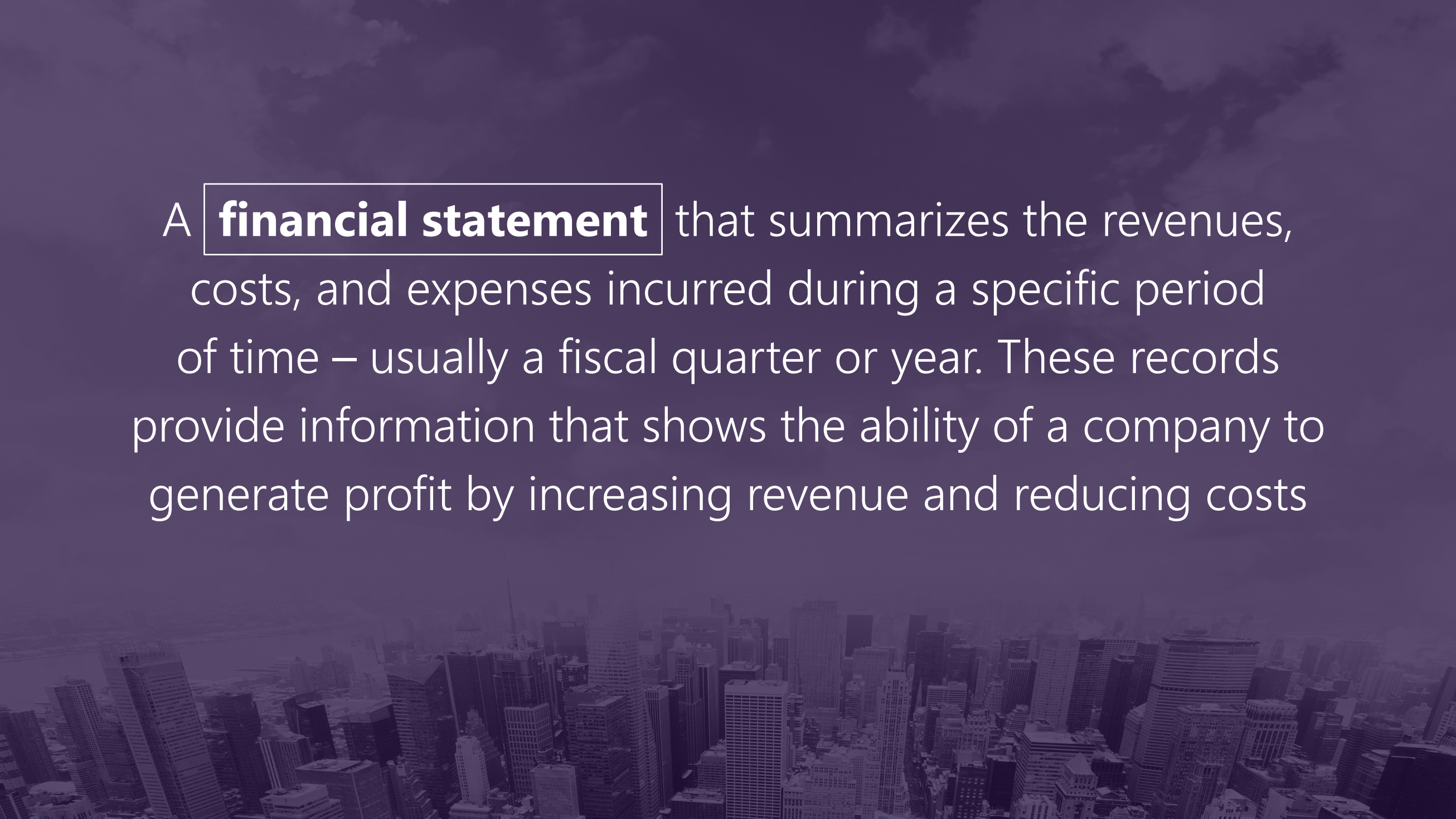


Microsoft
Partner Network

The Basics of a Partner P&L



An aerial photograph of a dense city skyline, likely New York City, viewed from a high angle. The image is heavily overlaid with a semi-transparent purple filter. The text is white and positioned in the upper half of the image.

A **financial statement** that summarizes the revenues, costs, and expenses incurred during a specific period of time – usually a fiscal quarter or year. These records provide information that shows the ability of a company to generate profit by increasing revenue and reducing costs

The four big blocks of a profit & loss statement



The structure of a reseller P&L

Revenue & COGS are aligned to the four primary revenue lines

COGS are the cost to deliver those sources of revenue

Gross Margin = COGS / Billed Revenue

Operating Costs are generally broken into these five areas

2020		
Billed Revenue	\$	4,479,004
Product	\$	1,211,779
Annuity Services	\$	2,234,115
Deployment/Other Billable	\$	1,033,110
COGS	\$	2,319,833
Product	\$	969,423
Annuity Services	\$	793,737
Deployment/Other Billable	\$	556,672
Gross Margin	\$	2,159,171
Product	\$	242,356
Annuity Services	\$	1,440,378
Deployment/Other Billable	\$	476,438
Gross Margin %		48%
Product		20%
Annuity Services		64%
Deployment/Other Billable		46%
Operating Costs	\$	1,641,346
Vendor Program Costs	\$	44,500
Sales Direct Costs	\$	518,001
Marketing Costs (excluding hc)	\$	473,441
Other Personnel Expenses	\$	265,000
Other Expenses	\$	340,404
Contribution Margin	\$	517,825
CM%		12%

What to look for at a glance

1. What % of revenues come from higher margin lines?
2. What is the Gross Margin on each line?
3. What % of Revenue are tied to Sales Direct Costs?
4. What % of Revenue is invested in Marketing?
5. What is the current Contribution Margin?

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What we should all do now

Review our Annual Statement (and those of our publicly traded companies)

Continue to learn from the other videos in this series to go deeper

Begin integrating some of the financial measures into your conversations

Leverage your local Controller to support your knowledge and understanding



