

The Cloud Applications Playbook

**COMPTIA BUSINESS APPLICATIONS
ADVISORY COUNCIL**



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Overview

The world is changing, and technology is leading the charge. Digital transformation, long a buzzword, is now in full effect. As a result of the pandemic in 2020, many more companies support a distributed workforce and rapidly are transitioning to cloud applications, also known as Software as a Service (SaaS), to provide anywhere access at any time.

With employees no longer in the office, companies rely on technology to keep workforces connected, productive, and secure. Companies now work with more than 11,000 SaaS applications. In 2019, 68% of organizations said they are mostly or all SaaS-driven, according to Blissfully's 2020 SaaS Trends report, with nearly 23% saying they operate solely using SaaS apps today.

Despite the massive opportunity, many IT solution providers do not possess all the necessary knowledge or best practices to bring a SaaS application to market. Just as critical, many SaaS vendors do not have an effective channel strategy to sell through IT solution providers.

This playbook offers guidance to both IT solution providers and SaaS vendors looking to distribute and sell cloud applications through the IT channel effectively.

1. **SaaS vendors** can use this playbook and our two Channel Assessments to determine their IT channel readiness and which IT channels to use.
2. **IT Solution Providers** can use the playbook and the Cloud Application Readiness Assessment to determine their readiness to go-to-market with a new cloud application.

This playbook and the assessments were compiled through 2020 by almost 50 CompTIA volunteers from SaaS vendors and the IT channel. We want to share our learnings with you and encourage you to join the CompTIA community.

NOTE: There is ongoing confusion for the definitions of cloud, cloud services, and cloud applications. The CompTIA Business Applications Advisory Council aims to help clarify and define these terms. Cloud typically refers to the concept of data sent, stored, and managed over the Internet ("the cloud"). At the same time, Cloud Services are the delivery of cloud computing via Infrastructure as a Service (IaaS), Platform as a Service (PaaS), or Software as a Service (SaaS). Vendors manage cloud services and provide those services to the business. IaaS includes networking, storage, and server virtualization services, PaaS includes OS, middleware, and runtime services, and SaaS includes data and applications. Cloud applications are synonymous with SaaS. The Business Applications Advisory Council focuses on cloud applications (or SaaS), but not IaaS or PaaS.



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Cloud Applications - State of the SaaS Nation

The CompTIA Cloud Application Survey was conducted in June 2020 by the CompTIA research team. The survey's goal was to understand cloud applications' growth, how COVID-19 impacted cloud application growth, and which use cases and verticals show the most significant demand for cloud applications within the IT channel. All told, 186 organizations responded to the survey, including 82 IT solution providers, 43 vendors, and 61 other organizations such as the military, government, etc. Of the vendor respondents, 67% of the vendors identified themselves as SaaS companies, and 44% of all vendors derived most of their revenue from cloud applications.

Some top takeaways from the 2020 CompTIA Cloud Application Survey include:

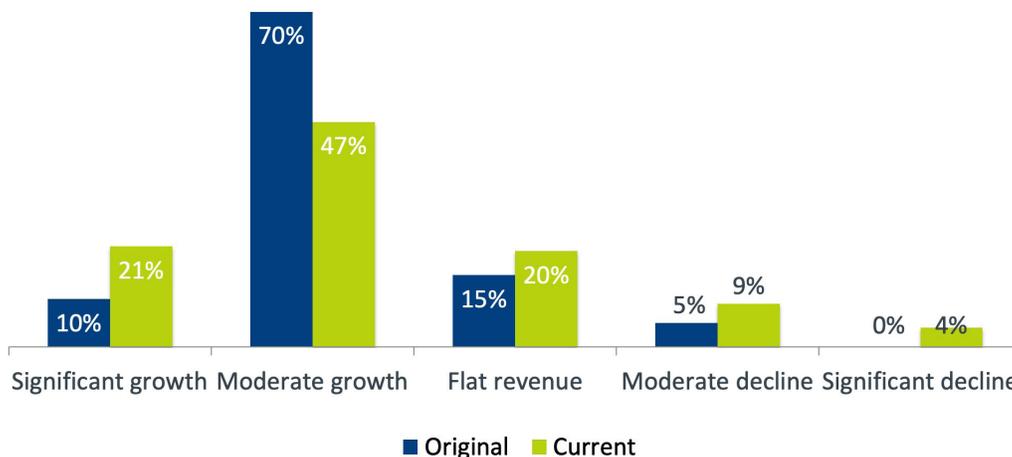
Cloud market penetration is still a work in progress for IT solution providers

Only 16% of IT solution providers receive more than half of their revenue from cloud applications. Also, almost half of IT solution providers – 49%, planned to launch a new cloud application to their clients in 2020, and 17% created new roles within their organizations to support cloud applications.

COVID-19 increased expectations of cloud application adoption

Pre-COVID-19, 80% of IT solution providers expected to see revenue growth in 2020 from the sale of cloud applications. During COVID-19, 85% of IT solution providers said they hope to see growth in cloud application revenue. Interestingly, the share of IT solution providers who said they would achieve significant growth from cloud applications in 2020 increased from 10% to 21% due to COVID-19. This growth potential for solution providers is supported by Microsoft 365 sales growth, which increased from 200 million monthly active users in December 2019 to 300 million in June 2020.

SP Original & Current Growth Projections for Cloud Services



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The top cloud applications and industry verticals are no surprise

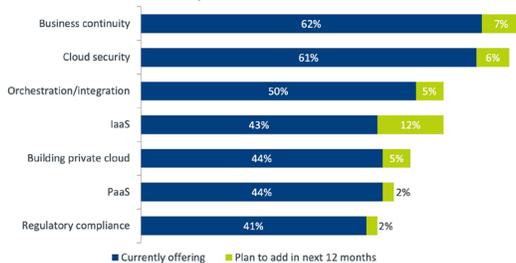
According to the survey, IT solution providers' primary cloud applications are in the areas of business continuity and cloud security. More than 30% of IT solution providers expect to see the sale of business continuity and productivity-related cloud applications grow in 2020, while the Internet of Things (IoT) is a top area of exploration.

Expectations for Growth in Cloud Services - SP

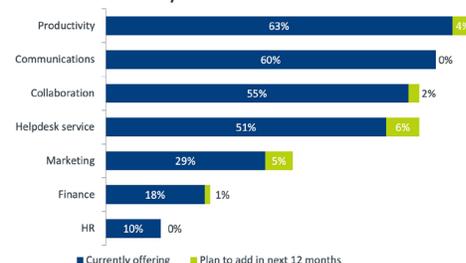
Cloud service	% SPs expecting 2020 growth	Cloud software	% SPs expecting 2020 growth
Business continuity	33%	Productivity	35%
Cloud security	29%	Communications	23%
Orchestration/integration	28%	Collaboration	29%
IaaS	21%	Helpdesk	19%
Building private cloud	17%	Marketing	11%
PaaS	20%	Finance	6%
Regulatory compliance	26%	HR	6%

Meanwhile, IT solution providers' primary cloud software applications are productivity, communications, collaboration, and marketing. These areas of cloud application priorities are expected, but many IT solution providers selling cloud applications for marketing are surprising, which is a positive trend. Traditionally, IT solution providers are seen as a cost center to many clients. Still, the data suggest IT solution providers are finding ways to help their clients grow with SaaS applications.

Cloud Services Offered by Solution Providers



Cloud Software Offered by Solution Providers



People and skill-set deficits are still a challenge for IT solution providers

Almost half of IT solution providers – 48%, say they need more training for their staff. IT solution providers required the most cloud security activity of all segments surveyed – chosen by 72% of respondents. Interestingly, an equal number of respondents want on-the-job training compared to self-paced online training.

Cloud Skill Needs - SP



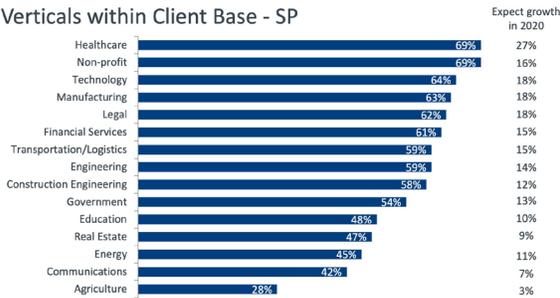
Options for Building Cloud Skills - SP



Healthcare represents the top vertical for SaaS solutions

More than 60% of IT solution providers sell to at least one of six verticals: Healthcare, Non-Profit, Technology, Manufacturing, Legal, and Financial Services. Healthcare represents the most popular vertical for IT solution providers, but also the top-growing vertical. Healthcare revenue was expected to grow by 27% in 2020. Technology, Manufacturing, and Legal all tied for the second-fastest-growing vertical at 18%.

Verticals within Client Base - SP





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For SaaS Vendors

10 Best Practices for Selling SaaS Through the IT Channel

IT solution providers primarily sell on-premise applications that transitioned to the cloud and not cloud-first applications. As a result, many innovative B2C cloud applications are not sold by IT solution providers today. There is a significant opportunity for innovative SaaS-only or SaaS-first vendors to more proactively engage the IT channel.

Selling through the IT channel can be a challenge for any SaaS vendor, especially for companies uncertain of the value that IT solution providers offer and not sure how to create and develop channel relationships with those partners. A successful channel strategy can reap significant rewards for SaaS vendors, including broader market coverage and access to new customer opportunities. Here are the ten insider tips for SaaS vendors for building a successful channel strategy, developed by the Business Applications Advisory Council.

1. **Know Your Numbers.** The channel can be a fantastic way to expand your market share, but the market economics are different. So, make sure you have a clear understanding of your Customer Acquisition Cost and Gross Margin to maximize SaaS opportunities with your channel partners.
2. **Understand Your Customer.** Take the time to understand your customers' preferences and meet them where they want to buy – direct from you or an IT SP channel partner. Be careful not to cause end-customer confusion through different and perhaps conflicting messaging from you and your partners. Deal registration programs are one option to avoid channel conflict.
3. **Get Company Buy-In—from Everyone.** Adding a channel as a new go-to-market avenue can create conflict with your internal team. Your CEO, CFO, CRO, and CMO must be clear about its goals for the channel, including the financial model, requirements for success, and the support required from each department.
4. **Pick an Internal Channel Champion.** Make sure you have a channel champion at the senior management level which is empowered and supported. The champion must meet regularly with senior leadership and product leads, and sales executives to maintain buy-in with partner teams.
5. **Choose the Right Business and Channel Models.** Many vendors offer variations of reseller or referral models. In a reseller model, the partner is responsible for billing. In a referral model, the SaaS vendor bills directly, and the partner receives a portion of the sale. Another decision to make is whether to sell through the reseller or let the reseller sell independently. The distinction in the sales approach is subtle but essential. Some resellers prefer vendor sales reps to be on their end customer sales calls to act as subject matter experts. Other resellers prefer to manage the entire sales cycle independently, with vendors only supporting behind the scenes.



6. Set a Pricing Model that Maximizes Your Opportunity with Partners. Vendors need to choose a pricing model for their SaaS applications, for example, charging per user or site? Some vendors publish pricing publicly, while others provide resellers with a suggested MSRP, and the reseller sets the ultimate price to customers. Picking the right pricing model is critical, as resellers typically sell solutions from multiple vendors to many clients. If not managed correctly, expect unnecessary end-of-month reconciliation nightmares.
7. Provide Sell-Through Marketing Campaigns and Collateral. Solution providers often rely on marketing content from vendors to provide to customers. Creating brandable collateral and pre-built campaigns are much appreciated by partners, who can be viewed as extensions of your sales force and need adequate marketing support to effectively sell your solution. You can often tweak existing CompTIA marketing material to minimize the effort to create new assets.
8. Establish Owners, Processes, and Systems for Tracking Deals. The channel has different billing, quoting, and sales forecasting requirements than your own direct sales team. Create a deal-registration process and tracking system that is equitable for all parties.
9. Consider your Implementation Strategy Carefully. In particular, consider how orders are processed, communications protocols for talking directly to end-users and resellers, compensation plans, and tiered partner levels.
10. Establish a Customer Service Strategy. Even with the best-laid plans, inevitably, issues with channel partners will arise. Trust and long-term success with a solution provider are often decided by how vendors respond and resolve the issues, per well-defined SLAs and procedures. The vendors that often perform the best have created enough value and loyalty with partners, to the point that partners consider the vendor's support team an extension of their own.



Partner Advisory Councils Keep Everyone Aligned

Most vendors with established channel programs have partner advisory councils (PACs), much like customer advisory councils, a critical element of any SaaS vendor's entrance into the IT Channel. PACs can validate your product-market fit, including which features and enhancements will resonate most with partners, and provide invaluable feedback on company direction, brand, service, and channel strategy. Here are a few best practices to follow when creating your PAC:

1. Choose PAC representatives from existing partners or solution providers who are engaged with your company, influential in the market, and aren't afraid to use your product.
2. The companies and personas you pick should reflect your target market.
3. Keep the membership small, less than ten partners, and meet at least once per quarter. A limited PAC roster allows for more intimate conversations and greater participation by all members. Some vendors meet with their PACs weekly.
4. Make sure active PAC members feel their participation is valuable to both you and them. For example, you may provide free software for life for all partners on your PAC or host all-expenses-paid events for participants.



How to Avoid Channel Conflict

Understanding potential channel conflict is essential, especially for SaaS vendors selling directly to end customers. Managing channel conflict is a critical factor in building a scalable channel strategy that generates profitable revenue and fosters long-term partner value.

Five best practices to minimize potential channel conflict:

1. Allocate a significant margin for your applications and your partners based on PAC feedback.
2. Compensate your internal sales team equally whether the deal is direct or comes from a partner- your financial model should support sales compensation neutrality.
3. Use minimum advertised price (MAP). Published reseller agreements should prevent channel partners from selling below the MAP to create more value for you and your entire partner base. Selling below your MAP can also create channel conflict, impact your margin, and create unnecessary confusion and frustration with your customer base.
4. Build your partner network based on where and how your end customers' purchase. Customers may have existing relationships with distributors or other resellers and prefer not to add new ones. Establishing relationships with the resellers your customers already use makes it easier for your customers to do business with you.
5. Finally, train your sales team to understand how to manage deals through partners instead of just selling direct. Activating an effective partner can make all the difference for a salesperson and their quota, but many salespeople don't understand this dynamic. The IT channel has a long memory, so if your go-to-market is dependent on the IT channel, make sure to do right by your partners. There will be cases where a partner loses a deal due to corporate policy but give your channel team the wherewithal to do right for the partner. Undermining one of your best partners' performance cannot only impact your business with them, but with all the partners they talk to regularly.



Assess Your Channel Readiness and Strategy

Selling through the IT channel can seem like a labyrinth, where one wrong turn can undermine go-to-market momentum.

The Channel Development Advisory Council has developed a Channel Readiness Assessment, designed to help SaaS vendors understand your company's preparedness to be successful with the IT Channel and which type of channel best fits your business model. SaaS vendors have a real opportunity to grow faster and take market share with an effective channel strategy.

The Channel Readiness Assessment determines a vendor's readiness to enter the IT channel by considering several factors including: channel strategy, executive alignment, managing deal registration, managing channel conflict, and how a company has organized go-to-market personnel to support channel sales.

After completing the assessment, the SaaS vendor will receive a score and recommendations on how to better understand its status in the channel-building process, what its strengths and weaknesses are, as well as actionable advice on how to improve with partners.

[Take the Vendor Channel Readiness Assessment Now](#)





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For IT Solution Providers

Assess Your Readiness to Sell a Cloud Application

As you grow and evolve your IT SP business, vendors will bombard you with opportunities to add cloud applications to the suite of products and services you offer. Success requires sifting, sorting, and prioritizing these opportunities. Evaluate a new cloud application to make sure it meets your clients' needs and fits with your business. Understanding these points will help you know when you're ready to bring on something new.

In the 2020 CompTIA Cloud Application Survey, almost 50% of IT solution providers stated they planned to launch a new cloud application within a year. The Cloud Application Readiness Assessment helps you objectively assess whether or not to incorporate a new cloud application into your business by walking you through critical considerations related to project management, packaging and pricing, marketing, sales, billing, and support for the new offering.

[Take the Solution Provider Cloud Application Readiness Assessment Now](#)



CompTIA Resources for Members

CompTIA is a leading voice and advocates for the \$5 trillion global information technology ecosystem; and the estimated 75 million industry and tech professionals who design, implement, manage, and safeguard the technology that powers the world's economy. Through education, training, certifications, advocacy, philanthropy, and market research, CompTIA is the hub for advancing the tech industry and its workforce. The CompTIA Business Applications Advisory Council actively encourages companies to join CompTIA. Membership is cost-effective and provides significant benefits for any company in the business of technology. Benefits for SaaS vendors and IT Solution Providers from CompTIA membership, chosen by the Business Applications Advisory Council, are highlighted below.

The Top 6 CompTIA Resources for SaaS Vendors and IT Solution Providers

1. **Networking.** CompTIA is a great place to network. Top executives from vendors and solution providers regularly meet and collaborate. CompTIA's approach to Communities and Councils ensure that members have an intimate opportunity to work together on exciting projects. The result is lasting relationships and experiences that improve business and career success.
2. **Research.** CompTIA has a globally recognized research department with more than 100 reports published on technology and the IT channel. Their research includes 15 significant research reports in 2020, including the State of the Channel, the IT Industry Outlook, and Cyberstates. The 8th State of the Channel report describes the dynamics affecting the channel and the adoption of emerging technology. The IT Industry Outlook shares findings on the effects of COVID-19 and the associated acceleration of digital transformation. Cyberstates is the definitive guide to the US tech industry and workforce.
3. **Communities and Councils.** CompTIA Communities are open to anyone and currently include eight different communities, from regionally focused groups to groups explicitly focused on Managed Services or Advancing Tech Talent and Diversity. CompTIA's Industry Advisory Councils are by invitation only and are an opportunity for leading industry influencers to help shape the adoption of new technology and best practices. There are currently seven councils: Artificial Intelligence, Blockchain, Business Applications, Channel Development, Cybersecurity, Drones, and IoT.



4. **Events.** Peer-to-peer and business-to-business networking are an essential part of what CompTIA offers. At CompTIA events, members get a chance to network and learn new best practices. CompTIA ChannelCon is the premier annual event for the technology industry and the IT channel. With more than 150 exhibitors each year and thousands of attendees, ChannelCon is a must for SaaS vendors and IT solution providers. CompTIA events also include other global conferences and community meetings and regular online webinars and virtual meetups.
5. **Training and Certifications.** CompTIA provides 13 certifications, including IT fundamentals, networking, cloud, and security. CompTIA certifications align with IT infrastructure and cybersecurity career paths. Each additional certification validates an individual technologist's expertise. CompTIA also provides training to support the certification process. CompTIA training includes eLearning, interactive labs, exam prep, study guides, and instructor-led training.
6. **Sales and Marketing.** CompTIA resources include toolkits for both sales and marketing. These two toolkits provide best practice guides and pre-built templates. The CompTIA templates have the Buyer Persona template, the Buyer Journey guide, the Use Case template, an Editorial Calendar template, SEO best practices, Event best practices, and a Sales Compensation Model. These tools and templates are valuable for any SaaS vendor or IT SP for accelerating your go-to-market plan.





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The CompTIA Business Applications Advisory Council Mission

Connect the two worlds of SaaS vendors and IT solution providers by accelerating the awareness and adoption of new and innovative cloud applications.

The IT channel, including IT solution providers, is an essential route to SaaS vendors' market to reach large and small companies. The IT channel helps SaaS vendors increase cloud application awareness and adoption. Together, SaaS vendors and IT solution providers market, sell and support cloud applications for their end customers. CompTIA and the Business Application Advisory Council help SaaS vendors and IT solution providers refine their go-to-market partnership with best practices, industry research, tools and templates, training and certifications, industry events, media and analyst engagement, and networking through the CompTIA community.

Members of the CompTIA Business Applications Advisory Council who contributed to this playbook include:

Wendy Petty, Co-Chair, and Chief Sales Officer, Erwin

Angus Robertson, Co-Chair and CMO, Chief Outsiders

Jason Eberhardt, Vice-Chair and Global VP of Cloud and MSP, Bitdefender

Marc Haskelson, CEO, Compliancy Group

Sal Sferlazza, CEO, NinjaRMM

Jacqui Murphy, CMO, Auvik

Ryan Burton, VP Product, Pax8

Steve Stewart, Head of Global Channels, Smartsheet

Brian Hamel, Founder and CEO, Nuvolex

Brian Leonard, VP of Marketing, AppSmart

Jim Lippie, GM Cloud, Kaseya

Amy Hart, Director Marketing, ConnectWise

We could not have completed this playbook without the support of the fantastic team at CompTIA.





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Why Join CompTIA

CompTIA is home to thousands of member technology companies and millions of professionals that provide the technology solutions and IT services that are powering the world's economy.

Explore the categories below to learn how membership can benefit your entire organization by helping you scale your tech business, connect with the right partners, safeguard your company and its customers against cyber-attacks, excel in your career and drive the tech industry forward.

Corporate Membership

MSPs, solution providers, vendors, distributors, and technology companies of all sizes find CompTIA membership to be an invaluable asset to their business. Your entire organization gains access to membership benefits, including industry research and connections necessary to grow your business.

CompTIA ISAO Membership

MSPs, integrators, vendors, distributors, and technology consultants gain access to tools you need to increase your cybersecurity resilience including threat intelligence information and a trusted community to share best practices. We fight back against the cybersecurity threats that are targeting the IT industry.

Public Sector Membership

Public Sector Councils champion member-driven business and tech priorities that impact all information technology companies of all sizes. We give eyes, ears, and a voice to technology companies, informing them of policy and regulatory developments - and providing the means to do something about it.

