOUR ORGANIZATION?



Overwhelmingly it was the CEO/Managing Director who was the point person in the negotiation process. In many cases though the CEO and sales director would work in tandem during this period.

Despite all the contracts being reviewed by those without formal legal knowledge, our data collected from previous surveys showed that 74% of C-suite level leaders in Microsoft Partners described their knowledge of contracts as 'good' or 'excellent'.



However delving deeper, of that 74%:

15%

did not know what an indemnity was.

24%

did not know what the risks are in limitations of liabilities.

35%

35% agree to or do not understand 'time is of the essence' language.

Bringing a lawyer into the process can negate or minimise these overlooked risks for the business.



CHAPTER 10:

Business Applications & Systems

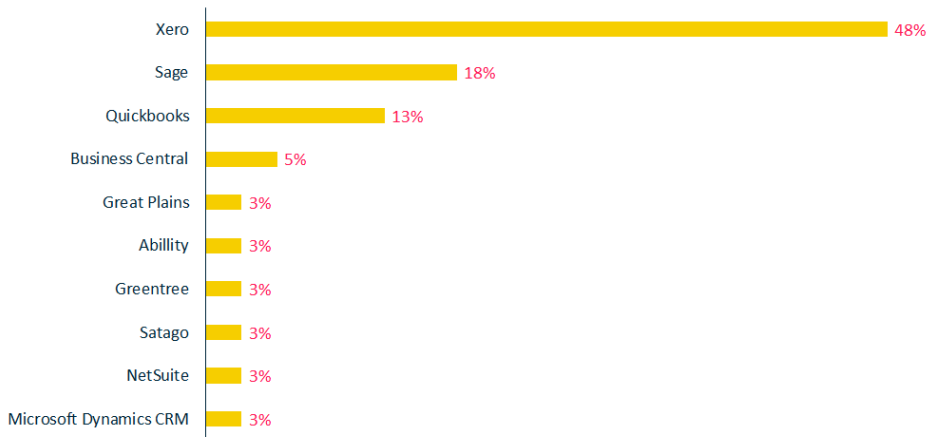
In this final chapter we show the results of data collected from our survey on business applications and systems. We reveal the most popular and adopted applications amongst the UK's top Microsoft Partners that assist them in the day-to-day running of their businesses, in the hope that you might find this useful to compare against your own.



Finance

One of the most important pieces of software with regards to the smooth day-to-day running of a business, finance and accounting systems handle everything for Microsoft Partners from employee payroll and client invoicing to expense claims and reporting to the tax man.

TOP 10 FINANCE & ACCOUNTING SYSTEMS



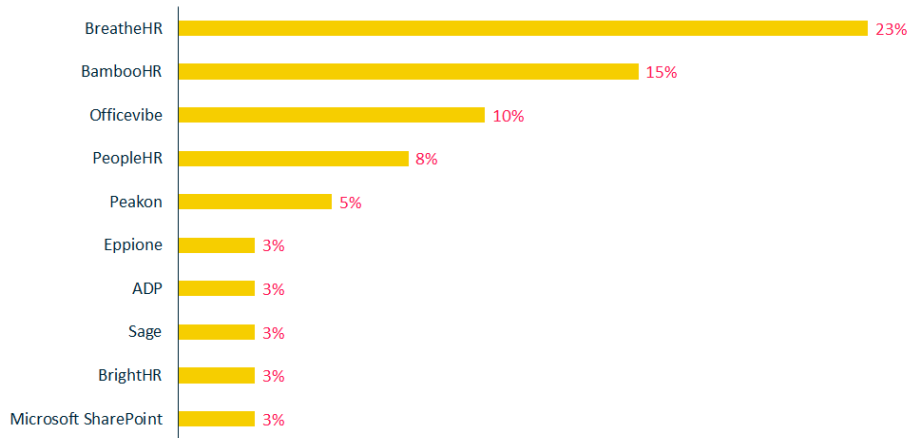
It's striking to see the market share that Xero has gained in only a short few years. Previously Sage, QuickBooks and Microsoft offerings such as Great Plains, AX or now Business Central would have topped the list.



Human Resources

We believe a Microsoft Partner's greatest asset is its employees. HR applications provide support from tracking of staff key performance metrics and analysis of employee engagement to payroll management and holiday/sick leave logging.

TOP 10 HR SYSTEMS

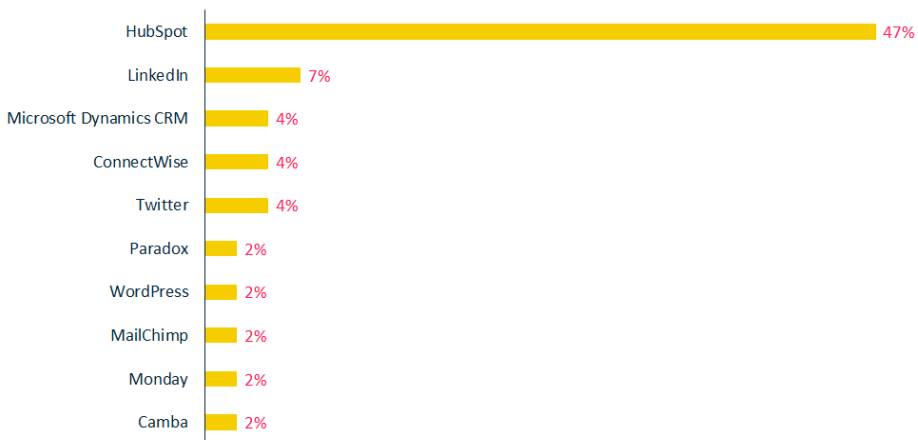




Marketing

The evolution of digital marketing has brought about a deluge of new applications to support a company's marketing efforts. While there is a vast array of systems available, it is interesting to see that the majority of Microsoft Partners are partially digitally advanced in their use of them, typically only using Content Management Systems (CMS), social media content scheduling tools and email marketing tools.

TOP 10 MARKETING SYSTEMS



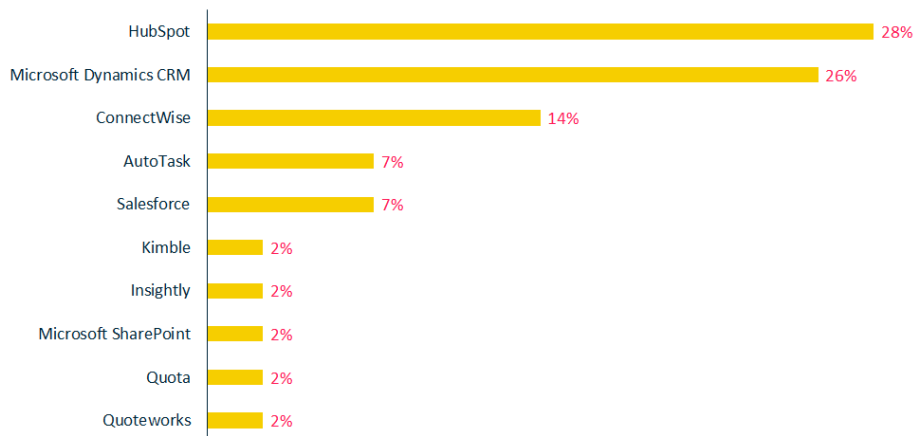
HubSpot is the clear leader in use by Microsoft Partners mainly due to its relative simplicity plus the combination of website CMS, blog management, analytics and CRM.



Sales

Linking your sales teams and strategy to other parts of your business is absolutely key in driving a business forward. Below are the most popular tools that assist in areas such as Client Relationship Management (CRM), lead generation, deal management, and sales forecasting.

TOP 10 SALES MANAGEMENT SYSTEMS



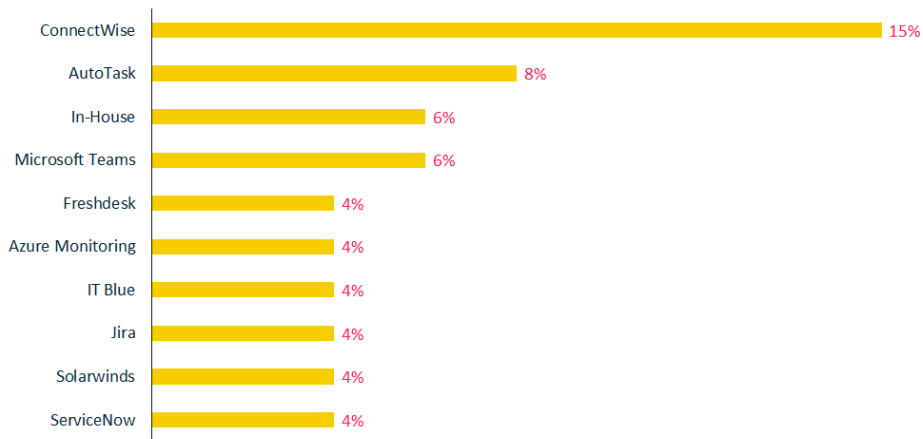
Hubspot took the top spot again, this time as the preferred CRM and sales management application. However it won't surprise most to see Microsoft Dynamics marginally behind in second place.



Operations

We wanted to know which operational applications Microsoft Partners trusted to handle professional services automation and functions such as customer service support and team collaboration tools. There is a broad mix of software in use as can be seen below.

TOP 10 OPERATIONS SYSTEMS

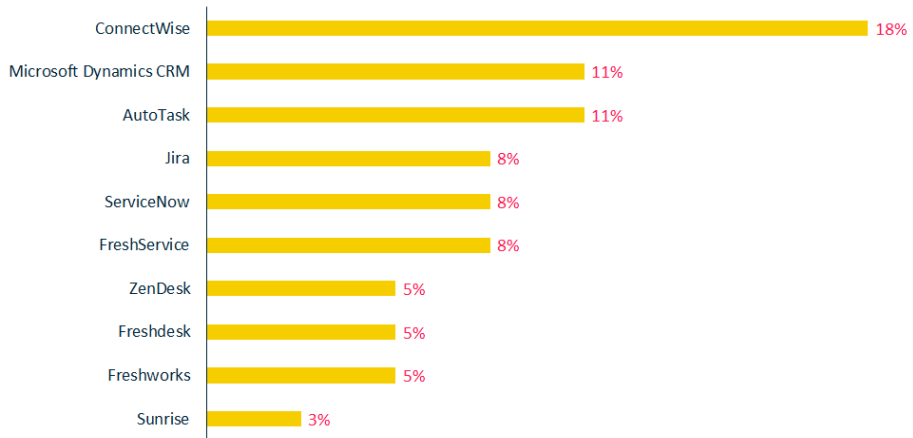




Support Desk

For many Microsoft Service Providers this is the engine that helps power their service desk and is also the tool that can deliver operational reporting, billing and customer self-service. MSPs are increasing their reliance on good systems integration to manage their business with the ability to procure Office 365 and other licences, virtual machines, hardware and provision Azure or other Microsoft services directly from the support system.

TOP 10 SUPPORT DESK SYSTEMS

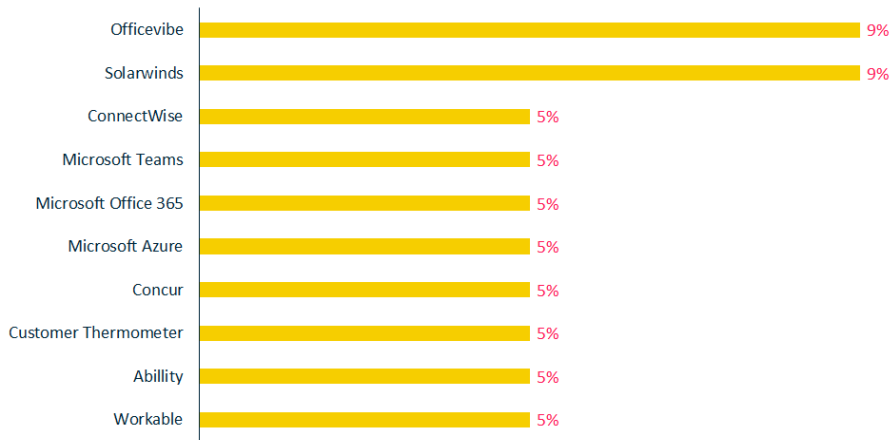




Other Applications

There were many other applications that respondents felt were important tools for their business but which fell outside of the categories previously mentioned. Here we summarise the most popular. We noticed an increase in the use of tools to monitor and manage employee engagement, such as Officevibe and also the use of systems such as Customer Thermometer to gauge customer satisfaction with your services.

TOP 10 SUPPORT DESK SYSTEMS



We hope you enjoyed this series and found the research useful as a benchmarking tool for your business.



3 reasons to choose Law 365

01 Our 'Forever Promise' to our clients.

We sell our legal services as a subscription for members, like Spotify or Netflix. Our clients pay a flat monthly fee tied to tangible results instead of the minute-counting or pools of hours that comes with the old model of billable hours. This makes your financial forecasting straightforward and easy to support. It also builds trust. At the beginning of our relationship with each client we make a commitment which we call our "Forever Promise." We promise that we will work with you to make sure your business is in the best possible shape and prepared for concrete and sustainable growth. We are creating a membership society with our Forever Promise.

02 Law 365 works exclusively for Microsoft Partners.

We know your business as well as you do, and sometimes we know it better because it's rare there's an issue we haven't seen before. We act as business advisors, not just lawyers, helping businesses grow with less risk.

03 Law 365 is a happy place to work.

Kim Simmonds doesn't just want to be disruptive in the way law firms work with clients, she wants to be disruptive in the way employees are treated too - Employee happiness is her main KPI. She provides every employee with a professional executive coach, every month. There are team coaching sessions too, yoga and meditation weekly, and special treats like gong baths, chocolate making sessions and cooking classes. Wellness is at the heart of the business. A happy healthy team provides top notch service.



About

Kim Simmonds

Kim Simmonds founded Law 365 in 2014, knowing that the traditional legal system was broken. As CEO, she's disrupting the legal profession with a new business model, selling legal services on a monthly subscription, charging for outcomes rather than minutes.

As well as running the business, overseeing the legal services, nurturing members and winning new clients, Kim also feels personally responsible for maintaining the wellbeing of her staff.

Prior to Law 365, she was an M&A Associate at Shearman & Sterling LLP. She has an LLM in International Business and Trade Law, graduating cum laude from Fordham University School of Law, and an LLB (European) from the University of Exeter.



What Microsoft Partner clients say about Law 365




"We were looking for a modern and innovative legal firm with a deep understanding of the complexities of the technology world. The on-boarding process was very efficient and incredibly fast, with a series of agreed tasks and activities underway within a few days. Law 365's commercial models were flexible and fitted our requirements perfectly."

Scott Dodds,
CEO at Ultima Business Solutions




"Having a legal Partner in Law 365 has given us the solid foundations to not only have great contracts and agreement templates to support our growth, but legal experts on hand who understand our industry and how Microsoft Partners work with customers. As part of the Partnership with Law 365, they took the time out to learn about our team and the customers we have and conducted an audit to identify any areas for immediate attention. They then provided us with recommendations and walked us through the contract documents provided through a client portal and clearly explained what we should be using when and what to look out for in any contracts supplied to us by customers. If you're a Microsoft Partner looking to have a stable foundation with contracts that protect your future, then Silicon Reef would recommend you speak to Law 365 today."

Alex Graves,
Co-Founder of Silicon Reef




"We chose Law 365 to help us because they're specialists in Microsoft contracts, Microsoft Partners and the IT/Software channel. It's been fantastic, they're always there when we need them."

Nicole Hill,
Sales Operations Manager at Grey Matter




"Kim, and the rest of the team at Law 365 have changed my opinion about the legal industry! I have been engaged with Law 365 for almost 3 years, and they have covered a variety of contracts for me ranging from simple supplier agreements through to multi-million pound managed service and international trade agreements! The single, stand out benefit of using Law 365 is the desire to help you 'reach an agreement'...less digging heels in to prove a point, and more discussion around the real issue and the risks for both parties. I can honestly say it is a pleasure working with Law 365, not something I have said very often when trying to agree business (and personal) legal agreements!

Richard Lockey,
Country Manager at Crayon UK




"Law 365 very quickly get to grips with issues and take a pragmatic approach to getting deals over the line in a timely manner without allowing their clients to take on unnecessary commercial exposure."

Sean Roberts,
Managing Director, Inframom




"I would highly recommend Law 365. They bring an important balance of credible professionalism and a human touch to everything. Great at fostering relationships whilst never deviating from the end objective."

Matthew Eckersall,
Senior Sales Director Cloud Services, Oracle



"We found Law 365 at a Microsoft conference and decided to give them a try. It was one of the best decisions we have ever made! The team are incredibly responsive, knowledgeable and professional. Whilst we don't often say this about legal/ accounting, we love working with everyone at Law 365."

Twan van Beers,
Director and Infrastructure Architect at Nero Blanco



"Kim and her team completely overhauled all of our service agreements at very short notice and with an exceptionally rapid turnaround to allow Pro Drive to secure a prestigious and complex new contract. Her deep understanding of IT Managed Services businesses made it a painless process to translate the needs of our company and our clients into a robust legal agreement. Kim is a pleasure to work with and I have no hesitation recommending Law 365!"

Bruce Penson,
Managing Director at Pro Drive IT Ltd



“Kim and her team are absolute professionals. Over the past four years Kim has worked on some complex multi service projects and helped to negotiate and close them. Her attention to detail is second to none. I have no hesitation in recommending Kim or any of her team.”

Simon Maddock,
Business Director at Content + Cloud



“I’ve relied extensively on Kim and the team as we standardise our paperwork across our customer base. The team are very responsive to my requests and always manage to deliver within the agreed timeframes. Law 365 have been a great business for us to partner with.”

Kieran Sutherland,
Commercial Lead at COEO



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