CompTIA®

Accelerating Your Cloud Business

A PRACTICAL GUIDE FOR SOLUTION PROVIDERS

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Accelerating Your Cloud Business

Transforming your business to take advantage of the opportunities presented by cloud computing is not a forklift upgrade. Many pundits and prognosticators foretold of solution providers being replaced en masse by national and regional cloud services providers. They called it "disintermediation". This ignored a key fact that you know, but many others fail to understand. Your customer trusts you. They want you in the room when they make important decisions. What decision could be more important than fundamentally shifting the way computing services are delivered?

At a recent mid-market CIO conference in 2012 sponsored by CRN, a panel of CIOs emphasised the role they want solution providers to play in cloud computing. The CIOs stated that they wanted their partner to educate them and inform them of the options in cloud. They emphasised that the IT team did not have time to be experts in cloud computing, they needed the solution provider to assist.

You are their trusted advisor, sorting through the choices and messages presented to them by hordes of technology providers courting their business. Cloud does not mean that you should throw out your existing business model and stop offering choice to your customers in a desperate effort to survive. That makes for good headlines—but not for good business strategy.

So cloud therefore represents an opportunity. An opportunity to take your business to another level. To develop recurring revenue streams. To evolve your value proposition. To continue to grow your business by giving the best advice to your customers.

You've likely put time and effort into this evolution already. No doubt you've been asked by customers to present a cloud-based option, which drove you to explore and maybe even sign a partner agreement with a cloud provider. You've also already struggled with the sales compensation issues— perhaps through growing a managed services business—that inevitably arise when moving to a recurring revenue business model. Now it's time to get serious. It's time to assess the ecosystem that has evolved around cloud computing and choose which business approach and partnerships will define your next phase. It's time to focus on building the marketing support and tools like a cloud solutions playbook to ensure sales success. It's time to commit to evolving and hiring the right talent. And, above all, it's time to focus.

As you accelerate success and build your cloud business, it's important to keep coming back to four strategic questions. Take action as you answer these questions for your business in order to build both a solid foundation and to mitigate risk. Leverage the CompTIA 10-Week Guide to Cloud Business Acceleration for an expanded discussion of the specific actions you can take to grow revenue in the cloud. In the mean time, consider these strategic questions:

1. Have you defined your future state business model and set metrics to track progress?

2. Have you built and articulated to the market a new value proposition anchored in the unique expertise that you bring to customers?

3. Are you transforming your people through evolving hiring profiles, delivering new training, developing new ways of thinking, and tracking new measurements?

4. Are you continuing to focus on customer advocacy, adding unique value to cloud services, and helping customers decide between on-premises and off-premises options?

Understanding the Players

Before we discuss these questions in depth, let's consider the players in cloud and how the landscape is developing. As the cloud universe unfolds, the relationship dynamic in the channel changes. Many find it daunting to keep up with the new players and business models that enter the scene on what seems like an almost weekly basis. Without getting into complex infographics or Venn diagrams, it's important to consider the basics of who's playing in the cloud game.

- **Cloud Services Providers**—Companies like Amazon Web Services, Terremark, and Google, providing Infrastructure as a Service or Platform as a Service. They are both potential competitors and partners.

- **Technology Vendor Cloud Providers**—These are integrated technology firms who have jumped in the cloud business with their own cloud services. In addition, they serve as "arms merchants", providing anyone who wants to get into the cloud services game, the technology to do so. This includes companies like Dell, HP, and IBM. Your existing technology vendors may be a great first step in building your cloud business.

- **SaaS Provider**s—Software firms who have added cloud as a delivery model or firms which developed their software specifically to be delivered in a cloud model. Salesforce. com, Microsoft 365, and Google Docs are a few examples. These companies offer a great opportunity for servicesheavy solution providers to add value with both vertical and application expertise.

- **Cloud Aggregators**—Companies taking on the "distribution" role for cloud services. Serving as an intermediary between cloud providers and others in the channel. You may find that many of your existing distributors are re-branding themselves into cloud aggregators.

- **End Users**—Customers serve not only as the target for sales efforts and the ultimate users of cloud services, but also as potential providers themselves. End-users contemplating private cloud will adopt many of the same approaches to operating their infrastructure and selling their infrastructure internally as public cloud service providers.

- **Channel Players**—Here's where you fit in. You've likely heard the terms cloud broker, cloud agent, cloud integrator, cloud builder, cloud tools vendor, cloud developer, cloud reseller, and so on. Firms of many different shapes and sizes will provide unique value to cloud solutions.

For the purposes of the opportunities that exist for both existing solution providers and those looking to enter the solution provider marketplace, we've consolidated this view into three fundamental business approaches to developing cloud revenue.

Strategy #1: Define Your Future State Business

Have you defined your future state business model and set metrics to track progress? Critical to your success will be developing an area of focus. No doubt you've had some success in selling public cloud services like backup-as-a-service or email, and you've likely developed a relationship with a public cloud provider. But like many solution providers who have taken some first steps, accelerating growth is still elusive. For many, it's time to make firm decisions regarding focus and to commit to the investments necessary to build your next generation business. There are three fundamental business models broad enough to allow for flexibility, yet focused enough to build identity and competitive advantage.

Cloud Designer & Builder—Solution providers who provide products and services to assist end-users in determining the need for, and migrating to, cloud-based solutions, either public or private. These solution providers will deliver a variety of offerings including services to migrate users to the cloud, the resale and design of private cloud infrastructure, and the integration of on-premises solutions with public cloud (often called Hybrid Cloud).

Cloud Services Reseller—Sometimes also referred to as a Cloud Broker or Cloud Agent, these are solution providers who resell and add value to existing cloud services from cloud service operators. This also includes solution providers or MSP's who white label and re-brand services as their own. In this model, the solution provider generates sales in a recurring revenue model, handling monthly billing to the end-user either on behalf of a service provider, or for themselves in the case of white label. Solution providers will add value to the cloud solution in the form of integration, vertical industry consulting, customisation of SaaS based solutions, or consulting around customer needs and requirements to determine the best fit cloud option.

Cloud Service Providers—Solution providers who have built out their own infrastructure, which they own and operate to provide cloud services to end-users. This business model is more akin to that of an IT organisation than a traditional reseller. The differentiating factor is that cloud service providers do not have the captive audience that many IT

departments rely on so they will have a fully developed sales function and a sophisticated means to provide metering, monitoring, and some level of selfservice provisioning for the cloud services.

Each model will require you to rethink how you measure your business and track progress. For example, forecasting is quite different for a recurring revenue model such as a cloud provider or cloud service reseller. No longer can you count on the heroics of end of the month deals to make the number for the quarter or the year. The later in the year or the quarter a deal comes in, the tougher it is to achieve the sales goal. Even a large new contract can't make up for months of not billing a customer.

Each approach represents a different path to success and requires unique levels of investment. While you've likely dabbled in, or have thought of participating in all of these business models, over the long term, this will be challenging. Success means picking one and committing to invest.

Strategy #2: Build And Articulate A New Value Proposition

Have you built and articulated to the market a new value proposition anchored in the unique expertise that you bring to customers? Solution providers struggle constantly between the desire to be all things to all customers and the need to focus in order to cut through the clutter. Since cloud potentially up-ends some of the traditional value proposition solution providers offer around product choice and integration, competitive advantage must more and more lie in the application or vertical expertise that can be brought to bear in the form of services to support a total solution.

Cloud provides the opportunity and the imperative to focus on your unique value add in a specific industry or application. This unique value will translate into service from consulting through to support that you can bundle around cloud solutions to grow revenue and margin. Cloud Sherpas for example is a great illustration of focusing on unique value. Cloud Sherpas saw early success in having an application focus on Google Apps. Now through a merger with GlobalOne, they are extending that application-focused theme and moving into consulting opportunities around Salesforce. com. This is a great example of choosing an application focus, leveraging cloud delivered services, and building a consulting business around that solution. Yes, businesses can purchase Google Apps directly from Google. But Cloud Sherpas adds value with planning, training and reporting services for customers.

Strategy #3: Transform Your Staff

Are you transforming your people by evolving hiring profiles, delivering new training, developing new ways of thinking, and tracking new measurements? One of the biggest challenges in evolving to a cloud-centric business is how to change your approach to selling and interacting with your customers. This starts with behavioural and cultural change within the organisation. The root of this challenge lies in how employees are motivated, compensated and trained.

As you've likely seen, there's a big difference in motivation for a sales person getting one big commission cheque on a large transaction vs. 24 small cheques over the course of a two-year contract. So much so that it impacts behaviour and what that sales person is willing to sell or even talk about to their customers. You've likely made these compensation changes already—with moderate success. Most solution providers are approaching this challenge with a combination of spot incentives to sell cloud and pulling some portion of the commissions on a long-term contract into an up-front bonus. But there is no silver bullet. You can adjust incentives to "over-reward" recurring revenue business, but at the end of the day—it may require more than just incentives to get to the next level.

Training and the adjustment of hiring profiles must be consistently employed to impact change over the long haul. From the perspective of your peers, training tops the list of activities solution providers currently engage in as a critical part of cloud transformation. According to a survey by The Enterprise Strategy Group in 2011 titled, The Impact of Cloud Computing on the Channel, training sales and technical teams, and becoming certified in vendors' cloud programs were the top two activities solution providers were pursuing to support their overall cloud strategy. In addition, 15% of solution providers stated they had already adjusted their sales hiring profile to accommodate a growing cloud business.

Change is difficult, but a balanced approach combining training, hiring to a new profile, and providing the right incentives will work to change behaviour.

Strategy #4: Be the Trusted Advisor

Are you continuing to focus on customer advocacy, adding unique value to cloud services, and helping customers decide between on-premises and off-premises options? Taking advantage of cloud does not mean discarding on-premises solutions as an option and pushing customers to never own IT resources again. Your value is customer advocacy, and customer advocacy means helping customers make the right decisions—whatever the decision may be. This means knowing when public cloud, private cloud, or hybrid cloud make sense. Take for example Five Nines Technology, a solution provider and managed service firm. Five Nines recommends that instead of trying to "shift" customers into the cloud, listen closely to customers for their pain points and technology inflections points. "During this process you're not selling the cloud," said Nick Bock, president of Five Nines Technology Group. "You are selling your ability to listen and recommend solutions that deliver a far better end-user experience."

By arming your sales and technical teams with the right questions to ask through development of a comprehensive cloud solutions playbook, customers will lead you to the most appropriate best-fit solution. During solution scoping, you will find out a number of things about your customers' challenges that will guide the solution proposal process. Information such as:

- Aging on-premises email servers and storage servers, where vendor support contracts will soon expire.
- BYOD (bring your own device) challenges, where customers aren't sure how to link tablets and smart-phones to business applications.
- Aging client-server line of business applications, which were not designed to be accessed over the web.
- Antiquated phone systems that lack unified communications, presence and other points of integration to an IP network.

All four of these items above represent prime opportunities to recommend and deploy public, private, or hybrid cloud services—where some applications continue to live on premises, and others shift to the cloud.

Conclusion

In the end, the most important thing to do is to take action and lead the conversation. There is no replacement for getting to your customer first and having a meaningful conversation about their cloud computing options. As you take the next step to accelerate your cloud business, focus and investment will be the keys to success.

Focus

- Focus on one or a few industries or applications to build unique expertise and services.
- Focus on driving a preferred business model whether it's selling private cloud, reselling or white labeling public cloud, or being the cloud provider. Focus will be rewarded.

Invest

- Invest in your people and skills to make the transformation.
- Invest in new relationships and partnerships to help get you there.
- Invest in the time to build playbooks to focus your sales team.
- Invest the time to develop and deliver unique services in conjunction with cloud solutions, which differentiate your firm.
- Invest the time to develop a plan and the metrics to measure our progress.

Leverage the *CompTIA 10-Week Guide to Cloud Business Acceleration*, and the associated on-site training to accelerate your transition.

CompTIA

About CompTIA

CompTIA is the voice of the world's information technology (IT) industry. As a non-profit trade association advancing the global interests of IT professionals and companies, we focus our programs on four main areas: education, certification, advocacy and philanthropy. We:

• Educate the IT channel: Our educational resources, comprising instructor-led courses, online guides, webinars, market research, business mentoring, open forums and networking events, help our members advance their level of professionalism and grow their businesses.

• Certify the IT workforce: We are the leading provider of technology-neutral and vendor-neutral IT certifications, with more than 1.4 million certification holders worldwide.

• Advocate on behalf of the IT industry: We bring the power of small- and medium-sized IT businesses together as a united voice.

• Give back through philanthropy: In addition to our foundation enabling disadvantaged populations to gain the skills they need for employment in the IT industry, CompTIA provides support to IT-based charities chosen by the membership.

Our vision of the IT landscape is informed by more than 25 years of global perspective and more than 2,800 members and 1,000 business partners that span the entire IT channel. We are driven by our members and led by an elected board of industry professionals.

All proceeds are directly reinvested in programs that benefit our valued members and the industry as a whole. Headquartered outside of Chicago, we have offices across the United States and in Australia, Canada, China, Germany, India, Japan, South Africa and the United Kingdom.
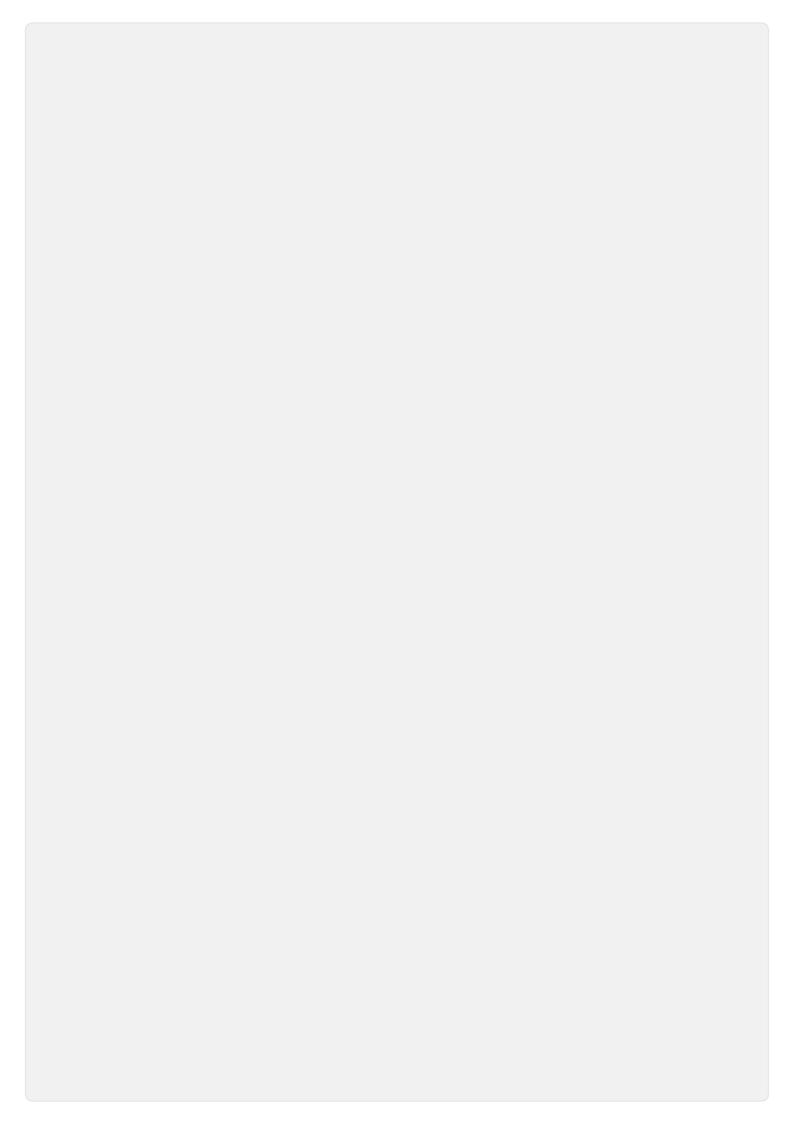
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About the UK Channel Community

CompTIA communities are the building blocks of the Association's industry- focused activities. Each group engages a group of like-minded thought leaders in a particular technology, market or business segment. Community members discuss and develop initiatives from hot topics, trends, and industry requirements that are then managed with the resources and backing of CompTIA, to ultimately help them grow their business.

The CompTIA UK Channel Community was formed in early 2011 to provide a platform for thought leaders from across the UK IT channel (including resellers, solution providers, distributors, vendors and channel associates) to network, share ideas and develop best practices. The Community aims to be a valuable source of business education and resources for companies engaged in the delivery of IT services in the UK

The UK Channel Community meets face-to-face four times a year, and monthly conference calls keep the members up-to-date in between meetings. The group also communicates with each other through the LinkedIn forum. Non-members are also welcome to participate in the online forum, access a selection of free pieces of CompTIA education and attend events without having the right to vote. CompTIA members have full access to everything including our online forums, education, certifications/credentials and events in which they have full voting rights. For more information about the CompTIA UK Channel Community or to get involved in our community's activities, please contact communities@comptia.org.

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