



# The Cloud Solution Provider Hoster Program

Audience: MSP's, CSP's and SPLA Hosters

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## Executive Summary

In this paper, I will explore the key advantages of the CSP Hoster program that I have found working with thousands (literally) of hosters throughout my career. I will explain what other hosters are doing to be successful and why I believe your organization should consider this program if you have the resources (you must qualify). I will also provide direct feedback from hosters participating in the program. This is NOT a SPLA versus CSP Hoster comparison; I believe both have their place, and one of the reasons I don't think it is a one versus the other decision is that in order to qualify for CSP Hoster, you are required to have an SPLA agreement. In combination with both licensing programs, hosters can differentiate themselves.

### What is the CSP Hoster Program

The Cloud Solution Provider (CSP) Hoster program enables partners to offer Microsoft-hosted solutions to their customers. Like SPLA, it allows partners to build and deliver hosted solutions using Microsoft products and services. The main difference between SPLA, CSP Indirect, CSP Direct, and CSP Hoster is the following:

- SPLA, you are the licensee. In other words, you are providing third parties with access to your license. Microsoft has no idea who your end customers are, where they are located, or even why they are using your solution. You must report usage to a reseller on a monthly basis.
- CSP Indirect—An organization can partner with a distributor (Pax8, Ingram, TechData, etc.) who will provide you with their own set pricing, support, and a portal for you to transact your customers' Microsoft online solutions (365/Azure). There are few requirements to qualify. In this model, the end customer is the licensee.
- CSP Direct—You can purchase the CSP licenses directly from Microsoft as an organization. There's no "middleman," which means better pricing. You are required to have the infrastructure in place to support your clients. Portal, technical support, partner agreement, revenue/sales, to qualify. In other words, it can be very expensive for smaller providers/MSPs to become CSP Direct authorized.
- CSP Hoster—To qualify for CSP Hoster, you must be CSP Direct authorized AND have an SPLA agreement in place with Microsoft.

### Key Benefits of the CSP Hoster Program

#### Cost Savings on Licensing

- Flexible Licensing: The CSP Hoster program offers flexible licensing options, allowing partners to choose the best pricing model for their customers. This can result in significant cost savings, as partners can tailor their offerings to meet specific customer needs.
- Reduced Upfront Costs: Partners can reduce upfront costs associated with traditional licensing models by leveraging the CSP Hoster program. This makes it easier for customers to adopt new technologies without a large initial investment.

When Microsoft introduced the Flexible Virtualization Benefit (FVB), it allowed any hoster (no requirement for an SPLA or a CSP agreement) to offer end clients the ability to bring their licenses into a hoster shared infrastructure data center environment. What CSP-Hoster offers is the ability to

differentiate yourself from these hosters who only do the flexible virtualization program. The same argument can be made for SPLA. You ultimately are the one-stop shop for Microsoft solutions and differentiate yourself from the competition because not everyone is a SPLA or a CSP-Hoster.

### **Scalability and Revenue Opportunities**

**Scalability:** Partners can easily scale their hosted solutions to meet changing customer demands. This flexibility is essential for businesses experiencing growth or seasonal fluctuations in demand.

### **Increased Revenue Opportunities**

*Expanded Service Offerings:* By participating in the CSP Hoster program, partners can expand their service offerings to include hosted solutions. This opens up new revenue streams and allows partners to differentiate themselves from competitors.

*Customer Retention:* Offering hosted solutions can improve customer satisfaction and retention. Customers appreciate the convenience and reliability of hosted services, leading to long-term partnerships. In speaking to Microsoft, one partner manager mentioned that a best practice for service providers is offering multiple solutions. If you were to tell your customers that you do not provide M365, they will find someone else who does. Or if you have prospects that want Azure, will you turn them away?

### **Real-World Examples**

Several organizations have successfully leveraged the CSP Hoster program to achieve their business goals:

*Financial Services Company:* A leading financial services company recently went through a SPLA audit. Their objective was to move away from SPLA and more into managed services. Many of their clients already used Microsoft cloud services, including Microsoft 365. There were concerns about managing multiple vendors, and they wanted to consolidate their procurement processes. The CSP-Hoster program allowed them to work directly with Microsoft and take advantage of certain incentives and improve margins because they were direct with Microsoft. Ultimately, it reduced its licensing costs by 20% and improved its service delivery times by 30% by adopting the CSP Hoster program. They still offer SPLA, especially for infrastructure products, but have removed most user-based (SAL) licensing from their reporting, significantly reducing compliance risk.

*Healthcare Provider:* A large healthcare provider enhanced its data security and compliance by transitioning to the CSP Hoster program. The advanced security features and continuous monitoring capabilities enabled the organization to protect sensitive patient data and meet regulatory requirements.

### **Conclusion**

The CSP Hoster program is a valuable initiative that benefits partners and customers. CSP Hoster program is another tool for partners looking to stay competitive and meet the evolving needs of their customers. Have a question? Email [info@splalicensing.com](mailto:info@splalicensing.com)