Microsoft Helps Service Providers Capture Cloud Services Opportunities

WASHINGTON, /PRNewswire-FirstCall/ -- This week at the Microsoft Worldwide Partner Conference 2010, Microsoft Corporation is highlighting market opportunities for hosting and communications service providers as adoption of cloud services among small and midsize business (SMBs) continues to rise.

Microsoft is helping service providers take advantage of those opportunities through its software, services and programs that enable them to become trusted advisors and full-service IT providers to businesses.

"Microsoft sees service providers becoming more important as the cloud becomes more predominant. Given their experience in deploying and selling infrastructure and software as a service, businesses will depend on them for IT as a service," said John Zanni, general manager of Worldwide Hosting for the Communications Sector at Microsoft. "The next step for service providers is to look beyond their current hosted offerings to become full-service IT providers and trusted advisors to businesses."

According to Microsoft's global SMB IT and Hosted IT Index 2010, a survey of nearly 3,200 SMBs across 14 countries, awareness of hosted services is increasing with 65 percent of SMBs using hosted software to some extent, while 73 percent of the remainder has considered it, compared with only 44 percent in the 2008 index.

Of those respondents currently using hosted services, the business advantage attracted them: Almost 36 percent wanted to find ways to improve business productivity, while 31 percent did not have the resources to manage their IT. Surprisingly, only 25 percent of respondents said cost was a factor.

In terms of opportunities for hosting providers, three out of four respondents have considered using hosting for IT tools. For instance, SMBs in China, one of the fastest-growing markets, are the most likely to have considered using hosted services for four different IT tools: backup, file-sharing and collaboration, e-commerce, and customer relationship management. In terms of the IT currently used by SMBs, e-mail is the most pervasive IT tool worldwide (95.6 percent), followed by backup tools (92.4 percent). However, this does not mean that these tools are used by every company worldwide, as the research shows that even in a heavily regulated industry, more than 7 percent of financial services companies worldwide do not have any backup tools. This represents an enormous opportunity for service providers to provide hosted IT services to SMBs.

For service providers, reducing customer churn is critical to revenue growth, profitability and market share. During the past several years, Microsoft has heard from its service provider partners that they were experiencing significantly lower

churn rates among business customers using Microsoft Hosted Exchange, Microsoft Office Live Meeting and SharePoint when compared with those using basic POP or webmail services.

In order to further understand the impact of service adoption and churn, Microsoft commissioned a study of 695 SMB executives and technology decision-makers in the United States and Europe in early 2010 and found that SMB customers that use enterprise-class e-mail and other online communication and collaboration services change providers half as often as those using basic POP or webmail.

This dynamic presents service providers with an opportunity to combine their existing network service offerings with enterprise-class e-mail to better serve their customers and improve their bottom line. Microsoft recently published a white paper on the findings of the survey, which can be viewed at http://www.microsoft.com/hosting/en/us/resources/default.aspx

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