

Increasing Competitiveness and Reducing Costs in Today's Economy

How small and midsize businesses can benefit from Microsoft's Business Productivity Online Suite

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Today's business environment demands measurable returns on every investment. Software can help deliver these returns by providing advanced capabilities to move you ahead of your competition, while online delivery can accelerate ROI by substantially reducing up-front investments, mitigating risks, and streamlining costs.

The Microsoft Business Productivity Online Suite delivers enterprise-class communication and collaboration capabilities via an affordable online subscription that is enabled through Microsoft's vast partner community. This paper outlines the Microsoft offering, illustrates its relevance to small and mid-sized business customers, and provides the resources to help you evaluate how your business might benefit from the service.

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I. How are small and midsize businesses evaluating IT investments in today's business environment?

CHALLENGING BUSINESS ENVIRONMENT

Small and midsize businesses (SMBs) face a challenging business environment today. Volatility in the markets, shifting and more selective customer demand, and uncertainty about the future are creating a climate of scarce capital and risk aversion. This is altering the investment and cost equation for many business owners and managers, driving a sharper focus on cost savings and a stronger requirement for immediate, measurable return from every investment.

IT INVESTMENT CAN HELP

By making targeted IT investments, small and midsize businesses can drive meaningful performance gains that can help increase competitiveness and save money. However, the costs of acquiring new IT solutions are under increased scrutiny. Managers are under more pressure than ever to justify expenditures, minimize risk and deliver faster returns on investment. Software as a service is an emerging delivery model that can help with these needs, and also offer pricing that brings advanced IT-enabled capabilities within reach of nearly any size business. Small and midsize companies stand to gain, as they face smaller IT budgets, but still need to grow revenue while tightly managing expenses.



"SMB interest in strategic infrastructure improvements speaks to the desire (to make) ...meaningful performance gains. Major overhauls and forklift upgrades are less attractive ... (this) is where online services and cloud computing can make an important difference..."

- IDC, December 2008; "Impact of the Changing Economy on SMB IT Spending: Who Is Being Affected and How?"

SMALL AND MIDSIZED BUSINESS PRIORITIES

A recent survey of nearly 500 small and midsize business owners and managers found that they are seeking to leverage information technology as a tool to **improve customer responsiveness, increase productivity, and reduce costs.**

More specifically, today's IT investments must positively impact both revenue and expenses. Small and midsize businesses need to increase service levels to existing customers, deliver products and services more efficiently while reducing fixed costs and streamlining variable

WW Small and Midsize Business Survey (October, 2008)

In order to compete...my company must:

1. Improve customer experiences.
2. Stay focused on our original strategy.
3. Invest in customer acquisition and retention.
4. Improve processes to increase employee productivity.

If my company was to make one significant technology investment to help us compete in the next 6 months, we'd focus on:

1. Make employees more productive.
2. Improve data management.

What business actions, if any, are you either currently taking, or planning to take...:

1. Use technology to become more energy efficient.
2. Reduce travel (use phone, Internet etc. instead).
3. Take steps to reduce time/expense associated with systems management.
4. Improve customer experience or management through IT.

Source: MSFT Primary Research, Oct 2008, 462 respondents from 20 countries (80% US, 20% WW; primarily Canada, UK and Australia); 74.5% Business Decision Makers, 25.8% IT Pros, 64.1% small organizations, 35.9% medium organizations

costs. All of these issues matter more than ever in the current economy.

TOP PERFORMERS WILL CONTINUE TO INVEST

Analysts predict that top-performing companies will continue to make meaningful gains in business performance to stay ahead of the competition and expand their market share.



"CEOs [now] view IT as a critical part of growing a business. (In the near future) IT's contribution will be cited in the top three success factors by at least half of top-performing businesses; IT barriers will be cited in the top three failure factors by at least half of the lowest performers."

- John Mahoney and Tom Berg of Gartner, "IT Strategies for Uncertain Economic Times", December, 2008

Thus, while it is critical that small and midsize businesses scrutinize their investments, they cannot afford to lose focus on continuous improvement. Making fundamental business improvements through strategic IT investment can be part of an effective company strategy to drive competitiveness in today's economic environment.

II. What are the scenarios enabled by Microsoft's Business Productivity Online Suite? How can these scenarios help drive business value for small and mid-sized companies?

Microsoft's business class communication and collaboration capabilities, delivered online, can help small and mid-sized businesses address their top priorities. When combined with the services of a Microsoft Partner, these solutions can help companies: 1. respond more rapidly to customers by improving the way they share information; 2. deliver productivity gains by enhancing communications across teams and workgroups; and 3. reduce costs by providing a variable subscription service with manageable up-front costs and delivering security and reliability through a financially-backed service level agreement.



III. How can the Microsoft Business Productivity Online Suite help to enhance competitiveness?

IMPROVE AGILITY AND STREAMLINE COSTS

Deploying the Microsoft Business Productivity Online Suite (BPOS) enables companies to realize the value of advanced communication and collaboration capabilities without having to invest in new hardware or large-scale on-premise deployment projects. Additionally, ongoing costs to manage and maintain the software are virtually eliminated since the solution is delivered as a cloud-based service. The Business Productivity Online Suite provides organizations with enterprise-class security and reliability benefits previously only available to companies with large IT departments.





The result is that BPOS enables small and midsized businesses to re-allocate resources from running in-house "data centers" and maintaining of the status quo, to generating strategic value that improves the core business.

Perhaps most importantly, these benefits are enabled and supported by Microsoft's vast partner community and the unique and specialized services that they offer.

OPTIMIZE BUSINESS PRODUCTIVITY INFRASTRUCTURE

Microsoft's desktop and server software and services help streamline the way companies and their employees do business, while increasing IT effectiveness and business agility. The Business Productivity Infrastructure Optimization (BPIO) model helps identify where businesses can focus to maximize the value of their total IT investment and helps ensure that these investments are aligned with a long term strategy of driving strategic business value from IT.

The Business Productivity Online Suite can be an enabling component in moving toward a more Dynamic Business Productivity Infrastructure. BPOS has a direct impact on enhancing the Collaboration and Unified Communication capabilities of an organization, contributing near-term benefits and enabling longer-term returns by moving toward a more Dynamic IT environment. Microsoft's vast partner community is ready to work with businesses to evaluate their current level of Infrastructure Optimization and develop an IT investment road map designed to deliver long-term value as well as short-term return on investment.

Value of Capabilities	
 Microsoft Exchange Online <ul style="list-style-type: none"> • Save time with shared, up-to-date calendars, contacts and task lists • Improve information flow with integrated access across multiple devices 	 Microsoft SharePoint® Online <ul style="list-style-type: none"> • Make it easier to find information with a central location for documents and data • Improve collaboration with online places to share information
 Microsoft Office Live Meeting <ul style="list-style-type: none"> • Reduce costs with multi-party video and audio over existing broadband connection • Improve remote meeting effectiveness with online, real-time presentations and updates 	 Microsoft Office Communications Online <ul style="list-style-type: none"> • Speed up response time by getting answers fast - knowing who is on-line and connecting with them instantly

For more information on Exchange go to <http://www.microsoft.com/EXCHANGE/default.aspx>.
 For more information on Microsoft SharePoint go to <http://www.microsoft.com/Sharepoint/default.aspx>.
 For more information on Microsoft Office Communications go to <http://office.microsoft.com/en-us/communicationsserver/default.aspx>.
 For more information on Microsoft Office Live Meeting go to <http://office.microsoft.com/en-us/livemeeting/default.aspx>.
 For more information on Business Productivity Online Suite go to <http://www.microsoft.com/online/business-productivity.aspx>

Benefits of Business Productivity Online	
Streamlined IT Costs / Improved IT Agility	<ul style="list-style-type: none"> • Add new services without having to deploy new hardware and software • Free your valuable IT resources from routine management tasks, to focus on core business initiatives
Business-Class Security & Reliability	<ul style="list-style-type: none"> • Secure Internet protocols • Disaster recovery: redundant network architecture and data centers • Multiple layers of security



For more information on Microsoft's Business Productivity Infrastructure Optimization model: <http://www.microsoft.com/businessproductivity/about/overview.aspx>

How can you get low-cost enterprise email when webmail doesn't have the performance that you need?



Profile

Based in Seattle, Washington, Datatune is a small software development firm that helps service-based businesses manage information through an intuitive Web-based application, Datatune Extranet.

Customer Quote

"With Microsoft Online Services, we're getting everything we had with Google Apps, but we don't have to spend all that time managing and gluing the pieces together."

JW Keller, President, Datatune

Situation	<ul style="list-style-type: none"> • Webmail with third-party integration for mobile services
Challenges	<ul style="list-style-type: none"> • Lack of integration: Difficult to share calendars, contacts, and task lists • Poor performance: As mailbox size increases, system slows • Inconsistency: Features that are inconsistent one day to the next
Solution	<ul style="list-style-type: none"> • Exchange Online
Benefits	<ul style="list-style-type: none"> • Easy to share calendars, contacts, and task lists • Mobile access included in the service • Enterprise class performance: security, reliability, and speed • Simple subscription, minimal up-front investment • Equivalent cost to previous, lower-functioning solution

How can a company with long-term, complex contracts maintain an intricate document infrastructure at a low cost?



Profile

Based outside of Chicago, RED works with industrial manufacturing companies to profitably reduce greenhouse-gas emissions by developing and operating energy recycling facilities.

Customer Quote

"The SharePoint Online solution...was significantly more attractive than an in-house approach because it offered a lower cost of ownership, yet the same benefits and features."

Aaron Walters, CFO, Recycled Energy Development

Situation	<ul style="list-style-type: none"> • Using in-house file storage solution
Challenges	<ul style="list-style-type: none"> • Complex customer contracts with many iterations and alternatives • Difficulty tracking and controlling versions
Solution	<ul style="list-style-type: none"> • SharePoint Online
Benefits	<ul style="list-style-type: none"> • Easy for users to setup, organize, and use • Easy to control multiple inputs and document versions • Everyone can see when the customer is due a response and when they need to contribute • Enterprise-class performance: security, reliability, and speed • Inexpensive

A reliable IT services partner

SBS PROS

"For a minimal fee and no huge startup costs, organizations can have an enterprise-class environment where they will have guaranteed access to their data, anywhere, anytime. And it's backed by a company that nobody else can match in resources."

Stephen Alford, Director, SBS Pros

Focus limited IT resources on business improvement



"As a businessman, I have to control capital costs and my operating budget. Microsoft Online Services is a fraction of the cost and a quantum leap forward in capability."

Jeff Staser, Principal, Staser Consulting Group

For more case studies: <http://www.microsoft.com/online/about.mspx>

IV. What are the critical considerations when selecting a provider for software and services?

MICROSOFT'S UNIQUE APPROACH

Microsoft offers small and mid-sized businesses the flexibility that comes from combining on-premise software with complementary, integrated cloud-based services. This offering, called "Software plus Services," provides businesses with the convenience, security, and reliability of both on-premise software and web-based services, combined with the choice of how they access and store information – on-premise, in the cloud, or as a combination of the two. This hybrid on-premise / cloud model enables businesses to focus on user and business productivity instead of deployment models.

Software plus Services enables small and mid-sized businesses to align the deployment model to their business needs, today and tomorrow. For example, remote offices could use Exchange Online while Headquarters uses an on-premise installation. If needs change, Microsoft

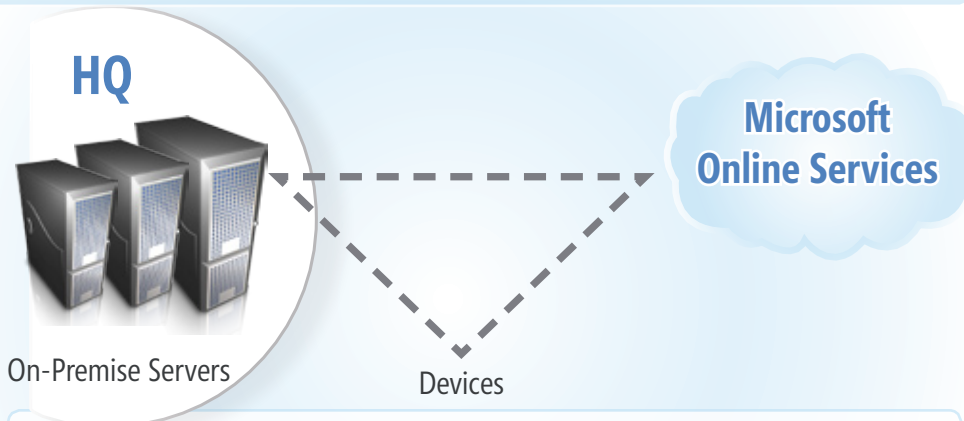
makes it easy to move the application from online to on-premise or vice-versa, with no change to the application or user experience. Thus, a company is never 'locked in' to one implementation or the other. Microsoft's vast partner community is enabled to help small and mid-sized businesses determine the optimal implementation depending on the customer's unique needs and priorities.

For two decades, Microsoft has been helping businesses of all sizes realize their potential by bringing the power of software within reach. With products that help companies grow their productivity and save costs, Microsoft and its worldwide network of industry leading partners are committed to serving the needs of customers around the world. Business Productivity Online Suite, designed to specifically address the needs of small and mid-sized businesses, builds on this tradition of continual innovation and support.

Microsoft's Software plus Services Approach

POWER OF CHOICE

- Optimized for your business needs today: on-premise, in the cloud, or both
- Flexibility to change your solution as your needs change



Flexibility

- Access from any device to cloud-based service and/or on-premise applications
- Same rich client experience on all devices

For more information on Microsoft's Software plus Services Approach:
<http://www.microsoft.com/softwareplusservices/>

V. Who in the organization can benefit from the Microsoft Business Productivity Online Suite?

Support will come from all corners of your organization. There are benefits provided by Business Productivity Online for everyone from the CEO down.


CEO

	Employee Effectiveness	Customer Responsiveness
	<i>"..making investments so my top talent has the best IT tools to help drive the business."</i>	<i>"..helps us to better collaborate on key customer issues to ensure we meet their requirements."</i>

The Business Productivity Online Suite helps to maximize the effectiveness of the company's employees by providing better access to real-time information and reducing time spent on non-value administrative activity (e.g. looking for files, etc.).

The result is more effective company-wide communication and collaboration, whether on the road or in the office, the organization can respond more rapidly to customers, partners, and suppliers.

CFO

	Employee Effectiveness	Saves Money
	<i>"..an investment where I can see the benefits quickly paying back."</i>	<i>"..helps us to plan – removing large and somewhat unpredictable capital expenses to a predictable operating expense."</i>

The Business Productivity Online Suite helps the company to deliver better results with its resources and quickly turn information and ideas into business outcomes. For example, teams can streamline core processes like monthly reporting or client project management.

At the same time, moving online helps with the bottom line. With less up-front investment, lower operating costs, and predictable monthly expenses, the solution can deliver return on investment even in the first month.

IT Manager

	Employee Effectiveness	Saves Money
	<i>"..putting IT to work on business issues that have a quick bottom-line impact."</i>	<i>"..Enterprise-class reliability and security without having the expense of building and managing it."</i>

Deploying the Microsoft Business Productivity Online Suite enables IT managers to re-allocate resources from running in-house "data centers" and maintenance to projects that focus on core business value. It also provides an organization with enterprise-class security and reliability that previously was only available to large companies.

Sales and Marketing

	Employee Effectiveness	Customer Responsiveness
	<i>"..a more collaborative approach to help us WIN against the competition."</i>	<i>"..we spend less administrative time coordinating customer responses and controlling document versions."</i>

The Business Productivity Online Suite helps companies to more rapidly and professionally respond to customers to help win new deals and grow existing relationships. Advanced communication capabilities can increase the quality of customer facing interactions, while the collaboration features can help teams to turn around customer proposals faster and manage campaigns and other projects more efficiently than before. Additionally, online digital meeting capabilities enable companies to deliver more professional client presentations while saving travel costs.

VI. How can you learn more?

- If you want more information on the Business Productivity Online Suite, find it here:
<http://www.microsoft.com/online/products.mspx>
- If you have an IT Provider, ask them about Microsoft's Online Services
- If you don't have an IT Provider, find one here:
<https://solutionfinder.microsoft.com/>
- If you are ready to try or buy the Business Productivity Online Suite, visit:
<http://www.microsoft.com/online/buy.mspx>

