

Migrating SMB Customers to Office 365: How Channel Partners Can Leverage Migration Tools to Win in the Cloud

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Introduction

In an increasingly challenging and competitive business environment, small and medium businesses with 1-999 employees (SMBs) are looking to embrace the cloud as a means to reduce capital expenditures, optimize efficiencies and speed of business, and improve employee productivity. Many of these firms are finding that their current IT environment is ill-equipped to address trends such as the widespread use of mobile devices, remote data access, instant messaging, social networking, and increasing regulatory and security concerns. Additionally, the continued explosion of e-mail data volume is forcing companies to seek new ways to effectively scale, control, and secure their e-mail infrastructure.

To this end, SMBs are rapidly migrating e-mail and productivity solutions from on-premise to cloud based environments. US SMB spending on cloud e-mail and productivity suites such as Office 365 is expected to triple from roughly \$1.9B in 2014 to \$6.5B by 2019, representing a 5 year CAGR of 28%. Meanwhile, SMB spending for on-premise e-mail and productivity is expected to remain stagnant, growing from \$2.3B in 2014 to \$2.4B in 2019, a 5 year CAGR of merely 1%. Cloud share of total e-mail and productivity spending is expected to increase from 45% in 2014 to 73% by 2019. Office 365 is expected to lead this shift as 16% of US SBs (firms with 1-99 employees) and 32% of MBs (firms with 100-999 employees) plan to begin using Office 365 within the next year.

While the shift to cloud is apparent, many SMBs lack both the internal IT staff and the expertise needed to migrate to the cloud. In fact, AMI estimates that only 36% of all US SMBs have a dedicated, full-time or part-time IT person formally managing their environment. SMBs without IT staff rely on the help and advice of external consultants, channel partners, and IT advisors to aid them in the cloud migration process. These SMBs rarely transfer their entire IT infrastructure to the cloud at once, and e-mail migration is a natural starting point. AMI estimates that nearly two-thirds of all SMB focused channel partners in the US are already offering Office 365 to their customers. Partners have widely cited the benefits of leveraging Office 365 as an entry point to move customers into the cloud. Previously, migrating customer data to Office 365 environments was a manual, labor intensive process, however, with the introduction of several migration tools partners can now save time with automation.

This White Paper explores how channel partners are utilizing migration tools to quickly move customer data from on-premise or hosted source servers to Office 365 environments. It provides results from a recent quantitative & qualitative study which asked channel partners to identify the most important features of migration tools, the difference between data migration tools versus migration project management tools, the key vendors in the market (e.g., BitTitan, Microsoft, and SkyKick), partner profitability, and partner satisfaction and experiences in using each tool.

"It's easier to put customers on Office 365 than putting them on Exchange 2013. We're still offering both, but Office 365 is part of our standardization. We don't want to do very many complex on-prem installations. We're getting better over time."

- Senior Systems Administrator within mid-sized Managed Services Provider



"In general, customers finally realize they have a much better experience and value with mailbox and Office functionality, unlimited storage through One Drive, and built-in easy conferencing with Lync. Customers don't have to spend time and money on other 3rd party apps."

- Sales & Marketing Director within small-sized Managed Services Provider

About This White Paper

This White Paper was developed by AMI-Partners, a leading, global SMB research and consulting firm. It is based on the results of a combination of qualitative and quantitative surveys among US channel partners offering Office 365 migration tools. AMI conducted phone based in-depth interviews and structured, online quantitative surveys with more than 100 US channel partners in Q1 2015.

Office 365 migrations are a grey space that many vendors and partners often overlook. This groundbreaking study by AMI reveals how channel partners are taking advantage of the lucrative opportunities provided by migrating customers to Office 365.

All partners surveyed currently offer migration tools from vendors such as Binary Tree, BitTitan, Microsoft, SkyKick, and Quest/Dell. Below is a brief description of each of these tools, which are among the most widely used tools by partners.

Binary Tree allows users to migrate data from on-premise Exchange Servers to Microsoft Office 365 by using a centralized management console for the entire process. The user can also take advantage of a built-in communications and migration event scheduling tool, which facilitates a productive migration.

BitTitan offers a comprehensive and user-friendly migration solution, which goes beyond mail migration. Using a cloud-based platform it allows users to migrate large amounts of data from source to destination in an efficient manner.

Microsoft has a built in tool called Exchange Admin Center within Office 365 which can be used to migrate data from a hosted or on-premise Exchange or IMAP environment to Office 365. Migration batches help to assign specific requests that can migrate all mailboxes at once or only a subset of mailboxes.

SkyKick offers a suite of integrated cloud-based products that enable solution providers to manage all aspects of an Office 365 migration project with ease – from sales to Outlook setup, and everything in between. Complete migration projects can be automated, providing a holistic approach that is easy to manage and extremely scalable.

Quest/Dell solutions for Office 365 allow users to migrate data from an on-premise or cloud-based data source to an Office 365 environment. Administrative and deployment activities can be automated and complete visibility is guaranteed by its enhanced reporting and auditing capabilities.

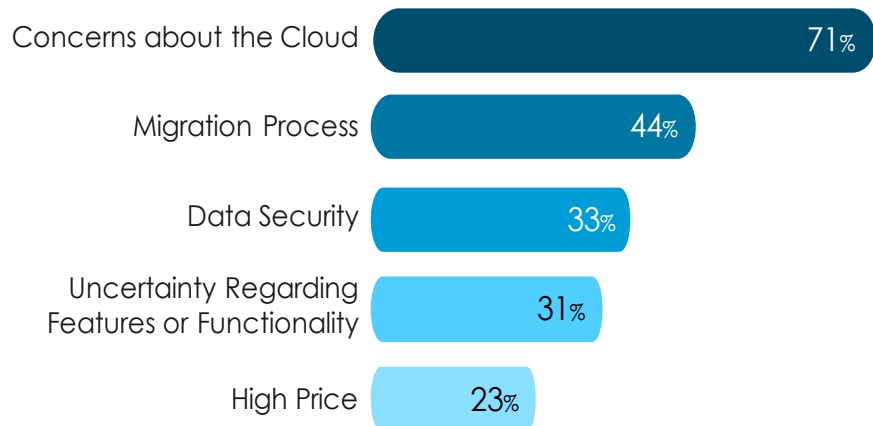
For the purposes of this White Paper, only BitTitan, Microsoft, and SkyKick are evaluated. Binary Tree and Quest/Dell are excluded as these tools appear to be more focused on the enterprise markets and did not have significant adoption amongst partners in the SMB space.

Office 365 Migration Drivers Among Partners

Channel partners have long sought to accelerate sales velocity and unearth new streams of revenue in order to scale their businesses. By providing Office 365 migration support, partners are afforded numerous new ways to provide value added services to improve profitability.

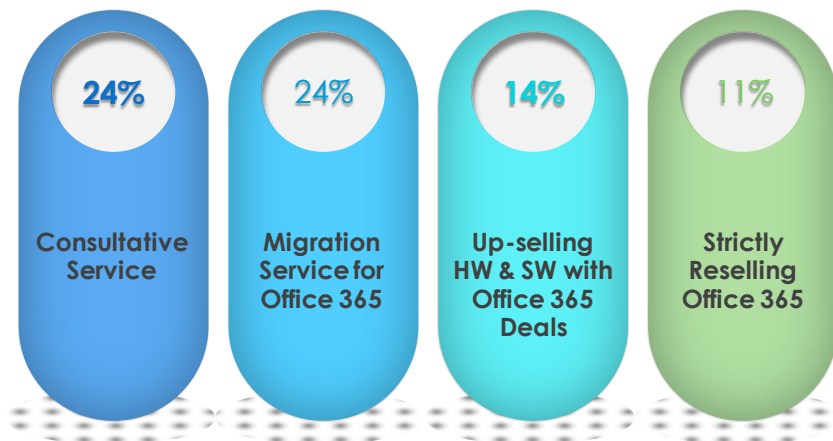
In order to take advantage of these opportunities, partners must be cognizant of the challenges and barriers that SMBs face. The overall 'Migration process' is cited as the number two inhibitor to SMB adoption of Office 365, behind 'Concerns about the cloud'. As such, there exists ample opportunity for partners to alleviate SMBs' concerns by leveraging data migration tools to simplify the migration process and to maintain high levels of data quality.

Top 5 Office 365 Inhibitors



Tools from leading providers such as BitTitan, Microsoft and SkyKick are allowing partners to complete more migrations, close more deals, and drive customer satisfaction. For the purposes of this White Paper, we focus on BitTitan, Microsoft, and SkyKick as they are the leading providers within the SMB space. These SMB centric tools allow partners to drive stronger margins when selling Office 365. On average, partners are able to achieve profit margins of 24% by providing migration support for Office 365 as opposed to 11% when strictly reselling Office 365.

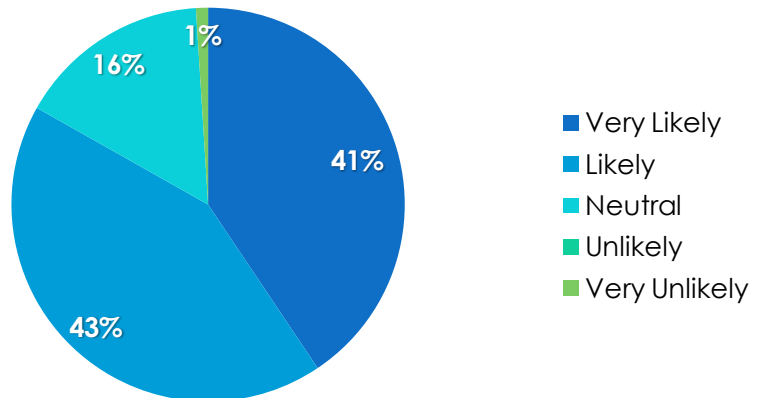
Typical Margins Derived from Selling Office 365



Additionally, as a result of using data migration tools, the typical partner is able to sell more deals. Partners were previously completing roughly 15 Office 365 migration projects last year, but as they become more comfortable with using these tools, they expect to be able to complete 18 migrations over the next year — a 20% increase.

While improving margins and completing more deals are attractive, the most lucrative benefit of offering migration support may be the ability to attach additional services upon completion of migration projects. 83% of partners mentioned that customers would be 'Likely' or 'Very likely' to purchase additional cloud products or services from the partner at the end of a migration project.

Customer Likelihood to Purchase Additional Cloud Services after Migration



Partners who are able to successfully execute e-mail migration projects win customers' trust. Most SMBs struggle to undertake the migration process alone; therefore, it is critical that partners provide their customers with a seamless migration experience. Failing to do so allows competitors an opportunity to capture potential business. Picking the right migration tool becomes critical to partners hoping to accrue recurring streams of revenue by attaching and bundling in additional cloud services.

"A successful migration means that the customer will come back to us for future deals. We want flawless migrations to show our expertise. A lot of customers have had nightmare scenarios and are leery. If nothing has changed in their eyes, then that's great. We want repeat customers."

- Marketing Specialist within mid-sized Value Added Reseller



"We're enhancing migrations with other solutions like SharePoint and packaging it in on the customer roadmap journey. It's driving business and money. We also add on One Drive/Skype for business, Dynamics CRM once we get them on the cloud with Exchange/Office 365. It's a land and expand."

- Business Development Manager within mid-sized Systems Integrator

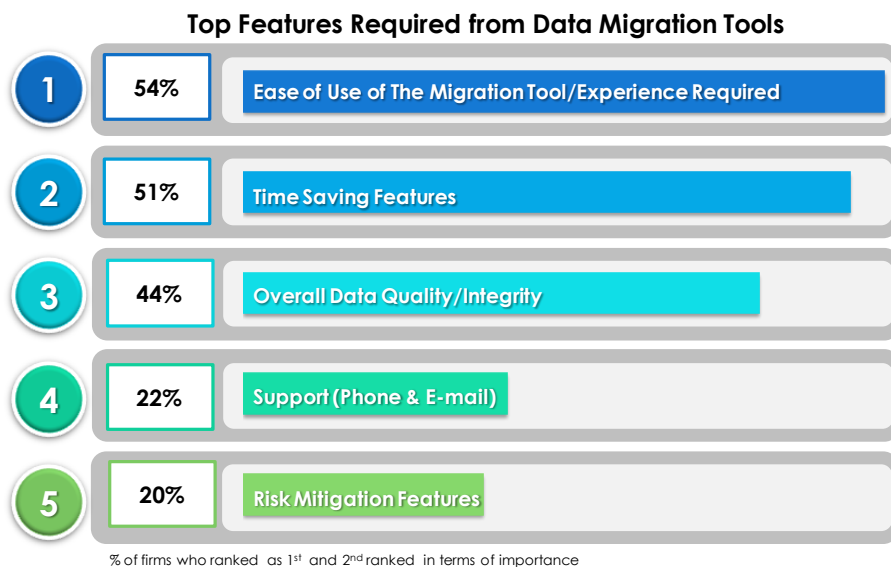
The next two sections of this White Paper will explore the two main types of tools available to partners: Data migration tools, which are traditional solutions focused on moving data, and then enhanced migration project management solutions that help partners move ancillary workloads in addition to data.

Data Migration Tools

In this section, we explore data migration tools.

***Data migration tools** are products or technology that help transfer your customers' e-mail, calendar, contact, task, permission, and public folder data from on-premise or hosted source server to a hosted Office 365 environment. The category of data migration tools does not include tools or technologies that involve other aspects of a migration project such as project planning, desktop setup, communications, and/or project management.*

When selecting a data migration tool, partners must consider a variety of criteria. Partners cite 'Ease of use of the tool' as the most important feature while 'Time saving' and 'Maintenance of data quality and integrity' follow closely behind.



Choosing a tool that is easy to use minimizes the amount of experience required and allows the partner to dedicate resources to other business critical tasks. By utilizing fewer resources on migration projects partners can pass on cost savings to customers.

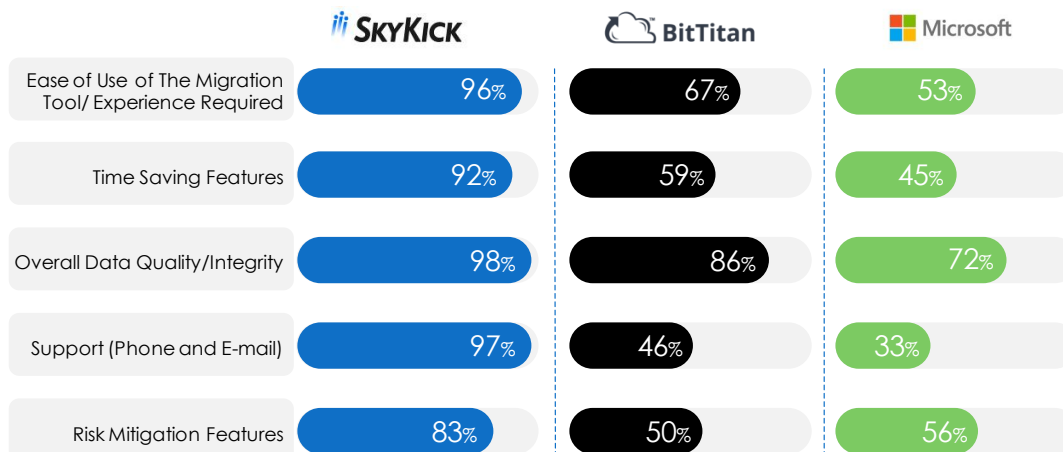
"Previously, we were doing the migrations the old fashioned way -- going on site and creating profiles, mailboxes in FTP, and importing files. It was costing us money and the client as well -- we were losing money."

- Principal Engineer within large-sized Managed Services Provider



Partners using migration tools were asked to rate their satisfaction with each tool across each of the most important product features. Across all features, SkyKick scored the highest in partner satisfaction. For features such as 'Ease of use,' 'Time savings', and 'Risk mitigation' SkyKick partners were nearly twice as satisfied as BitTitan and Microsoft counterparts. For other features such as 'Phone and e-mail support' SkyKick partners were three times as likely to be satisfied.

Partner Satisfaction with Features by Data Migration Tool Used



% of firms answering 5, "Very Satisfied" + 4, "Satisfied" Scale of 1 to 5, where 5 = Very Satisfied and 1 = Highly Unsatisfied



"SkyKick makes it a lot more hands off. We used to have to export calendars, contacts, download/upload; our guys spent hours doing migrations. With SkyKick we can do migrations in the background. They set up everything basically."

- Senior Systems Administrator within mid-sized Managed Services Provider

"I believe BitTitan's MigrationWiz was the first to offer data only. Additionally they can handle migrations from IBM Lotus/Domino environments to Exchange or Office 365. The tool is very simple to use."

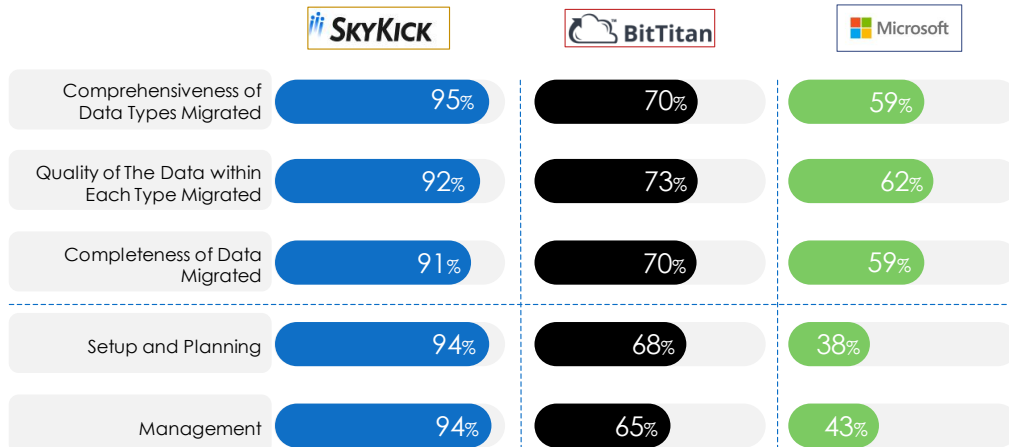
- Senior Systems Administrator within mid-sized Managed Services Provider

Among the most important features, 'Data quality/integrity' ranked third. Partners realize that failing to fully migrate all of their customers' data means potentially losing customers to competitors. As a result, partners must consider the following data quality features when evaluating data migration tools:

- **Comprehensiveness of Data Types Migrated:** E-mail, calendar, contacts, tasks, public folders
- **Quality of the Data within Each Type Migrated:** Flags, categories and time stamps for emails, meeting responses and time stamps for calendars, meta-data for contacts
- **Completeness of Data Migrated:** Does 100% of the user data get migrated or is their data loss due to timing of migration passes or other factors like pre and post data sync?
- **Set up and Planning:** Source discovery, destination discovery, mailbox mapping, cross mailbox setup
- **Management:** Ease of managing migration passes, handling of throttling

When asked to rate their satisfaction with each tool across each of the above areas, SkyKick was again rated as the most satisfactory. On average, partners using SkyKick were 20-30% more satisfied than BitTitan users, and almost twice as satisfied as Microsoft users.

Partner Satisfaction with Data Quality Features by Data Migration Tool



% of firms answering 5, "Very Satisfied" + 4, "Satisfied" Scale of 1 to 5, where 5 = Very Satisfied and 1 = Highly Unsatisfied

"We like to assert that we have no issues on data issues, no data loss/corruption. It's of utmost importance -- no one wants to lose any emails."

- Business Development Manager within mid-sized Systems Integrator

"To maintain message fidelity, that when you go from point A to point B it's complete with attachments, address book, and other files, it's very important, it's a 10/10."

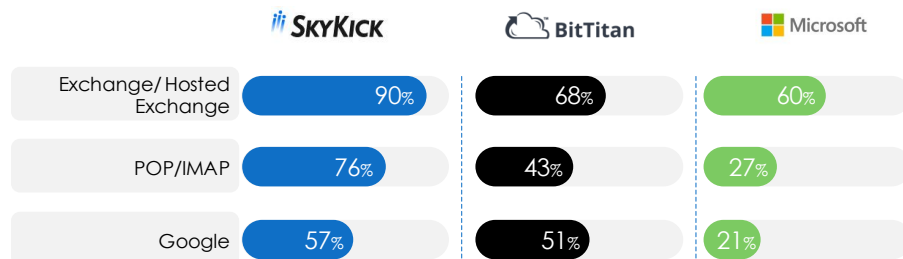
- Co-Founder within small-sized VAR/Managed Services Provider



Finally, partners need migration tools that are flexible and can successfully migrate customers' data from a variety of environments. There are three main types of migrations to Office 365: Exchange/Hosted Exchange based, POP/IMAP based, and Google based.

Partner Satisfaction with Data Migration Tool by Environment

Different tools may work better for different customer environments; SkyKick is the preferred tool for migrations from Exchange and POP/IMAP while SkyKick and BitTitan are both highly valued for Google based migrations.



% of firms answering 5, "Very Satisfied" + 4, "Satisfied" Scale of 1 to 5, where 5 = Very Satisfied and 1 = Highly Unsatisfied

"SkyKick has been fantastic; they take ownership and make sure everything goes through correctly. Previous tools couldn't even move everything from IMAP; I had to do it by hand."

- Senior Systems Administrator within mid-sized Managed Services Provider



While data migration tools are critical to partners, a new type of migration tool has been introduced in recent years allowing partners to meet increased customer expectations. These newer tools are referred to as migration project management tools and enable partners to move various workloads in addition to data. Our next section provides an in-depth look at these tools.

Migration Project Management Tools

In this section we explore the migration management capabilities available to partners across BitTitan, Microsoft and SkyKick.

Migration project management tools are products or technologies that provide tools to migrate data, but also one or more workloads, like selling, planning, desktop setup, communications, and project management.

Partners must consider a number of criteria when evaluating migration project management tools from providers such as BitTitan, Microsoft and SkyKick. We define these criteria as:

- **Automated email infrastructure discovery** (e.g. automatically discovers email mailbox information, aliases, distribution groups, and other information about the source email environment)
- **Automated online migration plan creation** (e.g. automatically creating a dynamic migration plan based on answering questions about the customers email environment)
- **Automated provisioning and setup of the account** (e.g., account, users, licenses, mailbox and calendar permissions, aliases, distribution groups, shared mailboxes, public folders, etc.)
- **Automated DNS changes** to perform MX record switch and necessary DNS changes in the correct way
- **Automated desktop setup of Outlook, remediation** (e.g. installing required patches) and **migration of local data** (e.g., PST's, Address Autocomplete, Signature Blocks, Rules, etc.)
- **Automated project communications to customer end users, project owners and internal teams**
- **Project management portal to view status and make changes** (e.g., sync progress, change dates, modify users/licenses, throttling, etc.)

Migration project management tools automate various processes to allow partners to quickly and flawlessly migrate customer data. Partners have lauded these tools' ability to save time and scale their businesses to complete more profitable migration projects.

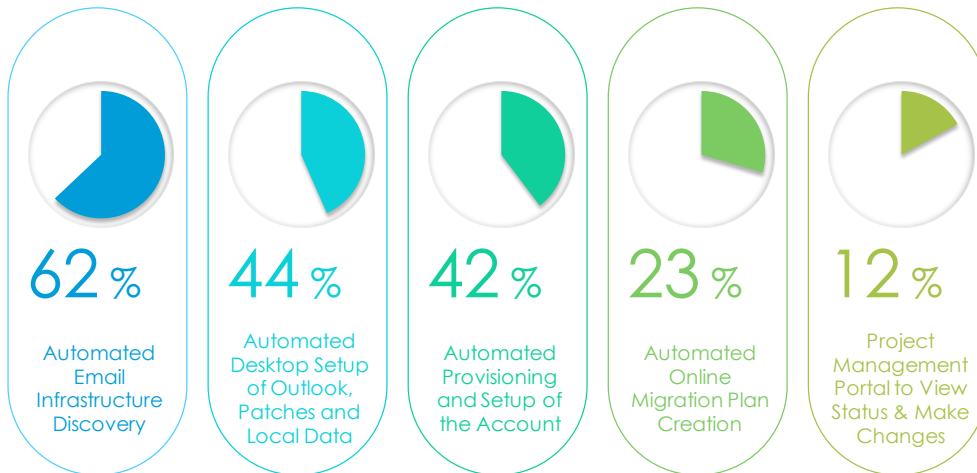


"We were at a point where we were telling people we couldn't take on migrations since we were 2 months behind even with 2-3 people doing migrations. Now we're not."

- Sales & Marketing Director within small-sized Managed Services Provider

Among all features, partners cite 'Automated email infrastructure discovery' as most important. 'Automated desktop setup of Outlook' and 'Automated provisioning and setup of accounts' were the second and third most important features required by partners.

Top Features Required from Migration Project Management Tools



% of firms who ranked as 1st and 2nd ranked in terms of importance

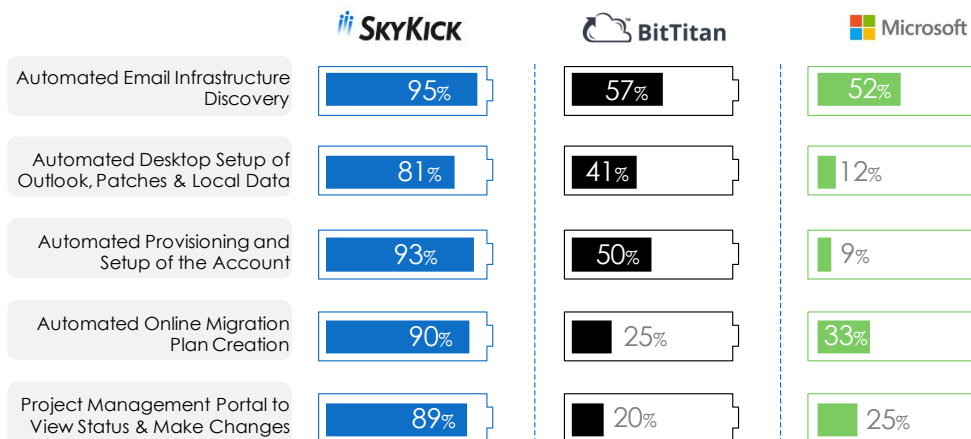
"I think migration automation exponentially increases our business. We can now do 10 deals in a week that we previously couldn't do. Also, it helps us make a lot more money in a shorter period of time. We schedule migrations 2 weeks out and we're setting up deals continuously; we're definitely doing more than twice as much from before. With the automation tool we just set it and forget it. That openness and availability helps us grow our business. It gives us time to do more deals. Our engineers using the automation tool can do multiple migrations and touch multiple environments."



- Marketing Specialist within mid-sized Value Added Reseller

AMI asked partners to rate their satisfaction with the main vendors within this space.

Partner Satisfaction with Features by Migration Project Management Tool Used



% of firms answering 5, "Very Satisfied" + 4, "Satisfied" Scale of 1 to 5, where 5 = Very Satisfied and 1 = Highly Unsatisfied

Partners are most satisfied with SkyKick moderately satisfied with BitTitan, and relatively unsatisfied with the Microsoft tool.

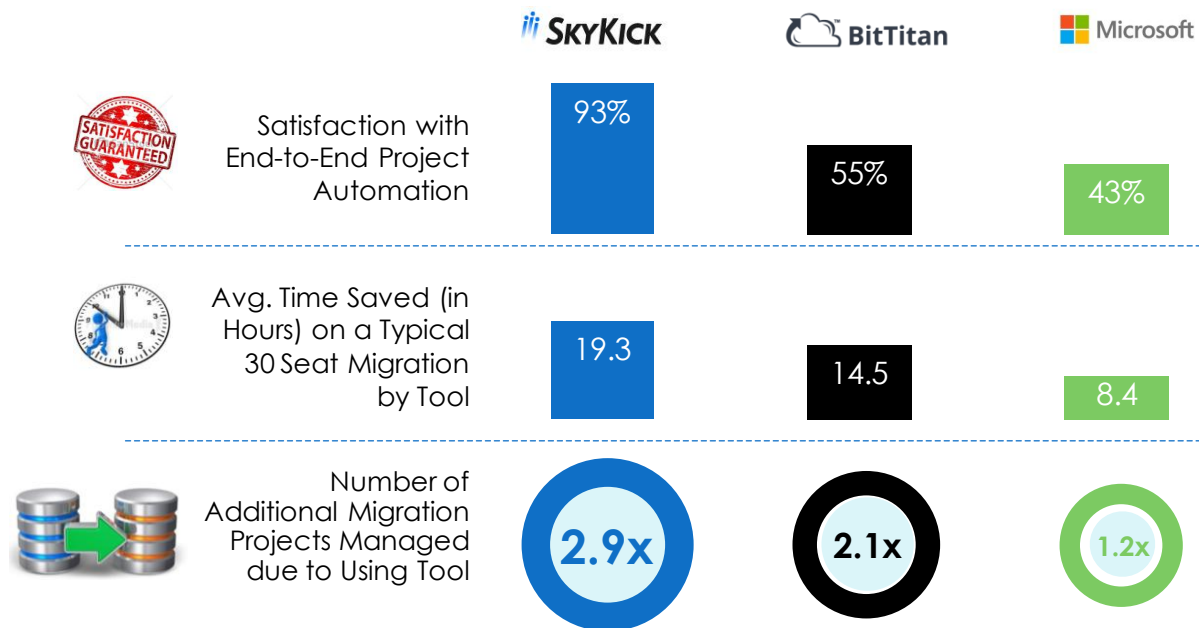


“SkyKick fits the bill for us: we can discover the customer’s environment, show customers things they might not even know. It helps with planning by estimating how long it’ll take to move as many mailboxes that are discovered so we can tell the customer. We also get full automation of communicating to end users. There’s templates SkyKick sends to users so they know what to expect. I’m not aware of any other similar tools.”

- Sales & Marketing Director within small-sized Managed Services Provider

Overall partner satisfaction with end-to-end project automation for SkyKick is 93%. BitTitan and Microsoft trail at 55% and 43% respectively. This high level of satisfaction for SkyKick can be directly attributed to the fact that the SkyKick tool saves partners more time and allows partners to complete more migration projects. On average, for a 30 seat migration, a partner using the SkyKick tool saves over twice as much time as a partner using the Microsoft tool. Compared to BitTitan, partners using SkyKick will save 50% more time.

Similarly, partners using the SkyKick tool are able to complete almost 3 times as many migration projects compared to partners using the Microsoft tool, and 50% more projects than partners using BitTitan.



Choosing the right migration project management tool is critical to ensure partners are maximizing revenue opportunities and meeting customer expectations. Failure to do so could result in losing deals to more agile competitors.

“The other tools take so much effort to set up the environment. SkyKick is easy compared to it. We don’t have to set up database or 3 migration machines. Also the presales piece is really good; it’s a great selling tool. With SkyKick we get welcoming and status emails that are sent out to let us know where we are on the process, where we stand, what works needs to be handled at each step.”

- Co-Founder within small-sized VAR/Managed Services Provider

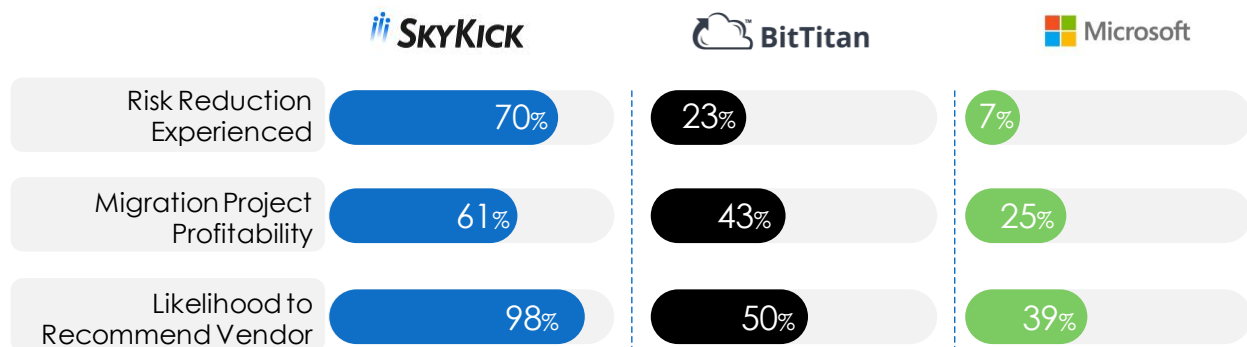


Two final areas for partners to consider when evaluating migration project management tools include risk reduction and project profitability. We define these as:

- **Risk reduction** refers to qualities such as more predictability, less issues experienced during the migration project, and having an overall higher piece of mind
- **Migration project profitability** refers to increased margins and/or revenues resulting from project automation, scalability, and overall efficiencies

When asked to rate their satisfaction with each tool across these key areas, partners cited SkyKick as the preferred tool. In fact, partners are 3-10 times more likely to be satisfied with the risk reduction experienced when using the SkyKick tool compared to using the BitTitan tool or the Microsoft tool, respectively. Partners using SkyKick also tend to be more profitable when compared to partners using BitTitan and Microsoft. As a result, 98% of partners would strongly recommend SkyKick to their peers.

Partner Satisfaction Ratings with Migration Project Tool



% of firms answering 5, "Very Satisfied" + 4, "Satisfied" Scale of 1 to 5, where 5 = Very Satisfied and 1 = Highly Unsatisfied



"SkyKick saves me a significant amount of time. It freed up 80% of my team. We had people doing manual migrations all night long previously, on a one by one basis -- we don't do that anymore. Set it up and forget about it."

- Senior Systems Administrator within mid-sized Managed Services Provider

It is critical that partners take advantage of the opportunities afforded by migration project management tools. By utilizing these tools, partners can migrate more customers and increase sales velocity for Office 365 while maintaining high standards of data quality.

Conclusion

SMB appetite for hosted e-mail and productivity solutions is reaching a boiling point. 16% of SBs and 32% of MBs are planning to migrate their e-mail and productivity solutions to Office 365 over the next year. Furthermore, SMBs are relying on channel partners to help them with the data migration process as they lack the required internal staff and technological expertise to do so alone. Migrating SMB customers to Office 365 provides channel partners with the ability to transition SMBs into the cloud and up-sell additional cloud services. Specifically, migration support services stand out as a golden opportunity for partners to create new streams of revenue.

Not only are the margins for migrations attractive, but partners who are able to successfully migrate customers' data and e-mail to Office 365 are more likely to win their customers' trust. This invaluable trusted advisor role ensures that SMB customers who are looking to scale will return to the partner to bundle in additional cloud applications and services.

In order to win customer trust and maximize profitability, it is critical that partners carefully choose the right migration tool to help them shepherd customers into the cloud. Failing to successfully execute a migration project could result in losing customers to competitors.

Currently, there are many options in the market for partners who may be looking for data migration tools, or for a tool to fully manage entire migration projects. Each tool evaluated in this White Paper has its own merits. For example, Microsoft's built-in tool is free, with no cost to partners. Similarly, BitTitan was among the first data migration tools to be developed and can offer high quality migrations from IBM Lotus/Domino environments, which other tools may lack. SkyKick appears to be the overall leader across a number of areas such as comprehensiveness of data migrated, quality of data migrated, risk reduction during migrations, overall partner satisfaction, and partner profitability.

When evaluating various Office 365 migration tools, partners must consider each of these factors and select the tool which best fits their needs. Finding the right migration tool will allow partners to save time, complete more migration projects, open new revenue streams, win new customers, and maximize customer satisfaction. These benefits translate into a winning solution for partners and customers alike.