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On-premise vs. Cloud – the market is shifting

I talk to VAR's/MSP's all day long. One of the things I am always shocked by is how many of them don't know how little money they make selling on-premise technology and how much more they can make selling all cloud solutions.

For some of my VAR's, I see an 82 per cent profit increase. If that is not enough to get your attention then I don't know what will. Let me break down why and see if it makes sense to you guys as well.

So let's first look at a typical on premise install. You go in and meet with the client to make sure that you have the things they need.

From there you order from your vendor, in most cases you sell at a set price with your commission built in. Plus you have to put money into technicians setting stuff up (and even if you are the tech your time is money because that time you are spending could be better spent on finding more clients). This is about a 5- to 6- day deployment with a combination of time at the client location and pre configuration at your location. Plus with most on-premise solutions, there is no recurring revenue unless you get a break fix support contract.

Even if you have a break fix contract, when something goes amiss you still have to send someone out to the location to fix it so, again, you are eating into your overall profits.

Now let's look at a cloud install using a combination of SaaS and HaaS. Your client's network should already be in place just like it would have been in the prior example. If you can get the networking contract then you have minimal work there to set it up. Hardware would come from you HaaS vendor with the deployment specs provided to them.

This is again a simple install since all the configurations were done before you received them decreasing your time at the client location.

Deployment of the file server, Exchange, SharePoint, and Communicator like environments for the clients can be deployed by the SaaS provider with a couple of clicks so you don't have to have a technician. There are even SaaS offerings of Accounting, MS office suite, and industry specific software. For most clients you're looking at about a 1 work day deployment. In both cases you are going to have recurring monthly revenue coming in before you add your support contract. When stuff does go down, if it is hardware you ship it back to the HaaS vendor and if it is software the SaaS provider is taking care of it, so you are not devoting man hours to it.

Quite simply you are collecting the same if not more money but doing CONSIDERABLY LESS WORK per client. This frees you up to get more clients. Where you may only be able to support 7 to 14 on-premise clients you could support over 100 cloud clients. It just makes sense.

So my question to you is would you like to explore how to decrease your Operational expenses while you significantly increase your bottom line?



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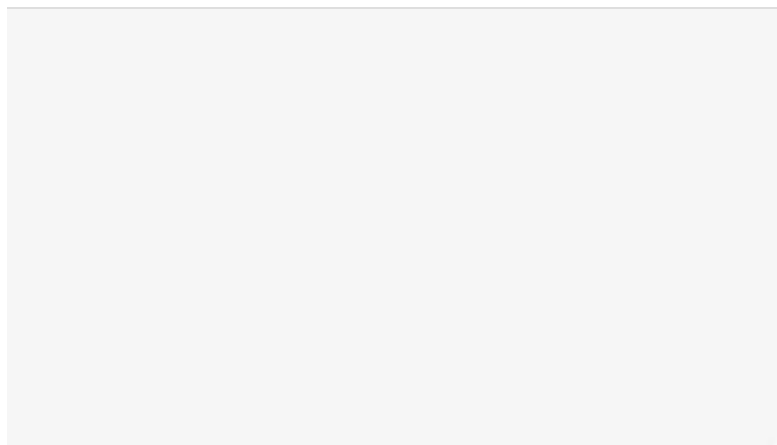
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