Cloud OS Opportunity

■■ Microsoft

FY15 SPLA Hoster Playbook:
Transforming Customers for Growth

*Business Development and GTM Tools
for Expanding Your Microsoft Cloud
Services Revenues*

August 2014

Contents

NOTE TO SPLA RESELLERS: This playbook has been written in your voice to provide guidance to your Hosters. Update this playbook with your branding and any additional messaging, then deliver it to your Hosters along with GTM materials.

Welcome Hoster!

Welcome to the FY15 SPLA Hoster Playbook, your primary resource for building your Microsoft cloud hosting business.

About This Playbook

This playbook provides resources, requirements, definitions, guidance and best practices for selling Service Provider License Agreement (SPLA) licenses for Microsoft Cloud Services products to small and medium-size businesses (SMBs) and enterprise end customers.

Because you are a hosting service provider ("Hoster"), this playbook can help you:

- Be **SUCCESSFUL** in using the Microsoft Cloud OS workloads to attract and upsell customers.
- Increase **REVENUE** by enabling you to expand you current scope of hosted services.
- Stay **ALIGNED** with your SPLA Reseller's (SPLA-R's) Cloud OS business to scale profits together.

Expand to Meet Demand

Using this playbook and the other materials on this [drive/folder], you can:

- Learn about the current state of cloud services evolution at Microsoft and its role in the market.
- Develop a strategic plan with your SPLA-R to determine the best way to take new hosted offers to market.
- Engage your end customers in value- and revenue-driven conversations about consuming Cloud OS workloads.
- Increase your hosting business by marketing Cloud OS solutions to your existing and expanding customer base.

Your SPLA-R is Here to Help

Your new hosted services strategic plan will be most successful if you get some help from Microsoft and your SPLA-R.

This [drive/folder] also contains the following materials to help you execute end customer Cloud OS sales:

- **Tele Discussion Guides** for talking to end customers about Cloud OS and the new services you will provide
- **Marketing Templates**, ready for your branding, to help you target and sell Cloud OS solutions to end customers
- **"Pay As You Grow"** infographic summarizing the reasons your customers will want to buy Cloud OS solutions

The Resources section at the end of this playbook includes additional links to helpful guidance and tools for Hosters.

The Cloud OS Opportunity

The IT market is always transforming itself. End customers, service providers, and Microsoft resellers are all aware of cloud-based IT services, but everyone seems to have a different story about what it means to them. Meanwhile, each segment seeks to benefit from the opportunity. End customers want the ingenuity and cost efficiencies that hosted services promise, while service providers like you want a strategy for maximizing revenue.

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As one of the world's largest hosters and developers of hosted technologies, Microsoft offers its partners many unique opportunities to profit from the hosted services supply chain at scale. The opportunity is constantly expanding as enterprise and SMB customers alike reevaluate their IT investments and look toward cloud-based solutions.

In the *mobile first, cloud first* era of IT computing, Hosters like you are ideally positioned to grow the hosted services market by subscribing to SPLA-based hosted solutions through your SPLA-R and then reselling those subscriptions as new services to your end customers.

And it all starts with Cloud OS.

SPLA = Path to Revenue

With Cloud OS, Microsoft has built a comprehensive hosted services platform designed to meet a variety of customer requirements and expectations. It has also built a profit engine designed to maximize channel revenue, based on a specific program for participation. By purchasing a SPLA license from your SPLA-R, you enable your business to sell usage of Cloud OS applications to as many customers as you can find when marketing your newly expanded services.

As a Hoster, you profit from this opportunity by:

1. Working with your SPLA-R to acquire the SPLA licensing framework
2. Learning about the five Cloud OS-supported customer workloads and what they deliver
3. Deploying some or all workloads based on market opportunities and customer demand
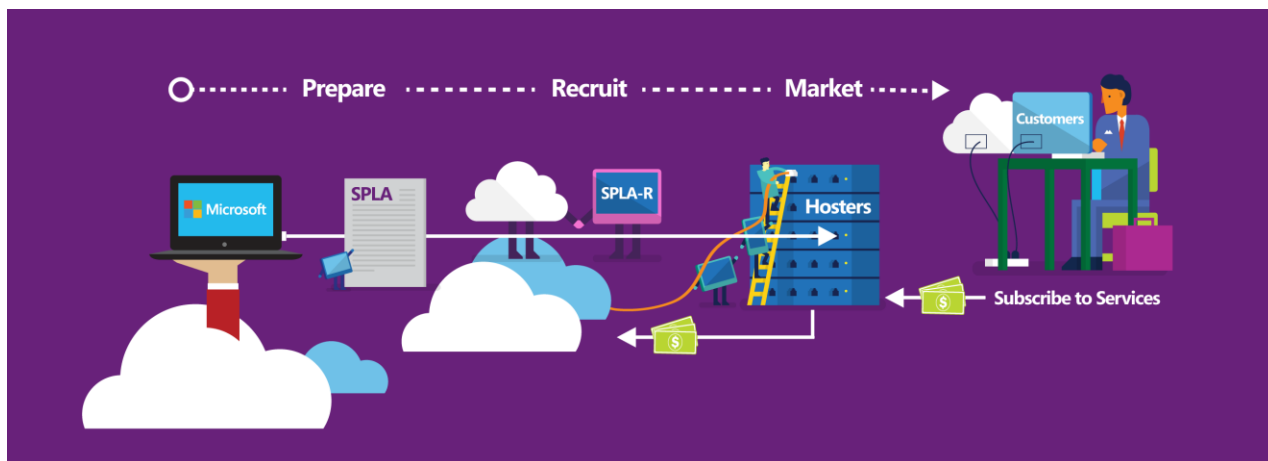4. Marketing and selling Cloud OS hosted services to your new and existing customers

Fig. 1. Cloud OS enables the proliferation of license revenue within the Microsoft hosted services channel.

The details about SPLA revenue are described later in this playbook. For now, simply know this: By leveraging your customer relationships, you can use Cloud OS to increase your service offerings, and thereby your revenue streams. By doing this, you *accelerate cloud transformation* both in your business and in the global marketplace.

What is Cloud OS?

Fig. 2. Cloud OS high-level architecture, including enabled customer workloads.

Cloud OS uniquely enables a *single, consistent IT platform* across the three primary cloud environment types:

- **Private clouds** – residing within customer data centers
- **Third-party clouds** – hosted for the customer by Microsoft service providers (Hosters)
- **Public cloud** – hosted in Microsoft Azure

Increasingly, customers seek to use a combination of these clouds to support their IT needs, resulting in a *hybrid cloud environment*, configured as needed on a per-customer basis. The beauty of Cloud OS is that because it is based on Microsoft technologies, it still treats everything as one environment—even when it contains multiple hypervisors, such as VMware vSphere, Xen and Windows Server 2012 Hyper-V.
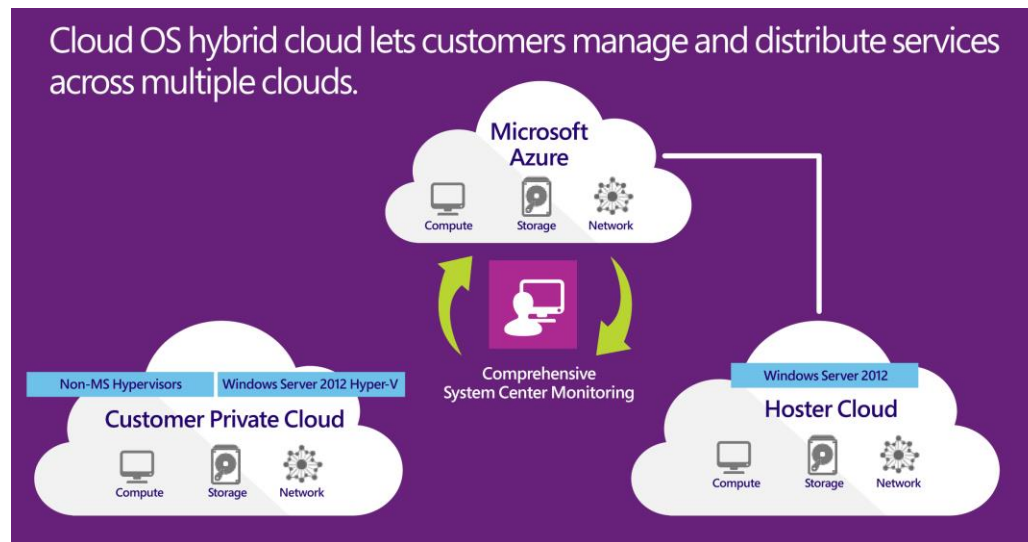

Fig 3. In Cloud OS, System Center manages all three cloud types and multiple hypervisors in a single, unified IT platform.

So, the Cloud OS value proposition that the Hoster can manage its hybrid cloud environment as a single platform using the features of the Cloud OS core technologies: Windows Server 2012 R2, Microsoft System Center, and Windows Azure Pack. In this way, Hosters can provide customers with more choice than ever before in bridging their on-premises IT investments to their strategic deployments in the cloud. This enables the Hoster to innovate faster, deliver new services and capabilities, improve market productivity, and lower infrastructure operating costs.

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Capitalizing on Cloud OS

As cloud adoption accelerates and competition in the hosted services space increases, Microsoft cloud partners are poised to benefit—but only if Hosters are able to differentiate their service offerings and market them to targeted portions of their customer base.

If that sounds challenging, there's good news: Microsoft has the platform, history, and proven cloud track record to help partners capitalize on hosted services trends. Consider the following facts:

- Hosters already have the customer base for Cloud OS, and many Hosters are already running Windows Server.
- Microsoft builds the Cloud OS applications that many customers want and use on-premises already.

Given these assets, success can be achieved when all three players—Microsoft, SPLA-Rs, and Hosters—focus on a single strategy: Generating new, recurring revenue streams through a proliferation of Hoster Cloud OS offerings in the channel, and empowering Hosters to market and sell these offerings to meet customer demand.

There Is Already Momentum

The Microsoft Hoster community is vibrant and growing fast:

- More than 5,000 new partners in 2014, including 16,500+ infrastructure hosting partners and nearly 10,000 application hosting partners.
- More than one-third of all virtualization hosting partners are now running Hyper-V.
- More than half of all enterprises use System Center, and usage is growing daily as Cloud OS demand increases.

One clear indicator of this trend is the increase in server order placement by Hosters. As the following figure shows, hosted x86 servers have a significantly increased market share over traditional enterprise servers.
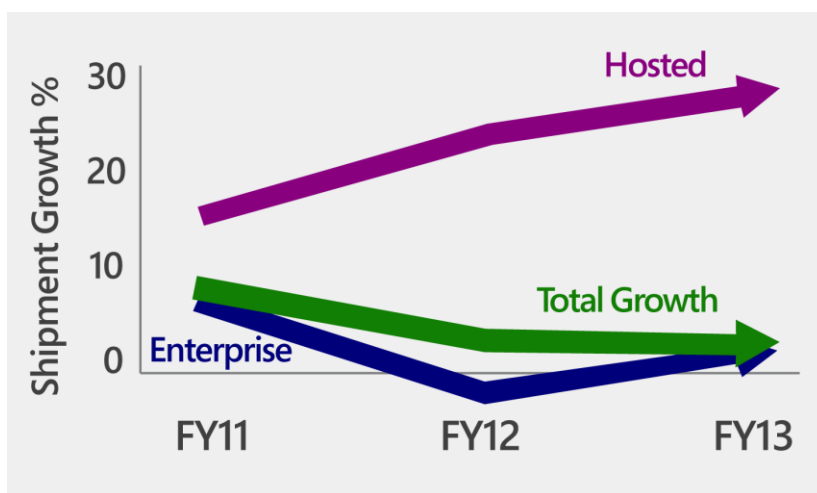

Fig. 4. Recent increase in hosted server demand over traditional enterprise servers. *(Source: IDC Tracker 2013)*

This pattern tracks to the recent and projected growth in SPLA revenues among Hosters who already sell Cloud OS, shown in the following figure relative to market growth overall:
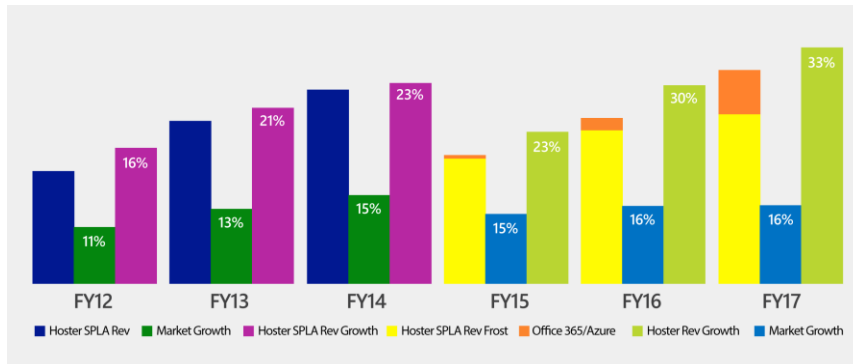

Fig. 5. Hoster revenue growth relative to market growth. *(Source: Microsoft internal, 2012)*

Industry analysts are also taking notice. Gartner recently positioned Microsoft in the desirable "Leaders" section of its Magic Quadrant for Cloud Infrastructure as a Service (IaaS), recognizing Microsoft completeness of vision and execution ability.
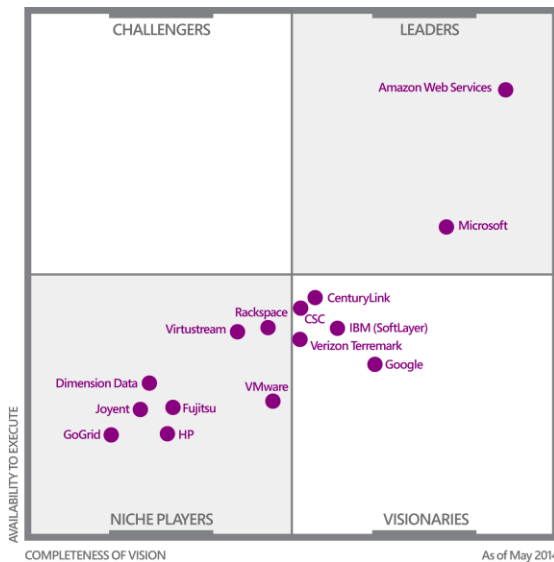

Fig. 6. Gartner Magic Quadrant for Cloud IaaS. *(Source: Gartner May 2014)*

In its analysis, Gartner highlighted five key strengths in the Cloud OS offering:

- *Validation of the Microsoft vision* including seamless extension and interoperability with on-premises Microsoft customer infrastructure.
- *Leadership* including the Microsoft brand, existing customer relationships, deep investments in engineering, aggressive roadmap, and history of global-class Internet offerings.
- *Competitive pricing* including enterprise discounts and special pricing for Microsoft Developer Network (MSDN) subscribers.
- *Platform as a Service (PaaS) integration* using virtual machines that are integrated into the overall offering.
- *Windows Azure Pack* user interface providing an Azure-like experience for on-premises customer and Hoster infrastructure.

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The overall momentum of Cloud OS can be summed up in the following data points:

- Hosted private cloud has the highest rate of growth for cloud-based infrastructure—32 percent of hosted spending in the past two years (see Figure 4). The SMB growth rate is expected to reach 38 percent by 2017. *(Source: IDC Tracker 2013)*
- Private-plus-third-party (Hoster) cloud is the dominant hybrid model among 61 percent of hybrid cloud users. *(Source: 451 Research Group, March 2013 study of 2,050 SMB and enterprise customers)*
- SPLA hosting is growing at a rate of 3x faster than traditional Microsoft licensing. *(Source: Microsoft internal, 2012)*
- Cloud solutions are projected to constitute 45 percent of total IT spend by 2020. *(Source: Forrester Research)*

Embracing Microsoft Azure

Microsoft Azure complements the Cloud OS offering by providing end customers with more choices for operating technologies in your hosted cloud environment. Specific markets for hosted solutions include customers whose data sovereignty and heavily customized infrastructures are of particular concern in their IT environments.

While Windows Azure Pack gives you and your customer an Azure-like toolset of services to run in your hybrid cloud data environment, the recent announcement that Azure is now available for open licensing allows increased opportunities for you to target your end customers with Azure solutions and profit from it within your existing business model and expanding customer base. Customers worldwide are demanding the flexible, affordable licensing model that Azure provides, along with its scalability and elasticity to meet their changing IT needs.

For more information about Azure, visit azure.microsoft.com/en-us.
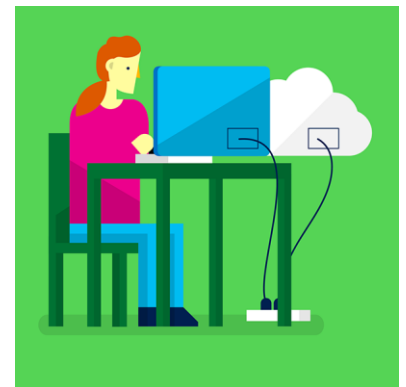
Mobile First, Cloud First: Driving Cloud OS Adoption

The SPLA licensing model enables Hosters to host Microsoft infrastructure products and applications on a pay-as-you-go basis with no annual contract for end customers. So, growing the Cloud OS footprint in your end customer base is key to capitalizing on SPLA revenues. Strategically, this means:

1. **Planning your Cloud OS business.** Understand the unique opportunity for your customer base and market segment. Review carefully the five Cloud OS workloads in this playbook and understand which ones you will sell to which customers. Partner with Microsoft and your SPLA-R to determine the best go-to-market (GTM) plan.

   When planning your Cloud OS business, you'll need to make the following types of decisions…

   Technical Decisions
   - o What Cloud OS technologies should you invest in to lower your costs and increase profitability?
   - o Which Cloud OS offers, services and solutions should you develop and support for customers?

Business Decisions
- o How can you use your Cloud OS to prepare for the future of your business?
- o How will you attract new customers and enter into new markets using Cloud OS solutions?

Go-to-Market Decisions
- o What Microsoft Cloud marketing strategies should you adopt to reach your customers?
- o How will you benchmark and measure the effectiveness of your Microsoft Cloud marketing efforts?

2. **Launching your Cloud OS marketing.** To take your Cloud OS offers to market, you must:
- o Train your sales team on the new services offered.
- o Study this playbook and review the available resources on the Microsoft Partner Network site.
- o Use the toolset included on this [drive/folder] to design a Microsoft Cloud campaign for your customers.
- o Launch your campaign using digital media, search engine optimization, and targeted telesales lists.

3. **Reporting usage and scaling your business.** Each month, you send usage reports to your SPLA-R, capturing data about the revenue you generated through your customers' Cloud OS usage. Meanwhile, using the Resources in this playbook and on the Microsoft Partner Network site, you continue marketing Cloud OS and expanding your business. Along the way, you measure the effectiveness of your business and make adjustments as needed.

As you identify more customer needs and map them to Cloud OS workloads, your revenues continue to scale.

Strategies for Success

Expanding your Cloud OS business is the key to modernizing your hosting business and achieving success at selling the new landscape of cloud solutions designed to meet your customers' needs. To do this, you need to understand the basics of marketing Cloud OS services to end customers, as well as how the various Cloud OS offers can be differentiated to provide unique value depending on a specific customer scenario.

In this way, reselling Cloud OS is a consultative, not a transactional, sale. Instead of matching some number of licenses to a customer's headcount, you must apply the basic market principles of qualifying and targeting customers to determine their overall needs, and guide teach customer to make the best decisions about which services you will provide.

The design and differentiation of these workloads is being driven by broad changes in the end-customer IT market:

- **Modern datacenter management.** As illustrated in the Cloud OS "hybrid cloud" value proposition, customers are demanding a centralized, simplified way to manage and automate their IT resources wherever those resources reside: in their own datacenter, in a cloud that the Hoster provides, or in Microsoft Azure.
- **Increased demand for collaboration tools.** Cloud-based productivity solutions like Office 365 account for more than 35 percent of revenue growth for productivity products in the market.
- **Reinvention of the desktop.** Currently, more than 2.3 million computer users worldwide are operating in a hosted desktop environment.
- **Fragmented workforce.** The ever-increasing availability of mobile devices and applications has created a "bring your own device" expectation on the part of users. IT looks to the cloud for innovative ways of supporting these needs by running any application on any device, wherever the user is physically located.
- **Explosion of data.** Big data, and the new breed of applications that comes with it, has many businesses seeking cloud-based solutions in order to maintain productivity as data proliferates faster than ever before.

The following sections summarize the strategies for achieving success at growing your Cloud OS revenues as a Hoster.

Know What Your Customers Want

The key to selling is understanding your customers' needs. As cloud technologies gain widespread acceptance and more companies realize what is possible in transforming their businesses, you must keep pace by mapping your hosted offerings to specific market needs. For example, the latest research at Microsoft shows that most small and medium businesses (SMB) rank *simplicity* (pay-as-you-go, uncomplicated licensing) and *flexibility* (access from anywhere on any device) as their top purchasing preferences. Work with Microsoft and your SPLA-R to identify and capitalize on the latest business marketing trends as you take your Cloud OS offerings to market.

Deploy the Five Cloud OS Workloads

You can offer up to five Cloud OS solution workloads to your end customers, depending on the your range of hosting capabilities and the end customer's needs:

- Web Hosting
- Infrastructure Hosting
- Database Hosting
- Desktop Hosting
- Application Hosting

The later section in this playbook, Selling Cloud OS Solutions, provides descriptions and guidance for selling each of the five primary Cloud OS workloads.

Demonstrate Thought Leadership and Microsoft Expertise

The Microsoft name goes a long way in marketing your Cloud OS solutions and establishing your credibility as a Cloud OS service provider. Just as Microsoft has invested many years in refining its offerings to give businesses the flexibility and efficiency they need, as a Microsoft partner selling Cloud OS solutions, you extend this reputation to your customers. As you deploy Cloud OS and market its offerings to your customers, continue to develop your knowledge of Microsoft technologies and establish your thought leadership to the customers you serve.

Use the Hoster GTM Materials

Your SPLA Reseller can provide materials to help you go to market quickly with your Microsoft Cloud end customer campaigns. Contact your SPLA-R to receive the following assets, all ready for you to add your branding and start using right away:

- Landing page
- Targeted email
- Banner ads
- Infographic

The Microsoft Partner Marketing Center also contains ready-to-use assets for Hosting Service Provider campaigns.

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Become a Microsoft Partner

The Microsoft Partner Network (MPN) is a business networking community and software repository for businesses who work with Microsoft. MPN offers three levels of enrollment for companies like yours to access resources and benefits. As an MPN member, you will have access to valuable marketing campaign assets, as well as community participation with large and small Microsoft partners all over the world.

Selling Cloud OS Solutions

This section provides detailed guidance for selling the five primary Cloud OS workloads: Hosted Web, Hosted Infrastructure, Hosted Database, Hosted Desktop, and Hosted Applications.

Selling Hosted Web Solutions
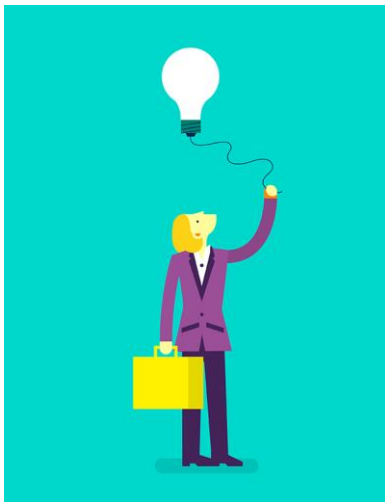
Web Hosting is the #1 hosted workload and is usually the foundational offering for most Service Providers. If your hosting partners are offering web hosting, ask them about their current hardware and software infrastructure- there may be an opportunity to modernize.

According to the AMI-Partners 2H2011 Routes to Market Report, the estimated market size of Web hosting in 2012 is $48 billion and a compound annual growth rate (CAGR) of 8 percent over the next three years.

The benefits of a Cloud OS Hosted Web solution include:

- Easy development, deployment & management through Windows Azure Pack
- Developing websites with preferred framework
  (ASP.net, Classic ASP, PHP, Node.js, etc.)
- Web App Gallery to access all of the popular web applications

Web Hosting directly benefits the following end customer types:

- Individual freelance web developers serving Small and Medium Business (SMB) market.
- In-house corporate web developers – typically mid-market/enterprise.
- Full service web/interactive agencies – typically serving mid-market/enterprise.

Hosters can promote the following benefits of Web Hosting with Windows Server 2012:

- Simplify management of massively scalable web farms
- Upgrade existing customers to higher margin offerings with Shared to Reserved instances
- Offer single/ multi-tenancy without high capital expense
- Provide customers a great experience out of the box

The ideal Hoster to sell Cloud OS Web Hosting solutions is a "born-in-the-cloud" Hoster or ISVs with hosted applications. Also, application hosting is a great add-on business for traditional Web Hosters, because they typically already have a Microsoft Cloud OS infrastructure in place and only need to add Microsoft productivity applications.

Selling Hosted Infrastructure Solutions

More businesses are turning to outsourcing providers for their IT infrastructure. Nearly 5 percent of the total server install base is expected to migrate to hosted infrastructure within the next five years. 451 Research estimates that hosting Infrastructure as a Service will grow 35% year over year through 2015. In addition, Cloud and traditional Service Providers will account for 12% of IT infrastructure spending by 2014 (IDC, Worldwide and Regional Public IT Cloud Services 2011-2015). Hosters who resell this workload will consume not only SPLA licenses, but also a rapidly increasing amount of storage, server and networking hardware.
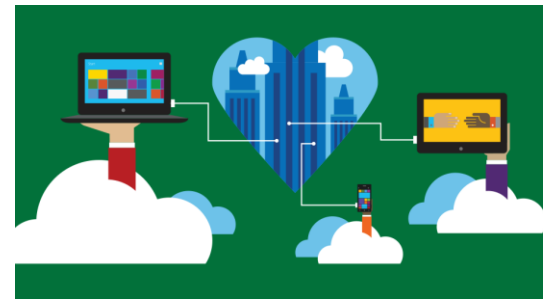
The benefits of a Cloud OS Hosted Infrastructure solution include:

- Massively scalable hardware resources (e.g., CPU cycles, storage, networking, etc.) as a service.
- Customers don't need to own or manage hardware or datacenter facilities.
- Applications are built natively in the Cloud to leverage this infrastructure, or existing Windows/Linux workloads are hosted as virtual machines in the Cloud.

Infrastructure Hosting directly benefits the following end customer types:

- Customers who need scalable and flexible infrastructure that provides capacity beyond their datacenter.
- Customers who lack effective backup/disaster recovery plan or look for ability to rapidly develop, test & deploy new applications.
- Customers with aging hardware who are planning a hardware refresh or have recently purchased new servers. Information intensive verticals are good targets, where uptime and data are critical, like professional services and technology companies.

Hosters can promote the following key Hosted Infrastructure offerings:

- *Multi-tenant virtual servers* – This is the place where most hosters begin. Windows Server 2012 offers multi-tenant capabilities right out of the box.
- *Dedicated virtual servers for mission critical or high-bandwidth applications* – Dedicated server offerings can bring as much as 3x-7x margins vs. multi-tenant per customer.
- *Disaster recovery* – In light of recent events, many SMBs are focused on disaster recovery solutions. Once out of reach for smaller businesses, you can now offer affordable solutions that can literally keep your customers in business if disaster strikes.
- *Cost-effective storage* – With the explosion in volume and types of data in the workplace today, flexible, scalable storage is a requirement for SMBs. With built-in features in Windows Server 2012, you can offer high-end storage functionality at a fraction of the cost.
- *Windows Server Hosted* – Run and manage important applications on Windows Server with Hyper-V in the Cloud. (Optional add on service: Application OS & Monitoring).
- *Virtual Machine Hosted* – Allow businesses to use either a virtually dedicated or shared VMs that are hosted in a Service Provider's data center to run their business and mission critical apps
- *Infrastructure as a Service* – IaaS is a provisioning model for the customer to consume capacity in a elastic & self service model with the Hoster managing the entire infrastructure up until the virtualization layer.

The ideal Hoster to sell Cloud OS Infrastructure Hosting solutions is an ISV, VAR, System Integrator, or traditional hosting company that hosts applications for small business customers.

Selling Hosted Database Solutions

Database Hosting gives customers the ability to modernize their applications and move mission-critical and data-intensive workloads to the Cloud in either a shared or dedicated environment with SQL Server 2012. Customers are still able to maintain control and management of their infrastructure without having to actually deal with the ongoing maintenance of the hardware and software.

A 2012 press release from Gartner Group estimates that nearly 33% of organizations will be using or plan to use Cloud offerings to supplement existing Business Intelligence Capabilities. In the next wave of SQL Server investments, Microsoft is delivering its cloud-ready information platform to organizations looking to efficiently protect, unlock and scale the power of their data across the desktop, device, datacenter and private or public cloud.

The benefits of a Cloud OS Hosted Database solution include:

- *SQL Server Hosted* – Modernize applications and move mission-critical and data-intensive workloads to a hosted environment to gain scale and performance.
- *Database as a Service* – Create and manage a database without having to build and manage the underlying infrastructure.
- *High Availability* – Protect your critical business data from unplanned disasters with a solution based on the SQL Server AlwaysOn feature
- *Value Added Business Intelligence* – Your Service Provider can build custom BI offers on top of SQL

Database Hosting directly benefits the following end customer types:

- Customers experiencing ongoing application and website performance issues.
- Customers experiencing capability limitations due to increasing data storage and management requirements.
- Customers experiencing looking for ways to decrease their data management total cost of ownership (TCO).

Hosters can promote the following benefits of Database Hosting with SQL Server 2014:

- Most utilized database in the world with 46% market share in units.
- Gain breakthrough and predictable performance backed by industry-leading benchmarks.
- SQL Server 2014 works seamlessly between traditional server and cloud environments.

The ideal Hoster to sell Cloud OS Database Hosting solutions is an VAR, traditional web hosting company, or ISV or other developer.

Selling Hosted Desktop Solutions

Hosted Desktop delivers the customer's desktop operating system, Microsoft Office, and selected business applications via a browser and internet connectivity. Desktop hosting is an incredible opportunity for hosting service providers. IDC has forecasted the market at $87M in 2012 and its anticipated to grow to $661M by 2016.
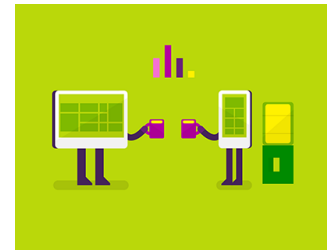
The benefits of a Cloud OS Hosted Desktop solution include:

- Our hosted desktop solution delivers virtually anywhere, anytime, any device access to all of your applications, including your accounting/finance, sales/CRM, email, business apps, and Microsoft
- Office, in the desktop experience your employees are already trained to use. Your applications are available on any Windows, Apple, or Android device, including laptops, smart phones, iPads, and tablets.

Desktop Hosting directly benefits the following end customer types:

- Customers wanting the convenience of a Windows desktop experience on a variety of devices anywhere without compromising security or manageability.
- Customers who want to extend the life of legacy business apps.
- Customers whose employees need to work outside the office and access whenever/wherever they are
- Customers who find it costly and/or difficult to deploy new apps
- Customers with increasing regulatory compliance requirements

Hosters can promote the following key Hosted Desktop offerings:

- *Hosted desktop* – You can provide the familiar desktop experience, anywhere at any time.
- *Line-of-business (LOB) applications* – Service Provider can host businesses most important applications, providing modern infrastructure and management capabilities.
- *Remote/mobile workforce* – Your customers can deliver applications to end users on any device (PC, tablet) with right security.

The ideal Hoster to sell Cloud OS Desktop Hosting solutions is a VAR, System Integrator, or traditional web hosting company.

Selling Hosted Application Solutions

Application hosting provides companies an opportunity to upgrade computing environment, while still being able to use ISV legacy, mission-critical, and line-of-business (LOB) applications in a virtualized environment. This also increases the number of users that can access the applications, regardless of their device.

Gartner Group predicts that Software as a Service (SaaS) delivery will experience 56% growth through 2015, when worldwide revenue is projected to reach $22.1 billion. Microsoft productivity workloads such as Exchange and you have the opportunity for new recurring revenue and upgrade potential from older versions of Windows Server.

The benefits of a Cloud OS Hosted Applications solution include:

- Significant VM scalability for mission-critical workloads such as SQL Server, SharePoint and Exchange.
- Powerful storage capabilities—up to 64TB per virtual disk.

Application Hosting directly benefits the following end customer types:

- Customers wanting to improve existing application performance by leveraging modern cloud infrastructure.
- Customers wanting to develop and test new apps with improved time to market.
- Customers who can't migrate older apps without re-writing the code.
- Customers with mission-critical apps running on older operating systems and hardware.
- Customers whose employees need access to applications from wherever they are.

Hosters can promote the following key Hosted Applications offerings:

- *Differentiated Services* – Hosting Microsoft workloads will help your Service Provider offer differentiated services and reduce customer churn
- *Premium Services* – Talk to your Service Providers about offering Application and OS monitoring agreements
- *Hybrid IT* – Your Service Providers can offer consultation services for customers with mixed Cloud + On-Premises environments
- *Modernize* – Hosters can help their customers increase performance of older applications with modern Cloud infrastructure

The ideal Hoster to sell Cloud OS Applications Hosting solutions is an ISV, VAR, or traditional web hosting company.

About SPLA Licensing
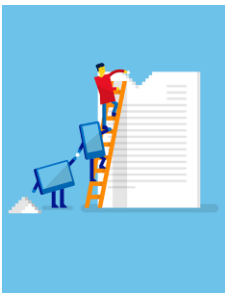
The Services Provider License Agreement (SPLA) is the licensing engine that enables the whole Cloud OS sales motion throughout the Microsoft channel, from end customer to Hoster to SPLA Reseller to Microsoft (see Fig. 1). With SPLA, your organization can license Microsoft products and use these products to provide software services and hosted applications to your customers.

With SPLA, you are the licensee, not the customer. SPLA is intended for companies that want to offer hosted services to customers, such as web hosting, hosted applications, and hosted platform infrastructure.

Under SPLA, licenses are subscriptions that can be used during the agreement term in the following ways:

- **Per subscriber.** A Subscriber Access License (SAL) is required for each unique individual user or device that is authorized to access or otherwise use the licensed products. You do not need a separate server license.
- **Per processor.** Each Processor License (PL) allows an unlimited number of users to access the server software. You do not need separate SAL.
- **Per core.** Each Core License (CL) allows an unlimited number of users to access the server software installed on the licensed server with a determined number of physical cores for products licensed through a per-core model.

SPLA provides many benefits over per-seat traditional licensing models. With SPLA, you can:

- *Deliver a customized service.* Flexibility to deliver tailored IT services to your customers through a dedicated or shared hosting environment. Increase the value of your services by managing software use rights for your customers.
- *Pay as you go with no up-front costs.* Pay only for the products that you made available to your customers to use the previous month. There are no start-up costs or long-term commitments.

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- *Access the most current product versions.* Give your customers the most current and capable Microsoft platform. Download your products at no charge through the Microsoft Volume Licensing Service Center (VLSC) instead of ordering physical media.
- *Offer software services worldwide.* Use Microsoft products to deliver software services to end customers in any part of the world where distribution is legally allowed.
- *Expand distribution capabilities through Software Services Resellers.* Expand business reach to small- and medium-sized end customers by providing software services through additional resellers.
- *Leverage Data Center Providers for infrastructure capabilities.* Have the option to focus on hosting your application solutions and acquire infrastructure as a service (IaaS) from a Data Center Provider.
- *Leverage Data Center Outsourcing.* Install Microsoft products on servers under the day-to-day management and control of an outsourcing company to deliver your software services based on your capacity and server management capabilities. The outsourcer can then perform data center administration, testing, and maintenance support services on the end customer's behalf.
- *"Try before you buy" licenses.* Test and evaluate products internally before offering them to your customers as a service.
- *Install at customer facilities.* Install Microsoft products on servers located on an end customer's premises under your management and control.
- *Offer demonstrations and evaluations.* You can have up to 50 active user IDs for service/product demos and give your customers a free 60-day trial period.
- *Include your affiliates under a single agreement.* Your affiliates do not have to sign a separate SPLA.
- *Expand your reach to academic institutions.* Potentially expand your business with specific price offerings available to your academic customers through the SPLA.

Positioning Cloud OS vs. the Competition

When positioning Cloud OS against Microsoft competitors, use the following data points to amplify your message:

- **Microsoft is cost-competitive.** Microsoft customers who sign a contract can receive their enterprise discount on the service, making it highly cost-competitive. Microsoft also extends special pricing to Microsoft Developer Network (MSDN) subscribers.

- **Cloud OS outperforms VMware.** Microsoft offers a complete cloud platform that out performs VMware and enables new opportunities for high profit services. Cloud OS offers a complete cloud platform built to meet the needs of service providers, and Microsoft works closely with its partners to uncover and build solutions for high profit hosting services.

- **Cloud OS outperforms OpenStack.** With OpenStack, partners are required to invest in developer resources to assemble various components into a customer-ready offer, then maintain this custom code as new versions of the components are released. By contrast, because Microsoft operates some of the world's largest datacenters and 24x7 cloud services, it has put those learnings directly into its infrastructure products, designing them to work together and to help get partners into production faster.
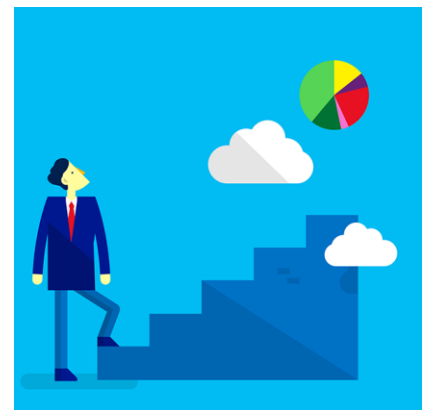
- **Cloud OS can coexist with Linux.** Many enterprise IT departments and service providers today run a mix of hypervisors, operating systems, and applications in their datacenter. Often, cross-platform migration is not technically possible.

  Although Linux is a Microsoft competitor, Cloud OS provides first-class citizen support for Linux as a guest. Designed to integrate well with heterogeneous IT environments, Windows Server 2012 R2 supports a cross-platform cloud infrastructure by adding comprehensive functional support and full dynamic memory support for Linux guests running on top of Hyper-V, including:

  o Minimum memory setting — ability to set a minimum value for the memory assigned to a virtual machine lower than the startup memory setting.

  o Hyper-V smart paging — paging used to enable a virtual machine to reboot while the Hyper-V host is under extreme memory pressure.

  o Memory ballooning — reclaiming unused memory from a virtual machine for another virtual machine with memory needs.

  o Runtime configuration — adjusting the minimum memory and maximum memory configuration setting on the fly, without requiring a reboot, while the virtual machine continues to run.

- **Amazon's solution is more siloed.** Compared to the integrated Cloud OS design, Amazon's services are more segmented and isolated within its IT solutions. By contrast, Microsoft customers get fully supported, enterprise grade, infrastructure and platform services that work consistently across a variety of cloud environments (local, Hoster and Azure).

  Cloud OS offers the following integration benefits over the Amazon IaaS solution:

  o *VM portability* – Microsoft Azure Virtual Machines use the same underlying format as Hyper-V, allowing customers to easily move their virtual machines easily between on and off – premises environments. If apps work with Hyper-V, they work with Virtual Machines. AWS converts into a proprietary format called AMI that runs in AWS cloud only. And the portability of AMI's is extremely restricted.

  o *Better by design* – Microsoft Azure Virtual Machines integrate with Microsoft Azure Storage. For example, Microsoft Azure drives are built on the same underlying Blob storage system and hence they inherit the durability of Blob storage. In AWS, instances use EBS which is a different system than S3. EBS doesn't carry an SLA and it does not inherit the durability of S3 object storage system.

  o *Better support* – For customers running supported Microsoft workloads, the entire stack is supported. If anything goes wrong, you only have to call one number to get it fixed.

- **Cloud OS features an integrated partner network.** The Cloud OS Network is a premier group of partners who work closely with Microsoft to both design and implement their solution as well as on how they go to market with it. This is a closer alignment than what you'll find with the VMware Service Provider Program (VSPP) or Amazon (APN) Those programs are designed to accept anyone who has deployed their technology with no assurance for the quality of service they will be able to deliver. And only the Cloud OS Network program enables the partner to provide customers with a complete hybrid cloud solution between all three clouds.

Resources

Helpful Links

- Microsoft Cloud OS: www.microsoft.com/cloud
- Microsoft Hosting: www.microsoft.com/hosting
- Microsoft Hosting Service Provider resources (in the Partner Marketing Center): https://readytogo.microsoft.com/global/_layouts/RTG/CampaignViewer.aspx?CampaignUrl=https://readytogo.microsoft.com/global/campaign/pages/hosting%20service%20provider%20(global).aspx
- Windows Azure Pack: www.microsoft.com/en-us/server-cloud/products/windows-azure-pack
- Microsoft Azure: azure.microsoft.com/en-us
- Microsoft Azure free trial: azure.microsoft.com/en-us/pricing/free-trial
- Developer information: msdn.microsoft.com