

MICROSOFT CORPORATION – PARTNER

Partner Investment Strategy

STUDENT TEAM:

Shabir Grover – Dual (Master of Management & Master of Science Mechanical Engineering)
 Jayden Seonghyuk Lee – Master of Business Administration
 Thao Nguyen – Master of Business Administration

PROJECT SPONSORS:

Kiwon Clark – Business Program Manager (Partner
 Investment Lead), OCP Channel Incentives
 Erez Wohl – GM, OCP Channel Incentives

FACULTY ADVISORS:

Hyun-Soo Ahn – Ross School of Business
 Raed Al Kontar – College of Engineering

Microsoft Corporation is one of the biggest technology companies in the world which strives to enhance people's personal and professional lives by offering software, services, and hardware devices. Microsoft delivers its products/services through an extensive network of partners, as well as directly to its end customers. The partner network is a core strength of Microsoft as it plays a key role in enabling the company's products and services to reach every corner of the world.

This project falls within the One Commercial Partner division, which acts as an agent to connect with partners and helps Microsoft sell products and services. The objective of this project was to measure the impact of the Cloud Solution Provider (CSP) incentive program on Azure using incremental revenue to suggest the right rewards for usage and consumption of Microsoft products. This program involves rewarding partners for helping their customers consume Azure. Strategically, CSP incentive is important for Microsoft and has shown enormous YoY growth in terms of revenue earned. This project will help identify the dollar impact of the CSP program on Azure billed revenue to identify the right incentive rate to be set and the right partners to invest in.

To address this opportunity, the Tauber team first learned about different OCP incentive programs, licensing models, partner types, and data tools. The team also interviewed various stakeholders to identify the pain points and scanned through large number of resources to identify the right database for analysis. The team further collaborated with an internal data science team to model the problem, developed unique KPI's to quantify the impact, and applied Azure Machine Learning algorithms to determine the incremental revenue due to the incentive rate changes. This way the team was able to numerically measure the impact of the CSP incentive program and suggest recommendations.

After implementing the modelling, the team suggested three recommendations. First, it suggested a path to set the ideal value of incentive rate % for each subsidiary. Second, the team evaluated the impact of decrease in incentive rates on a partner's revenue generation capability and provided a roadmap of when and how Microsoft should decrease the incentive rates. Third, the team identified the partners with higher KPI's and found that those partners share certain characteristics.