

Survey Says Microsoft Small Business Partners Surprised by Changes But Optimistic About The Cloud

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Sacramento, CA, July 16, 2012 – A survey of small business consultants reveals that most IT professionals were surprised by Microsoft's announcement to discontinue their flagship server for small companies, but also shows a strong optimism about cloud services.

"Two messages are very clear," said Karl Palachuk, the author of the survey. "There is widespread surprise and disappointment over the demise of Small Business Server. At the same time, most small IT shops are already selling cloud services and are confident that they'll have a new business model in place by the time SBS is no longer available."



In all, 62% of respondents were either somewhat surprised or completely surprised by the announcement on July 5th that Microsoft will discontinue the Small Business Server line at the end of 2013. The "standard" SBS server, which features a combination of Windows Server, Exchange Server, and several other products at a low price, will be discontinued altogether. The new "Essentials" version will be folded into the Windows Server family as an alternative for users who do not need an email server on site.

"The surprise for most partners was not the end-of-life announcement for SBS Standard," said Palachuk. "The surprise was that end-of-life will happen very soon and Microsoft will no longer have a combination server with special pricing for small businesses."

For more than fifteen years, SBS has been the preferred server product for small businesses due to its unique combination of features and low price. The survey revealed that many partners will be seeking alternatives, said Palachuk. And that opens the door to non-Microsoft technology. One respondent wrote, "SBS will be missed. It was familiar and comfortable for my clients. We'll need to sell them on an alternate solution, not necessarily from Microsoft."

Many respondents view the SBS announcement as a move by Microsoft to push businesses into cloud services. Here the reaction was mixed. Many expressed frustration at being pushed toward cloud offerings before their clients are ready. Still, most IT consultants are very optimistic about the future.

“Here we have a wide range of responses,” said Palachuk. “Many businesses simply don’t have the reliable, high-speed Internet access required for cloud services. This is particularly true in rural areas and in many countries outside the United States. But most IT Pros are confident that they’ll have alternatives in place in the next 12-18 months.” Partners in Canada and Australia specifically mentioned concerns about having to host data on servers outside their countries, in violation of their laws.

In terms of adoption rates, Palachuk said that 60-70% of all respondents either are offering cloud services of some kind, or plan to in the next year. “Not all cloud offerings are the same,” said Palachuk. “Many companies are very happy with cloud-based backup solutions, but want to keep their email servers in-house.”

Many respondents were also quite concerned about the viability of Microsoft’s hosted office suite, Office 365. Said one consultant, “I don’t see Office 365 as reliable enough to recommend, and most if not all of our clients are reluctant to pay per user per month for hosted exchange and prefer on-premise solutions.” Other consultants were concerned that Office 365 was more expensive for end-users and less profitable IT consultants.

Another respondent expressed concern that Microsoft would leave gaps in their product offerings for small business: “The SBS extinction is too early for Microsoft’s own good and creates the portfolio gap that Ballmer specifically stated that he would not allow.”

Respondents were also very eager to present their opinions. In all, 204 respondents left comments, totaling more than 10,000 words. Some expressed frustration over the changing technology while others were eager to see what’s next. As one respondent put it, “Loved ya SBS, but it’s time to move on.”

Overall, Palachuk said the survey results were a mixed bag for Microsoft. “The immediate reaction is disappointment over losing a great product line that has historically been priced right for small business. But this is a fast-paced industry and most consultants are confident that they’ll find the right products for their clients as evolution to the cloud continues.”

The survey by Small Biz Thoughts, a division of Great Little Book Publishing Co., Inc. was conducted the week of July 9-13 among 498 IT professionals in twenty-three countries, including Australia, Belgium, Brazil, Canada, China, Denmark, Finland, France, Germany, Greenland, Hungary, Ireland, Israel, Italy, Netherlands, New Zealand, Philippines, Puerto Rico, Slovenia, South Africa, Sweden, Switzerland, the United Kingdom, and the United States.

Complete survey results are available at www.SmallBizThoughts.com.

About Karl W. Palachuk

Karl Palachuk is the author of nine books, including *Managed Services in a Month*, *Service Agreements for SMB Consultants*, and *Relax Focus Succeed*. He focuses exclusively on small business IT consultants and the channel vendors who support them. He is a popular blogger who consults with IT consultants on how to improve their business practices.

Palachuk has won a number of awards for small business consulting and community development. He has also been honored several times in the managed services community, being named to the “Managed Service Provider 250” and “Small and Medium Business 150” lists every year that they have been published. For more information, see www.smallbizthoughts.com.

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Media Contact:
Karl W. Palachuk
916-248-4301
sales@smallbizthoughts.com