

**Selling Windows Azure Projects**

# CUSTOM APPLICATIONS

A GUIDE FOR MICROSOFT SI PARTNERS

*Sponsored by Microsoft Corporation*



**DavidChappell**  
& Associates

- 1/ Why Should You Sell Custom Application Projects on Windows Azure?**
- 2/ How Can You Recognize Potential Windows Azure Projects?**
- 3/ How Do You Handle Common Objections?**
- 4/ Why Sell Projects on Windows Azure Rather than Another Cloud Platform?**
- 5/ Success Stories**

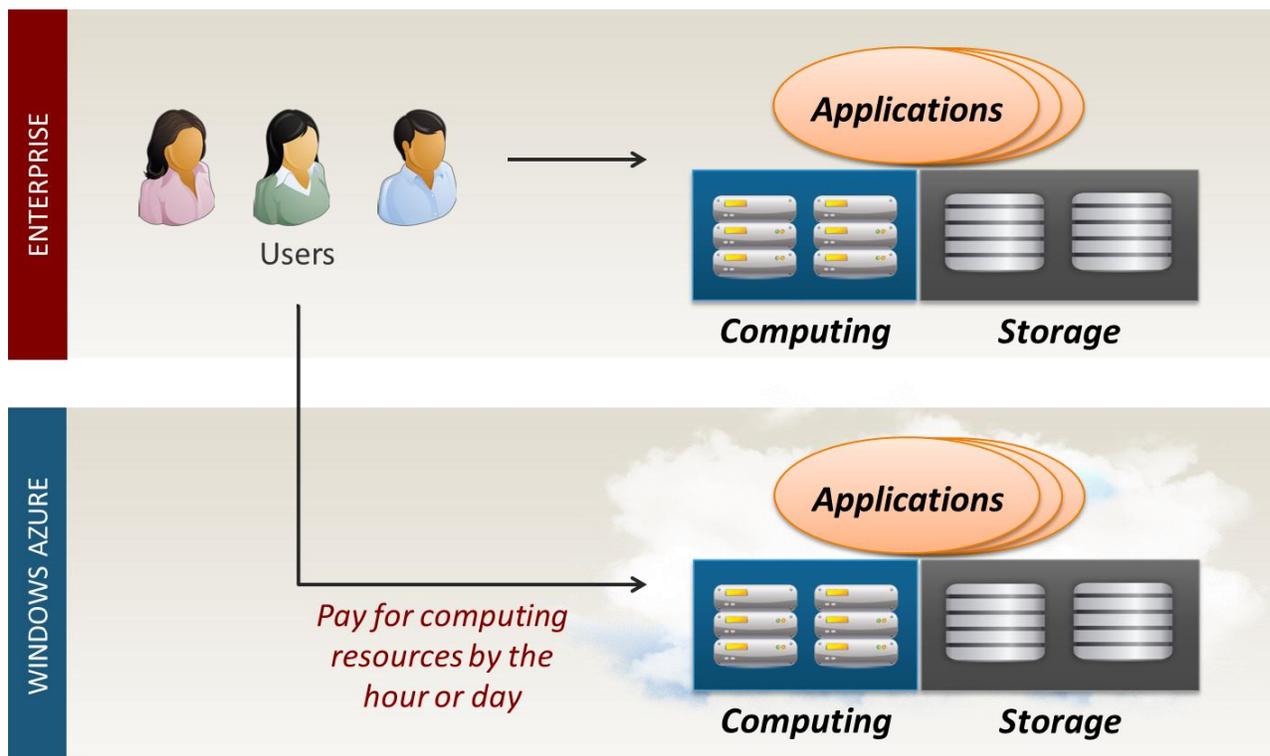
*Your customers build custom applications for one reason: to create business value. Building those applications on Windows Azure can make it faster, simpler, and cheaper for your firm to help them get this value. This means that you can sell more projects.*

But doing this requires knowing when a Windows Azure-based solution can help you win a deal. Why should you sell custom development projects that use this cloud platform? How can you recognize situations where Windows Azure can help you win deals? And what objections will your customers raise?

To answer these questions, you first need to have a basic sense of what Windows Azure is. As the figure below shows, this public cloud platform gives your customers

an alternative to their own datacenter: on-demand access to computing and storage in Microsoft datacenters around the world. Just as important, customers can pay for all of this by the hour or by the day. There's no up-front investment in hardware and no commitment.

This is a big change in how your customers use and pay for computing, one that has benefits both for them and for you.



---

## WHY SHOULD YOU SELL CUSTOM APPLICATION PROJECTS ON WINDOWS AZURE?

*Why should you care about selling development projects on Windows Azure? What's in it for you?*

### **YOU CAN SELL PROJECTS THAT PROVIDE BUSINESS VALUE FASTER.**

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

### **YOU CAN GET MORE OF YOUR CUSTOMER'S BUDGET.**

Because there's no need to buy hardware to run a new application, the part of the customer's total project budget that would have gone for hardware can now potentially go to you—there's more money for your services.

And since your firm's margin is probably higher on the services you sell than it is on hardware sales, this can also increase the profit you see from a custom application built on Windows Azure.

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

Windows Azure services are provided by enormous datacenters run by very few people—they're largely automated. This

scale and automation mean that using Windows Azure will probably cost less than using your customer's own datacenter. Even if the cloud isn't cheaper today, it surely will be in the future as competition among cloud platforms keeps forcing prices down.

And since Windows Azure provides pay-as-you-go computing resources, there's no up-front commitment to hardware or software that your customer might not need.

### **YOU CAN WIN MORE DEALS.**

Because there's no investment in hardware, proposing a Windows Azure-based solution might let you underbid competitors who offer solutions running on traditional on-premises machines. The customer keeps the money that would have gone for hardware, and you get a project you might otherwise have lost.

### **YOU CAN WIN NEW KINDS OF DEALS.**

Because Windows Azure offers pay-as-you-go pricing, applications whose load varies greatly can be more feasible in the cloud. Rather than invest in a datacenter full of servers that are mostly used only during peak loads, the customer can just change the amount of computing resources an application uses based on its load, paying only for what they need.

Windows Azure also provides massive scale, letting customers build new kinds of applications that aren't practical in traditional datacenters.

## **YOU CAN FINISH PROJECTS MORE QUICKLY.**

Because there's no need to procure new hardware or wait for the customer's IT department to set it up, application development can get started more quickly. This means that it can also finish sooner than in the traditional world, shortening the time between selling a project and getting the last payment for that project.

## **YOU CAN HELP YOUR CUSTOMERS BE MORE INNOVATIVE.**

Every successful innovation is preceded by many failed attempts. The cost of these failures constrains your customer—they can only afford so much risk. But since cloud platforms can make technology projects faster and cheaper, with no up-front hardware investment, the cost of failure goes down.

This means that selling Windows Azure projects can help your customer create more successful innovations with more business value. And because the lower up-front commitment lowers financial risk, your customers might even be able to fund more new projects.

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

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

Selling custom development projects that use Windows Azure today positions you and your firm as leaders in this industry transformation. It also helps make you the

trusted partner for your customer's future cloud work. Even if you initially sell only small projects, these can be the gateway to much more in the future.

---

## HOW CAN YOU RECOGNIZE POTENTIAL WINDOWS AZURE PROJECTS?

*Someday, most applications will run in the cloud. Today, though, there are specific characteristics that make some custom development projects an especially good fit for Windows Azure.*

### **YOUR CUSTOMER IS LOOKING FOR LOWER COST.**

Most often, running a new application on Windows Azure today will be cheaper than running it in your customer's datacenter. As the price of public cloud computing continues to drop, this will almost certainly be true at some point.

### **THE APPLICATION NEEDS FAST ACCESS TO RESOURCES WITH NO COMMITMENT.**

When a Windows Azure user requests new computing resources, those resources are available in just a few minutes. When the user gives up those resources, she stops paying almost immediately. This is a good fit for situations where your customer doesn't know exactly how many resources she'll need or for how long. A good example of this is a web application created to support a new marketing campaign. The CMO wants the application available immediately, but how long it stays up depends on how successful the campaign is.

### **THE APPLICATION NEEDS MASSIVE SCALE.**

Windows Azure datacenters are huge, much bigger than those of a typical enterprise. Because of this, they can run applications with lots of simultaneous users. Any large consumer application needs this, such as a popular web application or a multi-player game.

### **THE APPLICATION NEEDS TO SUPPORT USERS AROUND THE WORLD.**

Windows Azure datacenters are scattered across the U.S., Europe, and Asia. An application can run in one or more of these, letting it offer fast access to users in many countries. An online game might have users around the world, for example, while a internal business application used by a large enterprise might need to provide good response time to this company's employees wherever they might be.

### **THE APPLICATION WILL HAVE SPIKY OR UNPREDICTABLE USAGE.**

Because Windows Azure makes it easy to get and release computing resources, supporting applications with widely varying usage is straightforward. This elasticity makes applications with large spikes a good fit for this cloud platform. Think about a website selling tickets to online sporting events, for example, or an accounting application that gets heavily used only at the end of each quarter or a government website for first responders to an emergency. Rather than paying for lots of computing resources that often go unused, your customer can pay only for the extra power needed to handle the spikes in usage.

## **YOUR CUSTOMER WANTS TO MOVE TO THE CLOUD.**

Pretty much every startup today uses nothing but cloud-based IT. Why should only new companies have this advantage? Especially for smaller firms without entrenched IT departments, doing IT in the cloud makes perfect sense. Rather than investing in servers, storage, operating systems, and other IT technology, an organization can instead use the Windows Azure pay-as-you-go model. In fact, changing IT spending from a capital expense to an operating expense is attractive to some CFOs, and so proposing a Windows Azure-based solution can sometimes help you win a project solely for this reason.

## **YOUR CUSTOMER WANTS TO AVOID THEIR OWN I.T. DEPARTMENT.**

Imagine a business group that wants to create and deploy a new custom application. Since the application has significant business value, they'd like to get it up and running as soon as possible. If their own IT organization is slow—maybe they'll take two months just to get the required hardware—a Windows Azure-based solution can be appealing. This business group is no longer at the mercy of their own IT people, and they can potentially start getting business value from the application more quickly.

## **RUNNING THE APPLICATION INTERNALLY WOULD RAISE SECURITY CONCERNS.**

Suppose that one of your enterprise customers decides to build a mobile

application that will let its customers directly access some of their own information. That information is stored in the firm's own datacenter, so one option is to run the mobile application in that datacenter. But many IT organizations are deeply reluctant to let customers have direct access to anything running inside their own datacenters. In a situation like this, building the application on Windows Azure and moving data as needed can be the right choice.

## **POC IN THE CLOUD**

Whether the project you're selling will run on Windows Azure or in the customer's datacenter, you should think about doing the proof of concept on Windows Azure. Why force your customer to deploy hardware just to decide whether to do a project?

Doing the POC on Windows Azure means that you can complete it faster, since there's no need to procure and configure hardware. It's also likely to be cheaper, since you pay only for the resources you use. A faster, less expensive POC can shorten the path to winning your customer's trust and closing the deal.

---

## HOW DO YOU HANDLE COMMON OBJECTIONS?

*Customers have concerns about the cloud. Here are some of the most common.*

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

### **SECURITY: CAN MICROSOFT REALLY KEEP MY DATA SAFE?**

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

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

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

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

This objection can be harder to address—it's a complex area. Different industries have different rules, and these rules vary

across countries. The result is a matrix of laws and regulations that your Windows Azure project must comply with.

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

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

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

Like every other cloud provider, Windows Azure has had outages. The right comparison, though, isn't with perfection; it's with the customer's own datacenter. For most organizations, the availability of Windows Azure datacenters will be at least as good as their own. Microsoft also provides a service level agreement (SLA) that spells out penalties if the promised availability isn't met. And new applications can be built that take advantage of the cloud's redundancy to be even more reliable than your customer's existing datacenters.

---

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

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

### **YOUR CUSTOMER MIGHT HAVE A STRONG RELATIONSHIP WITH MICROSOFT.**

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

### **MICROSOFT MIGHT BE A PREFERRED PARTNER FOR YOUR ORGANIZATION.**

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

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

Many customers have purchased some Windows Azure usage in their EA and are looking for a way to use it. Selling them a Windows Azure project might mean they

have no extra cost for the computing resources that project uses.

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

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

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

Customers that wish to use both might find these connected technologies attractive. For example, an organization that uses System Center to create its own internal private cloud can connect to Windows Azure using the same tools.

## SUCCESS STORIES

*Many SIs have found success selling custom application projects on Windows Azure. Here are some examples.*

### EASYJET: LOW-RISK TRIAL, THEN A RAPID MOVE TO PRODUCTION AT SCALE

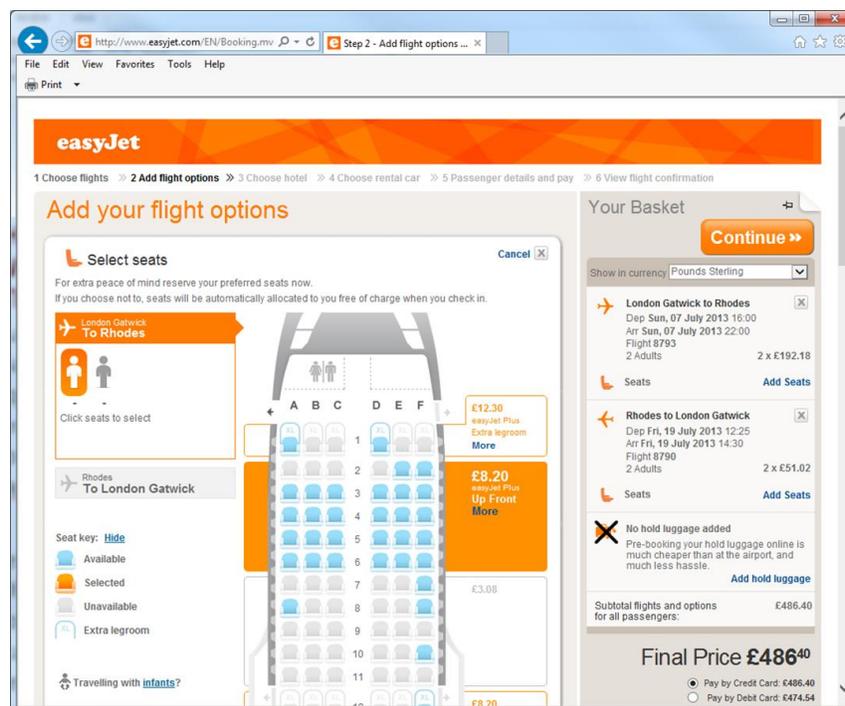
Following the template for low-cost airlines, the British airline easyJet originally didn't offer reserved seating. But customers complained, so the airline decided to give it a try. Like any rational company, easyJet wanted to start small, offering reserved seating on just a few flights. If the idea was a success—if it helped them make more money—they then wanted to roll it out quickly at scale, offering reserved seating on all flights.

The acid test for the offering was easyJet's January sale. For one week, the company

puts millions of summer seats on sale, selling a large share of its summer inventory. This sale creates the site's peak load: 20,000 simultaneous users, filling ten planes a minute. If the reserved seating trial was successful, the solution need to be rolled out for all flights in time for the sale.

Much of easyJet's web site was already running on Windows Azure, so building the software for the trial in the cloud made sense. The software was created in partnership with Aditi and Capacitas, and the trial was a success: customers were happier.

Scaling the application from trial to broad rollout required significantly increasing the amount of computing resources the application was using. On Windows Azure, this can be done by dragging a slider on a web page—the application is automatically resized to use these extra resources. Because they'd built the application on a cloud platform, easyJet could quickly move from trial to large-scale production.



## **A GROUP OF CHILDREN'S CLINICS: CUSTOM SOFTWARE AND OFFICE 365 FOR A DISTRIBUTED BUSINESS**

An expanding group of children's clinics spread across Canada needed better IT. Built in part by acquisition, the company needed a consistent approach that worked across their distributed business. Working with Toronto SI CaptiveLogix, they got what they needed.

For general business needs, the company chose Microsoft Office 365, with future plans to add Microsoft CRM Online and other cloud applications. To support more specialized requirements, they worked with CaptiveLogix to create a custom Windows Azure application that lets clinicians across the company's clinics submit reports, do billing, and collaborate in other ways.

This approach makes it easier to acquire new clinics: They just connect to the cloud applications. It also allows employees to access all of the organization's applications with a single login, since Windows Azure and Office 365 use a common directory service.

Rather than run their own IT groups with their own servers scattered across Canada, the company instead shares one common environment in the cloud. The biggest benefit is that they can now focus solely on what they do best: provide medical care to children.

## **NEW SOUTH WALES DEPARTMENT OF EDUCATION: HANDLING BIG TESTING SPIKES**

The challenge facing the New South Wales Department of Education was this: How do you handle an online test for tens of thousands of students at once? One answer is to buy a bunch of servers, then run the

test. But suppose the tests happen only, say, one day a month? Buying servers is a wasteful solution—they'll sit unused most of the time—and it's expensive.

Instead, the Department of Education partnered with the Australian firm Janison. By building the testing software on Windows Azure, they were able to allocate the computing resources they needed for the day, then shut them down when testing was over.

The estimated cost savings? What would have been an upfront investment in servers of A\$200,000 became a one-day Windows Azure bill of around A\$500. Pay-as-you-go pricing, one of the defining characteristics of cloud computing, saved them a lot of money.

## **TALK TALK BUSINESS: REALTIME CUSTOMER INFORMATION THROUGH MOBILE DEVICES**

TalkTalk Business is a UK telco that provides broadband networks and other communication services to business customers. Like many providers, they offer an online portal that their customers can visit to learn about service outages, planned or unplanned. But why not directly tell their customers when outages occur rather than force them to check the portal?

Working with British SI Mando Group, Talk Talk Business built a Windows Azure application that sends notifications directly to customers' phones and other mobile devices. Customers now get immediate information about outages and other events, including an estimate of when service will be restored. The result is better-informed—and happier—business customers.

## POTTERMORE.COM: WORKING AT GLOBAL SCALE

Harry Potter is a phenomenon, the best-selling children's books ever. And while the book series appears to be over, Harry Potter fans can still explore the wizard's world at Pottermore.com, J.K. Rowling's official site.

Today, Pottermore.com runs on Windows Azure. It didn't start in the cloud, however. Instead, the initial version ran on hardware owned by the site itself. Yet the site was so popular that every time a server was added, its capacity was immediately soaked up by new users. The people who ran the site couldn't keep up.

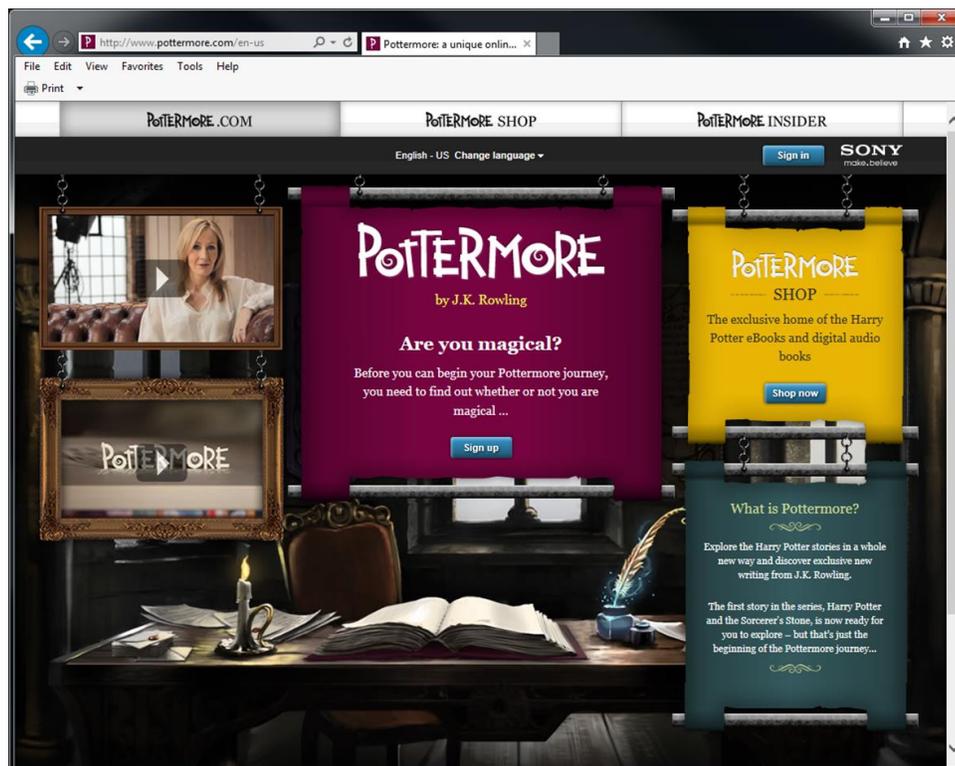
To handle the growth (tens of thousands of new user accounts per day) and the scale (nearly a billion page views in just its first two weeks), Pottermore.com was moved to Windows Azure. This process took three months, and the SI that did it was Microsoft itself.

The result is a web application that's so far been fast enough, reliable enough, and scalable enough to handle the ever-growing number of Harry Potter fans around the world. The site has also been able to handle the big spikes that occur when new content appears. Good performance and reliability: Users expect nothing less from the Internet home of one of the world's most popular characters.

## INFUSION: FROM SI TO CLOUD ISV

An SI that has the skills to create applications running on Windows Azure can sell those skills to a customer. But it can also use those skills to create a cloud application that it sells to many customers. Rather than remaining solely an SI, the organization can grow into an independent software vendor (ISV).

Infusion, a North American custom development shop, has done exactly this. Even though their expertise was in building



applications for large enterprises, they chose to create Personif, a Windows Azure-based application to help Hollywood studios and others with casting movies and television shows. So far, the service has been used by American Idol, The X Factor, and other clients.

Casting means finding the right people for the right roles, and it's often done today through user-submitted videos.

Accordingly, Personif offers a cloud-based way to collect these videos, then sort through them. Running in the cloud makes the service broadly available, and it also helps handle spikes. In a typical 30-day casting period, for example, 70% of the submissions are likely to come in on the last day, so Personif adds Windows Azure resources during this window.

Morphing from a pure SI into a mixed SI/ISV isn't especially simple. SIs and ISVs have different business models, and the

immediate demands of an SI can easily cannibalize the long-term effort required to build a product. Still, creating a successful offering that's built once, then sold to many customers can significantly increase both a firm's revenue and its valuation. In the cloud era, every SI ought to think seriously about this option.

## THE BOTTOM LINE

The move to cloud computing looks unstoppable. But your customers won't get there on their own. They'll rely on trusted partners like you to help them make this transition. Selling Windows Azure custom development projects can provide real benefits for your customers and, just as important, for you.

---

## SALES GUIDES FOR MICROSOFT SI PARTNERS

- Selling Windows Azure Projects: Custom Applications
- Selling Windows Azure Projects: Infrastructure
- Selling SharePoint Engagements in the Cloud Era



### About the Author

David Chappell is Principal of Chappell & Associates ([www.davidchappell.com](http://www.davidchappell.com)) in San Francisco, California. Through his speaking, writing, and consulting, he helps people around the world understand, use, and make better decisions about new technologies.

Copyright © 2013 David Chappell | [www.davidchappell.com](http://www.davidchappell.com)