

Accelerating Growth Through Partnership



Quick Look

Company: ProServeIT

Company president: Eric Sugar

Website: proserveit.com

Headquarters: Mississauga, ON Canada

Industry: B2B; non-profit

Founded: 2001

 **PROSERVEIT**

Disruptions drive transformation

In a rapidly-changing world where everything is evaluated and adjusted to address new demands and opportunities, it's natural for businesses to experience disruption. But disruption isn't always negative. It can create opportunities to evaluate strategic relationships and the overall vision for a firm, setting a course for a new direction.

Facing a huge wave of disruption, Ontario-based ProServeIT decided to undertake a massive transformation in 2010. The professional services company witnessed key technology improvements and a growing trust in what the cloud could offer. These changes made it feasible for businesses to move an increasing number of workloads off premises, reducing IT costs and transitioning to predictable subscription models. When ProServeIT realized the market was at a tipping point, it piloted the model with select clients.



“There was complete trust with Microsoft. Every time we’ve needed help, we got it in spades.”

- Eric Sugar, President, ProServeIT

Why Microsoft?

Microsoft provides the support partners need to undergo disruptive transformation.

“We got to the point like we do with a lot of the disruptive technologies: ‘Let’s pilot it and test it. Let’s try it out and see what it looks like. After our first three or four pilots we said ‘OK...we can see the vision in this.’”

- Eric Sugar, President, ProServeIT

Early results were positive, and as the ProServeIT team considered the decision to shift business to the cloud, the team recognized the need to change from selling physical “stuff” to selling smaller, faster cloud services.

After debating and deciding on moving to the cloud, President Eric Sugar and his ProServeIT team began the transition by investing heavily in planning and developing a roadmap for their business. Because ProServeIT had been a member of the Microsoft Partner Network since 2004, the company initiated discussions with Microsoft about how to be “reborn into the cloud.” Microsoft provided training and business consultation, allowing ProServeIT to focus on cultural changes within the organization.

“Microsoft was there side-by-side with us, investing in us getting there with our customers and our staff.”

- Eric Sugar, President, ProServeIT

With Microsoft resources in hand, ProServeIT developed its own unique cloud-based solutions. In order to effectively sell them to clients, however, ProServeIT needed to transform its sales team.

Incentivizing a sales transformation

Many different motivations drive people. For sales professionals, its competition and the commissions tied to the size of the sale. For ProServeIT’s leadership team members to transform the company, they knew they had to shift the way their sales team approached customers and deals. Sugar had to





get the sales team behind the decision with the knowledge that sales people would be wary of a new business model which could ultimately hurt their commissions if not done right.

“As our management team was arguing about the cloud, the sales team argued even more. They didn’t want to do it, they weren’t ready...so we just said, ‘Hey, this is where the business is going, it’s happening.’” Sugar understood how disruptive this business decision was. “‘Look, we’re going to flatten the compensation models, but you’ve got to sell what we tell you. You have to reinvent yourself as a cloud solutions sales [team]. You’ve got to learn the Microsoft story and you’ve got to learn the cloud story,’” said Sugar. To retain the sales force and maintain the company’s momentum, the management team made a bold move.

ProServeIT’s management team flattened compensation, paying sales people their full target incomes for two years. Taking this risk encouraged the reluctant sales team with guaranteed income while ramping up skills to effectively sell cloud solutions. “There was no downside for them. We built the sales plan, built the targets, built the roadmap, and we argued about it quite a bit. People in the office said it was crazy. It was a ‘bet the farm, bet the job’ moment,” Sugar recalled.

“It definitely had some rocky parts, but two years later we were able to flip the compensation back to base/bonus and we were able to shift and re-drive the team. We managed expectations well, and a couple things happened. We found that the sales team pivoted. It took them 12 months which we [anticipated], but by month 12 they were selling heavily in the cloud. And something else happened. We found that they were selling the ‘right’ solution,” reflected Sugar. “All of a sudden customers were getting exactly what they wanted. We were able to retrain the sales team and an unintended consequence was it shifted their mindset. Because they weren’t thinking about their compensation, they focused on the customer, the solution, and where the ProServeIT was going.”

“We used the incentives to drive the behavior we wanted, and our business is healthier when we’re selling cloud services.”

– Eric Sugar, President, ProServeIT

Recurring revenue through the cloud

With ProServeIT’s shift to the cloud, a recurring, subscription-based revenue model with clients became feasible. Getting customers on board with a monthly subscription wasn’t as big a challenge as anticipated. This model has clear advantages, most notably that a company’s IT needs can become a predictable monthly expense. Sugar’s team illustrated this transformative advantage through a total cost of ownership and return on investment perspective: “We walk the customer through the various scenarios they have, lay out the best options for them, and build up the evidence. Then we walk them through why we think they need to transform with us.”

Building trust through disruptive change

Trust is at the base of ProServeIT’s business. The cloud—especially the highly-involved process needed to sell it—has provided an opportunity to help build on mutually-beneficial, long-term relationships. “Disruptive technology is an experiment to the betterment of the customer. If we have the trust of the customer, we can make our businesses stronger,” said Sugar.

ProServeIT frequently evaluates client relationships and continues to find new ways to extend trust to prospective clients. “We have [new] relationships that we’re trying without a contract; we earn that money every month. We take something that we’d normally put a three-year contract on and say ‘Hey, there’s no contract, here’s your managed service, here’s the value we add to your business, and if we don’t add value, fire us.’ If we have the trust of our customers, we can influence their business; we can make their business better.”

For ProServeIT, the proof is in the numbers. Building trust within the sales team and the clients has paid off: two indicators that the company watches closely to measure customer satisfaction, renewal rates and repeat buys, have increased 13% and 20%, respectively. Of the 25 customers who were offered the “no contract” model, the retention rate was over 90%.



Partners Help Drive Success

1 2001

ProServeIT forms to provide tech consulting and software development services in Canada and US.

2 2004

ProServeIT joins Microsoft Partner Network and begins focusing on providing solutions based on Microsoft technology.

ProServeIT begins to take advantage of Microsoft training and business consultation.

Technology advances start to make off-premises IT models possible.

3 2010

ProServeIT makes the decision to go “all in” and transform its business offerings to focus on cloud-based solutions. Partnering closely with Microsoft, it begins the transition.

4 2011

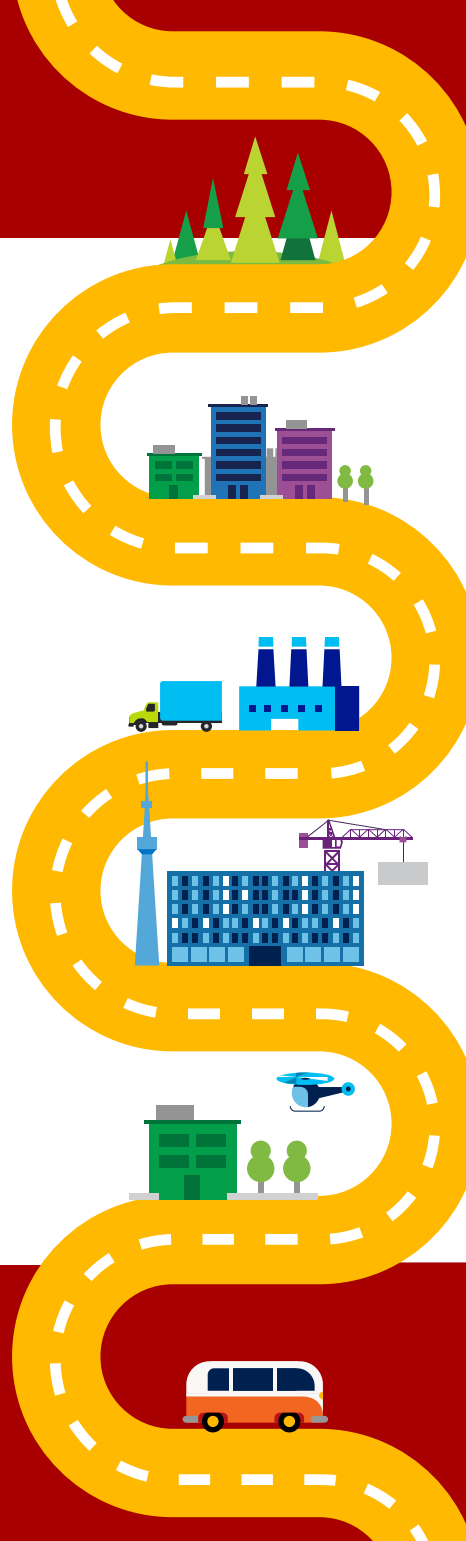
ProServeIT completes the shift to cloud and focuses on selling solutions based on Microsoft products and custom-developed solutions. The company retools its sales team and compensation model to focus on selling cloud-based solutions.

5 2015

ProServeIT experiences 6% growth and opens an office in Ho Chi Minh City to provide 24/7 customer support. Awarded 2015 Microsoft Country Partner of the Year for Canada.

6 2016

Cloud solutions development and support sales account for approximately 70% of ProServeIT revenue.



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