

Microsoft

Maximizing Cost Efficiency: Microsoft FastTrack Partner Community Program is Evolving Customer Acquisition Cost (CAC)

Author: Josh Elmore

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Key Contributors: Lily Cui, Karen Garber, Elsa Montgomery-Groves

Executive Summary:

The Microsoft FastTrack Ready Partner Program (FRP) has undergone a transformative evolution, shifting its focus from simply incentivizing partners to assist customers to providing a consistent gateway to new customers with the potential for the lowest Customer Acquisition Cost (CAC). Included in this transformation is the creation of the FastTrack Partner Community (FPC), which encompasses FRP. FPC members have access to many of the value offers included in the FRP program. However, since the FRP program is a legacy program with numerous partners available for research purposes, this white paper focuses on the FRP program. It explores the value the FRP Program brings to participating partners, particularly in terms of reducing CAC. By examining industry benchmarks via Gartner's High-Tech CEO Benchmarks, we highlight how the program helps partners optimize their time investment and achieve significant cost efficiencies in customer acquisition.

Key Findings:

- Participating FRPs have reported up to an **80% reduction** in customer acquisition costs.
- Leveraging the Microsoft Advanced Deployment Guides (ADGs) has decreased delivery costs for partners.
- The program shift to focus on joint value creation will help FPC members build pipelines well beyond the traditional incentives model.
- Partners with well-integrated engineering and sales business functions, and executive sponsorship, are best positioned to maximize the program.
- Partners with a well-defined Ideal Customer Profile are best positioned to act quickly on additional value-add opportunity leads delivered through the FRP program with new and existing customers.

Introduction

1.1 Background and Context

In today's highly competitive market, customer acquisition is a crucial driver of success for technology companies. The cost of acquiring new customers, known as the Customer Acquisition Cost, directly impacts a company's profitability and growth. This paper explores the Microsoft FRP Program and its role in reshaping CAC for participating partners.

1.2 Objectives and Scope

The primary objective of this paper is to analyze the value proposition of the FRP Program in reducing CAC for partners. We will examine the program's evolution, explore how it connects partners with new customers, and demonstrate how it minimizes the time investment required to acquire customers. By comparing these benefits to industry benchmarks, we aim to highlight the program's unique advantages.

Understanding Customer Acquisition Cost (CAC)

2.1 Definition and Significance

Customer Acquisition Cost (CAC) represents the total expenses incurred to acquire a new customer. It encompasses various marketing and sales costs, including advertising, lead generation, sales team salaries, and overhead expenses. Understanding CAC is crucial for businesses to evaluate the effectiveness of their customer acquisition strategies and optimize their resource allocation.

2.2 Gartner's Definition and Calculation of CAC

[Gartner's High-Tech CEO Benchmarks](#) defines CAC as *"the average expenditure necessary to achieve a first sale with customers."* Full details can be found in the report.

$$\text{CAC} = (\text{Marketing Spend} + \text{Sales Spend}) / \text{New Customers}$$

2.3 CAC Benchmarks in the High-Tech Industry

Gartner's High-Tech CEO Benchmarks provide valuable insights into CAC benchmarks across the technology industry. These benchmarks serve as a reference point for companies to assess their CAC performance, identify areas for improvement, and evaluate the efficiency of their customer acquisition efforts.

"...the median Customer Acquisition Cost (CAC) among technology companies with less than \$250 million in annual revenue is \$27,000."

2.4 CAC Benchmarks in the global FastTrack Ready Partner Community.

Our FastTrack Ready Partners provide the best insights into CAC benchmarks across each region. These benchmarks may not necessarily use the same definition found in Gartner's High-Tech CEO Benchmarks report. While not all partners calculate this benchmark the same way, the calculations are similar enough to Gartner's to provide a good average for this white paper. Reported results have also been generalized and aggregated among multiple participating partners.

$$\text{CAC} = (\text{Marketing Spend} + \text{Sales Spend}) / \text{New Customers}$$

The reported median customer acquisition cost for FRPs per region is below.

ATZ	\$21,000
EMEA	TBD with additional FRP input
APJ	TBD with additional FRP input

2.5 CAC Benchmarks for new customers acquired through the FRP program.

Several of our FastTrack Ready Partners have calculated their CAC benchmarks when acquiring new customers through the FRP program. While not all partners calculate this benchmark the same, the calculation generally focuses on the labor investment for delivering the FastTrack Benefit to customers and offsetting the cost with earned incentives where available. The key change here is from Marketing Spend to FT Delivery Spend, which has been shown to be significantly lower.

$$\text{FRP CAC} = (\text{FT Delivery Spend} + \text{Sales Spend}) / \text{New Customers}$$

The reported median customer acquisition cost for FRPs per region is below.

ATZ	\$5,000
EMEA	\$3,500
APJ	\$1,500

2.6 The Impact of CAC on Partner Success

For technology partners, minimizing Customer Acquisition Cost is crucial as it directly impacts profitability and return on investment. Partners who can acquire customers at a lower cost gain a significant competitive advantage, enabling them to allocate resources more efficiently and invest in future growth opportunities. Additionally, the advantages of reducing CAC extend beyond resource allocation and future investments. Improved collaboration, increased profitability, and enhanced loyalty can be achieved through the FRP Program. By using FRP to cross-sell partner services, customer loyalty to the partner is fostered, while partner loyalty to Microsoft is strengthened, creating a mutually beneficial ecosystem.

Evolution of the Microsoft FRP Program

3.1 Traditional Incentive Model

Initially, the FRP Program primarily incentivized partners to assist customers in adopting Microsoft technologies. These incentives provided a valuable revenue stream for partners, but the program has evolved beyond monetary rewards.

3.2 Shifting Towards Customer Connections

Recognizing the potential of its vast customer base, Microsoft reimagined the FRP Program to facilitate direct connections between partners and new customers. By leveraging the program's resources, partners gain access to a diverse range of potential customers who have already demonstrated an interest in Microsoft solutions and have an express need for help with deployment of the products they've purchased.

3.3 Advantages of the Evolved Program

The evolved FRP Program presents partners with unparalleled opportunities for customer acquisition. Partners can tap into a curated pool of potential customers aligned with their expertise and solutions, drastically reducing the time and effort required to identify and engage new prospects. This customer-centric approach sets the stage for the lowest CAC partners can access.

Access to New Customers

4.1 Leveraging Microsoft's Vast Customer Base

One of the key advantages of participating in the FRP Program is the extraordinary access it provides to Microsoft's vast customer base. Microsoft serves a diverse range of organizations across industries, geographies, and sizes, from small businesses to large enterprises. This expansive customer ecosystem presents partners with a wealth of potential customers who have already demonstrated an interest in Microsoft technologies.

By tapping into this extensive customer base, partners can bypass the initial hurdle of prospecting and identifying potential leads. Instead, they gain direct access to a pool of prospects who are actively seeking solutions and are more likely to be receptive to partner offerings. This pre-qualified audience significantly reduces the time and effort required to identify and engage with potential customers, resulting in a lower CAC.

4.2 Capitalizing on Microsoft's Growth and Brand.

Moreover, Microsoft's customer base is constantly growing, driven by the continuous innovation and adoption of Microsoft products and services. This dynamic ecosystem provides an ongoing stream of new customer opportunities for partners enrolled in the FRP Program. Partners can leverage this momentum to continuously acquire new customers and fuel their growth.

Additionally, by associating themselves with Microsoft's brand and reputation, partners participating in the FRP Program gain credibility and trust in the eyes of potential customers. This association can further expedite the customer acquisition process and contribute to a lower CAC by reducing the time and resources required to build brand recognition and establish trust independently.

4.3 Identification of Ideal Customer Profiles (ICPs)

The FRP Program goes beyond providing access to a vast customer base; it also assists partners in identifying their Ideal Customer Profiles. By leveraging Microsoft's comprehensive customer data and analytics, partners can refine their targeting strategies and focus their efforts on prospects most likely to benefit from their solutions. This targeted approach increases the chances of successful customer acquisition and reduces wasted resources on less promising leads.

4.4 Precision Targeting for Lower CAC

Through the FRP program, partners have access to a wealth of customer data that can be used to uncover customer insights and define their ICPs. Partners can engage in precision targeting, significantly reducing CAC. By focusing on prospects who align with their solutions and are already receptive to Microsoft technologies, partners can streamline their marketing and sales efforts, leading to more efficient conversions and lower acquisition costs.

Time Investment and CAC Optimization

5.1 Time as a Scarce Resource

In the realm of customer acquisition, time is a valuable and limited resource. Partners must invest significant time and effort into lead generation, prospect nurturing, and deal closure. However, the longer the customer acquisition cycle, the higher the associated costs, including marketing expenses, sales team salaries, and opportunity costs.

5.2 Minimizing Time-Related Costs

The FRP Program recognizes the importance of time optimization in reducing CAC. By connecting partners directly with potential customers who are already inclined to adopt Microsoft solutions, the program accelerates the customer acquisition process. Partners can bypass the initial stages of educating prospects about Microsoft technologies, thereby significantly reducing the time-related costs associated with acquiring new customers.

5.3 Capitalizing on FastTrack's Efficiency

Participating partners can capitalize on the FRP Program's efficiency by leveraging its resources, including subject matter experts, onboarding assistance, and access to Partner Success Managers. These resources empower partners to streamline their customer acquisition efforts, ensuring a smooth transition from lead generation to successful customer deployment. By optimizing the time investment through the program's support infrastructure, partners can achieve their lowest CAC compared to other acquisition methods.

5.4 FastTrack's Competitive Advantage

Compared to traditional customer acquisition methods, the FRP Program offers a distinct competitive advantage in terms of CAC. By providing direct connections to potential customers who are already inclined to adopt Microsoft solutions, the program reduces the need for extensive prospecting and education efforts. Partners can allocate their resources more efficiently, resulting in a faster, more cost-effective customer acquisition process.

Leveraging Advanced Deployment Guides for Enhanced Efficiency

6.1 Incorporating Advanced Deployment Guides

In the pursuit of achieving the lowest CAC, FRPs can further enhance their efficiency by leveraging the Advanced Deployment Guides provided by the Microsoft FastTrack Program. These guides offer a comprehensive roadmap for partner-led customer engagements, providing step-by-step instructions for deploying Microsoft solutions efficiently and effectively.

By incorporating the Advanced Deployment Guides into their customer acquisition strategies, FRPs can achieve significant gains in efficiency. Here's how:

- **Structured Implementation:** The Advanced Deployment Guides provide a structured approach to solution implementation, ensuring that partners follow a well-defined process. This structured

implementation minimizes errors, reduces implementation time, and increases the likelihood of successful deployments.

- **Accelerated Onboarding:** The guides offer pre-configured templates, best practices, and proven methodologies that expedite the onboarding process. This acceleration results in faster time-to-value for customers, leading to increased satisfaction and reducing the time investment required from partners.
- **Consistent Quality:** By following the guidelines outlined in the Advanced Deployment Guides, FRPs can consistently deliver high-quality solutions to customers. This consistency enhances their reputation, strengthens customer trust, and streamlines the customer acquisition process by minimizing the need for rework or corrections.
- **Streamlined Collaboration:** The guides encourage cross-collaboration between partners, customers, and Microsoft teams. FRPs can align their strategies with Microsoft's recommended practices, ensuring seamless integration of solutions and efficient communication among stakeholders.
- **Knowledge Transfer:** The guides facilitate knowledge transfer from Microsoft experts to FRPs, empowering partners with in-depth insights and expertise. This knowledge transfer enables FRPs to address customer needs more effectively, reducing the time required to resolve challenges and ultimately lowering the CAC.
- **Customer Confidence:** By leveraging the Advanced Deployment Guides, FRPs demonstrate a deep understanding of Microsoft solutions and their implementation. This demonstration of expertise builds customer confidence and increases the chances of successful conversions.

Incorporating the Advanced Deployment Guides into customer engagement enhances efficiency and contributes to a lower CAC. FRPs can achieve faster sales cycles, reduce resource-intensive interactions, and capitalize on Microsoft's proven deployment methodologies. As a result, partners can optimize their time investment, accelerate customer acquisition, and unlock the true potential of the FastTrack Ready Partner Program in achieving the lowest Customer Acquisition Cost possible.

Conclusion

7.1 Recap of Key Findings

The Microsoft FRP Program revolutionizes customer acquisition by focusing on reducing CAC for participating partners. Through access to Microsoft's vast customer base, identification of ICPs, and streamlined time investment, partners can achieve the lowest CAC compared to other acquisition methods. This program offers unique advantages that empower partners to optimize their customer acquisition strategies and drive profitability.

7.2 Future Outlook and Implications

As the technology landscape continues to evolve, customer acquisition remains a top priority for partners. The FRP Program's evolved emphasis on reducing CAC aligns with the changing dynamics of the industry and positions partners for long-term success. By staying connected to Microsoft's customer ecosystem and leveraging the program's resources, partners can continue to acquire customers at the lowest possible cost.

Recommendations for Partner Success

- 8.1 Align sales efforts with FRP Program integration. When selling solutions to new and existing customers, all efforts should be made to integrate the FastTrack Benefit into those sales.
- 8.2 Align customer relationship positions around the new customers being referred to FRPs. Part of the program evolution is maximizing the existing Request For Assistance (RFA) pipeline to FRPs and creating new pipelines, including direct field recommendation and Microsoft targeting effort,) to connect partners with new customers. FRPs should integrate account managers with these new customers to nurture these relationships and initiate sales efforts with new products and services both within Modern Work and Security, as well as outside (Azure, Dynamics, partner IP, managed services, hardware).
- 8.3 FRP's should define their Ideal Customer Profiles and implement precision targeting strategies to optimize resource allocation and reduce wasted efforts.
- 8.4 FRP's should fully leverage their portfolio of customer base and data insights to identify and engage with the most promising prospects aligned with their solutions.
- 8.5 Capitalize on the program's support infrastructure and resources to streamline the customer acquisition process, minimize time-related costs, and accelerate conversions. These resources include, but are not limited to, Subject Matter Experts and Migration Benefits.
- 8.6 Begin tracking efforts of customers directly influenced by or connected to the partner via the FRP program. Associate all additional revenue-generating opportunities and hours invested to compare the CAC of the FRP program within the partners' business.
 - 8.6.a FRPs should have a good understanding of their business CAC as defined in Gartner High Tech CEO Benchmarks publication or by their own standards.
- 8.7 FRPs should analyze their portfolio and identify all FastTrack Architects (FTA) they are connected to, then begin networking efforts to ensure clarity on which customers and workloads FTAs should consider them for. FRPs should have a company pitch deck ready to present to FTAs that includes ICP, success stories, Microsoft endorsements, and awards. Partners should think beyond FastTrack and work to connect with customers that fit more services than just licensing (Azure, Dynamics, AI).
- 8.8 Identify and maximize the Quick to Market (QTM) programs that fit well within your business to increase lead opportunities, secure exclusive FRP funding, and upskill resources and co-sell offers.
- 8.9 Integrate the Advanced Deployment Guides into your processes. By leveraging these comprehensive guides, you can streamline implementations, accelerate onboarding, and ensure consistent quality, ultimately leading to faster conversions, enhanced customer satisfaction, and a more efficient path to achieving the lowest cost to acquire a customer.

References

[Compare Your Customer Acquisition Cost Against Gartner High Tech CEO Benchmarks](#)