

Table of Contents

Introduction	3
Embracing Change	4
Selling Hosted Services	5
Repositioning for the Future	5
Growth of cloud-based applications	6
Shifting Focus to the End User	7
How You Can Successfully Transition Your Business To Selling Cloud	7
Getting started	8
Understanding the value & moving forward	9
How You Retain Your Trusted Advisor Status To Your Customer	15
Making Cloud easy to understand	15
Knowing your customer	16
Taking on the advisor role	17
What Is Your Value To Your Customer In Selling A Cloud Solution Instead Of A	
Product Based Proposition	18
Summary	21
Industry vendors speak	22
So what should you do?	23
Glossary of Terms	25
Author Biography	27
Further Information	27
Extra Reading	28

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**CLOUD WITH A
SILVER LINING**

PART FOUR

Cloud With a Silver Lining

In this series of 4 whitepapers we are looking at how Cloud Computing is changing the historic landscape of the channel as we know it, what to expect, what to consider and what can you do about it. The intention is to give you the knowledge required to lead your channel business into the new world where cloud solutions are a necessity to your customers.

In the first 3 parts of this whitepaper series we looked at why and how cloud is changing our channel landscape, areas of cloud technology you can resell and how to appraise vendor partnerships, Licensing, Billing and Sales Commissions, Services/Support delivery and Business Metrics.

In this final section we will look at how you can successfully transition your business to selling cloud (10 steps to take), where you can add value for your customer and differentiate your cloud proposition, how you retain your trusted advisor status to your customer and how to increase your value to your customer as a cloud solution provider instead of a product-based provider.

To help facilitate further discussion around the content of these papers there is a LinkedIn group we encourage you to join called "Cloud Resellers Network" available through the search groups function on linked in or directly at <http://www.linkedin.com/groupRegistration?gid=3722225>

“When you think that someone or something other than yourself needs to change, you’re mentally out of your business.”

BYRON KATIE

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“ Heard at most recent industry and channel events is the question ‘How do I make money in reselling cloud and what do I need to do?’ ”

It's no longer about "Why Cloud" it's now "How Cloud". How can I use it, how can I benefit and how can I resell it and make money. There is a point of inflection coming when the cloud trend will become major and irreversible and something all parts of the channel will find affecting them.

Heard at most recent industry and channel events is the question "How do I make money in reselling cloud and what do I need to do?" The concerns encompassing margins, adding value, who owns the customer and the important financial changes this model brings to the status quo of the channel.

However you feel about the cloud, be it acceptance, reticence, fear or rejection the cloud is going to transform the way companies (vendors, distributors and resellers) approach the market. The changes will be of a commercial, marketing and human nature and will involve new types of providers and competitors; and the changes for many will require a re-invention of traditional business models.

Embracing Change

Gartner named Cloud Computing as its top inquiry topic in 2010. It is predicted that cloud computing will increase in its speed of adoption here on in. In fact, IBM recently stated, "A study of more than 3,000 global CIO's has found that more than 60% are ready to embrace cloud computing over the next 5 years as a means of growing their business and achieving competitive advantage".

If nothing else is clear about cloud computing, the one thing we can all be assured of is that it's bringing change: Change to the way customers digest computing solutions and power; change to the vendor landscape with new players emerging and legacy players having to refresh themselves (just look at Microsoft's reaction to Cloud after the success of their competitor Google); and change to how customers will buy, license and pay for their computing solutions. IT is having to not only re-invent itself and become more service/solution than product orientated, but also to change and become more closely aligned with business functional requirements.

Focus on what positive factors the cloud can deliver to your business and how you can you leverage these to maximum effect, in what is to a degree a "fait accompli" of channel change. A recent survey of the channel illustrated that the number one benefit envisioned by the varying channel routes to market of cloud is the "ability to secure long term revenue streams from customers". This positive aspect still invokes a negative consideration of what happens to our short term revenues whilst we build our cloud annuity streams.

Which of the following do you believe are the greatest tangible benefits of cloud services for your business?

Only asked of respondents who offer cloud based services	Total	Distributor	Specialist Reseller	Technical VAR	IT Consultancy	Managed	IT Outsourcer	IT retailer	Systems Integrator
		Volume Reseller (LAR)				Service Provider			
Ability to secure long term revenue streams from customers	28%	14%	20%	17%	29%	43%	36%	14%	8%
Ability to offer a full portfolio to your customer (on-premise and online)	18%	29%	20%	17%	29%	11%	0%	57%	8%
Ability to improve customer choice	15%	14%	10%	8%	17%	14%	21%	14%	17%
Ability to extend your services portfolio and revenue	14%	14%	0%	42%	4%	14%	14%	14%	17%
Ability to increase competitive edge in the market	14%	14%	20%	8%	8%	11%	21%	0%	33%
Ability to extend your market reach	11%	14%	30%	8%	13%	6%	7%	0%	17%
Base	121	7	10	12	24	35	14	7	12

Source : Cloud Industry Forum : Cloud—The Impact Upon the IT Supply Chain Survey 2011

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“We are in the midst of a fundamental shift, as more enterprises start to use services enabled by cloud technologies.”

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Selling Hosted Services

Once you get past the continued hype, clichéd commentary on paradigm shifts and range of new acronyms it gets down to how do you sell hosted services which have different value propositions, different requirements from the channel and a different financial model.

Recently David Bradshaw, Research Manager for European Software as a Service and Cloud services at IDC commented “The cloud has moved from being on the periphery of both IT buyers and vendors to being a core issue to both parties”.

Businesses are still cautious about cloud solutions and vendors have been failing to educate the end user and channel communities on how to clearly articulate the business value and business case of cloud. It’s certainly been hyped and marketed heavily and you can expect this to continue. The industry has done an excellent job of confusing customers and creating a scenario where “you’re too embarrassed to ask, but you need to know”. The industry needs to educate, not complicate.

Your customers are hearing about the cloud and they are asking questions, often without having true knowledge of the subject. Many will ask based on reading the market reports and articles on how cloud is growing and shifting how business is done and through seeing articles or television coverage of internet cloud successes. What they should be asking is why they should be considering the cloud as an option.

The question is: how sure are you that they will ask you these questions as their trusted advisor? Below are some compelling reasons as to why you should consider becoming such an advisor:

“Microsoft believes from its third worldwide study of SMBs and cloud technology that 39% of SMB’s will go cloud by 2014 and an estimated 43% of workloads will move to the paid cloud, but 28% will stay on premises and 29% will be free or bundled with other cloud services²”.

“Pressure is on IT departments in business to deliver more with less, with consumerisation a driving force in setting user expectations of accessing any application, from anywhere and having access to large computing power resources from the simplest of devices for lower costs³.” (There have been 10 billion+ downloads from the Apple Store as of January 2011).

Gartner in November 2010 stated “We are in the midst of a fundamental shift, as more enterprises start to use services enabled by cloud technologies. This will heavily impact IT services providers, who must now consider strategies for coping with profound changes in the marketplace or risk being left behind⁴.” (Emphasis mine.)

Repositioning for the Future

The evolution began with centralised computing, where any file or document created was stored and backed up centrally and accessed through dumb terminals and later basic PC’s with terminal emulation, tying access to that data to being on that networked user device. Having moved to distributed computing through the 80s and 90s we have become used to storing those same files locally, often having a copy on the work PC and a separate copy on a home PC, thus moving the dependency to being on the right client machine where the data is located at the time you require it.

Now due to the growing proliferation of the use of multiple mobile devices, users expect to access their data from any device at any time from any place, and in a cost effective format. Whilst this increases flexibility and productivity it also embraces the concept of reliability (no dependence on one fixed device) and introduces new security issues to an organisation both on the device management and security and the selection of secure cloud environments.

Cloud delivers consumer-created flexibility within the business and potentially reduces spend in one quick move. The average customer is small, not large, and they continue to see value in having a trusted specialist who can advise them of solutions that are advantageous to their business goals.

2 Talkin’ Cloud: [Microsoft: 39% of SMBs Will Go To The Cloud By 2014](#), March 28, 2011.

3 Cnet News: [Apple App Store reaches 10 billion downloads](#), January 22, 2011.

4 Pring, Ben. [Cloud Computing: The Next Generation of Outsourcing](#), November 1, 2010. Gartner, Inc.

“Cloud is not the end, it is the beginning”. PCs did not kill the mainframe, Y2K did not have the impact expected and Instant Messaging has not killed Email, despite all the fear stories. It’s rare the total revolution promoted comes to fruition. We usually experience a balancing and this is what to expect with the on-going emergence of cloud usage.

Vendors have started to change their technology strategies, reposition their marketing, make acquisitions, and to put stakes in the ground for their position on the cloud and where they will play in this new arena. The delivery model for solutions is being heavily debated and vendors are asking how they can deliver their existing foundational solutions as cloud based offerings and what routes to market they will utilise.

A theme that has started to play out is that of the rebirth of the reseller as a trusted advisor and a true value-added player who is aligning more with the customer’s business requirements than their IT delivery needs. Pressure has been on the channel for a number of years already with product margins getting tighter and solutions becoming easier to deploy (being “appliance-ised” or moving to the cloud). We have already seen a plethora of resellers being acquired into larger players or simply going out of business and industry pundits predict this pattern will continue throughout 2011 and into 2012.

Combining these factors you can see how there is a need to examine the status quo and demand your place in this brave new channel world. This is about an evolution and adding cloud solutions to your offering, not a total rebirth of your business, but an alignment to where the market, customers and vendors are heading.

Some channel players will find the adoption of cloud solutions an easier process than others. For example MSPs already used to dealing with SLAs (Service Level Agreements) and recurring billing cycles will already be familiar with much of what is needed to play well with the cloud.

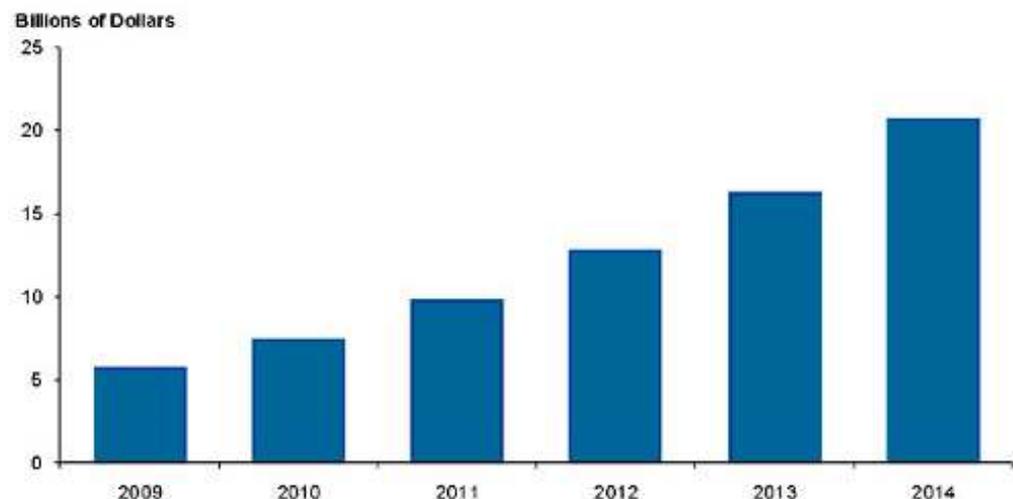
The good news for the channel is that this is a growth area where customers are looking for advice and help. The bad news is that many channel players are steering clear of the cloud for the wrong reasons.

“A wise man does in the beginning, what a foolish man does in the end” Unknown

In a channel study from CA in 2011⁵, in which 965 partners across 15 EMEA countries were surveyed, the following results were found:

- UK partners indicated that nearly two-thirds (64%) of their clients are using some form of cloud offering, but they expect this to hike to 87% by the end of 2011.
- 58% of UK resellers customers are already using software-as-a-service (SaaS), with the equivalent figures for infrastructure-as-a-service (IaaS) at 39% and platform-as-a-service (PaaS) at 24%.

GROWTH OF CLOUD-BASED APPLICATIONS



Source : Gartner (November 2010)

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Shifting Focus to the End User

Customers are seeing the benefits of the cloud and they are becoming more accepting of these new form factors for business solutions, and they will continue to do so in the years to come. Cloud vendors will need channel partners who are focused on the end user and not just the technology. Giving customers the keys to the cloud without any driving lessons, advice or configuration support could leave customers with a lack lustre experience.

The channel is presented with the opportunity to shine and develop into providing customers new value propositions, solutions and skills/advice on this new paradigm.

Yes this shift will involve mastering new skills in areas such as sales, marketing, operations and billing; and yes this shift will require changes to commission schemes and revenue models. However, many will find it easier than they expect once they embrace the opportunity. It should be noted that the longer you wait before starting the process, the lower your chances are of benefitting from this sizeable opportunity to get in early on one of the IT world's fastest growing trends we have seen in a long, long time.

The channel should not fear change. The concern should instead be turned to customer retention. In other words, it is quite possible that a customer will be lost to competitor VARs that have more quickly adopted cloud offerings and have an immediate solution for your customer.

Microsoft just released its Technet Cloud Survey (www.technet.microsoft.com) results showing that 44% of clients said they were discussing the cloud and 15% are already using it in some way. Now is the time for you as a reseller to take part in your customers' discussions around cloud computing.

With cloud now clearly at its boiling point, what steps are you taking to ensure you are at the right place at the right time?

How You Can Successfully Transition Your Business To Selling Cloud

"Change is the essence of life. Be willing to surrender what you are for what you could become."

Unknown

As indicated throughout these papers, some resellers have been born as new entities out of the cloud market opportunity, but most will be considering how to adapt and adopt these new form factor solutions into an existing business, with sales people, commission plans and customers already in place with predicated expectations and assumptions.

The market is definitely there for the channel. Gartner recently revealed that global spend on cloud computing is expected to account for 10 per cent of all external IT spend in 2010. Gartner questioned over 1,500 CIOs and IT directors in over 40 countries and found over 46% reported having budget set aside for cloud computing and indicated a plan to increase the use of cloud services from external providers.

David Bradshaw, IDC Research manager, said in March 2011 that the industry was nearing the point at which the market for traditional software delivery will steadily lose value in the shift to the cloud. "In certain markets cloud is already taking most, if not all, of the growth. It is doing well in CRM and talent management and taking chunks of share in email and collaboration".

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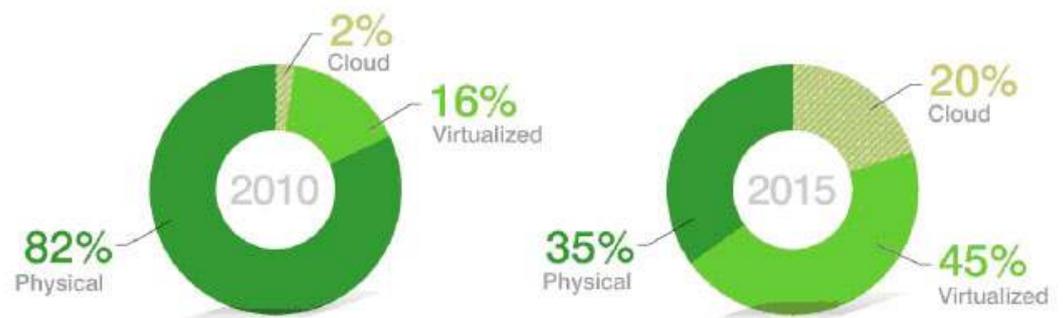
“In certain markets cloud is already taking most, if not all, of the growth.”

For cloud to take off in the channel, several actions must take place first:

- Vendors need to deliver customer value propositions to create high customer demand
- Resellers need to self educate and amend business processes and financial models appropriately
- Resellers need to accommodate and work with vendors on pricing models that create revenue and profit through the channel
- There need to be ways for the reseller entity to manage, bill, license, support and add value around the cloud propositions. Responsibility for this falls upon all part of the value chain, the reseller, the distribution channel and the vendors to cooperate, communicate and innovate.

There is much work that needs to take place between the vendors and their channels. For example, there has been much backlash over Microsoft's swift change in their approach, directly billing customers and paying a low year one initial commission and an even lower renewal commission margin to selected resellers nominated by the customer. This is very different to their traditional routes to market.

Consider the expected market change in where computing power will run. Today the majority is still run in the historical physical server installed model. A shift is expected to balance this across traditional, virtualised/private cloud and public cloud solutions.



Percent of enterprise workloads that will run in physical, virtual and cloud environments

Source: Novell Estimates based on IDC and Gartner data

GETTING STARTED

After reading and hearing so much on the cloud and perhaps asking a barrage of questions, you understand the cloud better and how to find the right vendor partners to work with. You understand the need to look at the financials and sales commissions and for your sales team to think differently about how you do business with customers. Now you are at the stage where you have to think about actually transitioning your business and taking those initial steps.

Rushing headlong into big change is risky, you need to start with baby steps in the right direction in a way that drives the change and benefits your business without damaging your existing foundations. Getting it right will take time, focus, passion and commitment.

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Many resellers have already taken that first leap and they have even invested in new focal cloud teams and brands within their business. Others are successfully selling cloud with good annuity streams already, having found their way into becoming a cloud channel player without even knowing they were doing it.

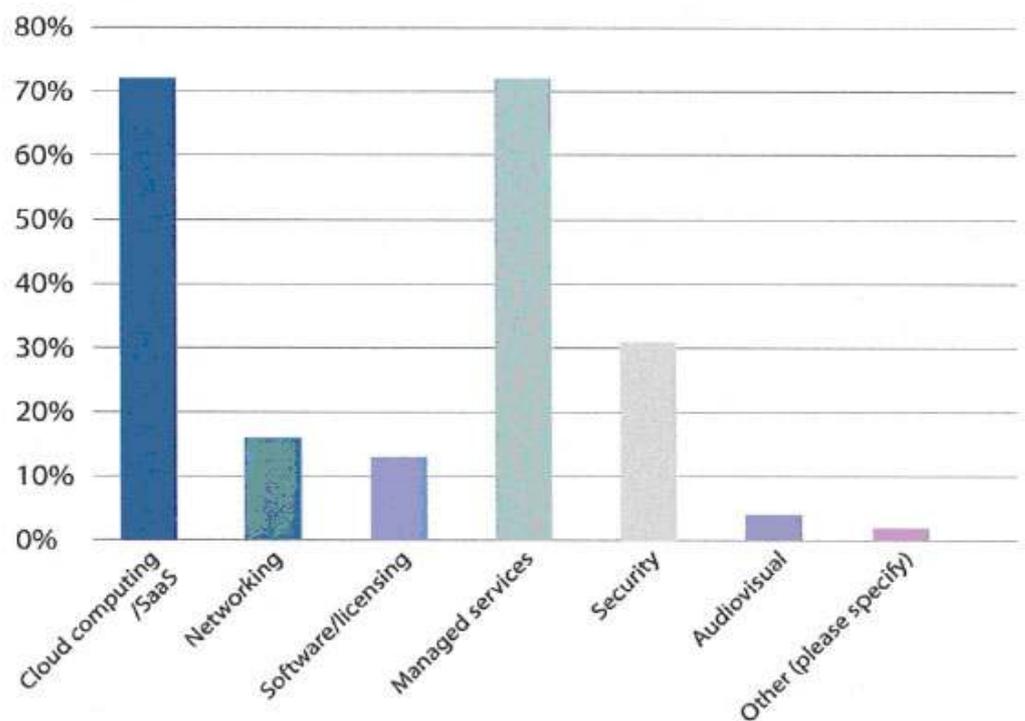
You need to start taking those steps, asking questions of the vendors (as shown in whitepaper 2 in this series) and aligning to your customers, showing that you are a player in this space.

There is no perfect formulaic approach that anyone can give you that guarantees your success in the cloud world—but then again, when has there been a formulaic approach for anything you have sold previously? The IT channel is challenging and always has been: it is fast changing, and what was once the belle of the party may not be tomorrow. WordPerfect was once the leading word processor; Lotus the leading spreadsheet and Novell the leading network platform. Things and vendors change and adapting has always been a necessity in the IT channel.

UNDERSTANDING THE VALUE & MOVING FORWARD

ChannelWeb, who surveyed resellers for what types of specialisation they would look for in any reseller business they were looking to acquire, recently found that Cloud and Managed services came out far on top, followed by the next nearest value contender being Security specialisation. This is a key indicator in the channel cloud space, and it clearly states that building a cloud annuity stream has value to a resellers business.

What type of specialisations will be the most sought after for acquisition?



Source : CRN Channelweb.co.uk—March 2011

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Tiffani Bova, VP of sales in worldwide channel strategy at Gartner recently stated:

Through 2015, cloud services brokerage will represent the single largest revenue growth opportunity in cloud computing. If you choose not to invest in cloud, that's okay, but get really good at what you do now, because there's going to need to be less of you in the future as cloud adoption picks up⁷.

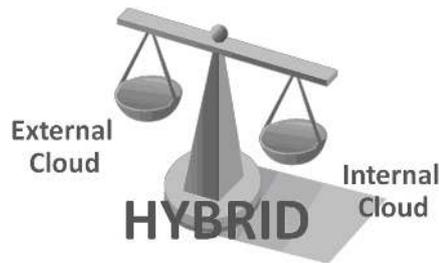
Bova predicts that vendors will say that they have to do services on their own if the channel doesn't skill up fast enough.

10 Important Steps That Will Transition Your Business to the Cloud:

- 1) **Business Sector Choice:** Decide which areas of the cloud and business technology you feel you can represent and leverage to your customers.

Decide if you will represent and resale another's cloud solutions or indeed build your own IP. This has been discussed earlier in these papers and the risks associated and investments required with this approach. It is easy to underestimate the scale of investment needed to build and run cloud infrastructures. Building the technology platform is one part, but you also need to scope for the billing and provisioning engines. Evaluate carefully if you plan to create your own solutions, not only on the costs but the market maturity. You should also evaluate your time to market within this and assimilate a true business plan of sales required before you would achieve an on-going consistent profitability from your investments.

If you do not wish to build on your own IP, decide whether you will focus on reselling 3rd party off-the-shelf public cloud solutions or private cloud configurations, or indeed both.



What balance of effort will each take? How far you can leverage your existing vendor relationships? And what re-training will you need to undertake?

The Cloud Industry Forum surveyed resellers to identify what SaaS (software as a Service) is being sold by them today. The foundations are already in place for a growing market for resellers to adopt and adapt to new models and new vendor solutions.

What SaaS services do you offer?

Only asked of respondents who offer SaaS services

	Total
Back-up/Disaster recovery and security	59%
Storage	48%
Business intelligence	46%
Security	36%
Service desk	35%
Financial accounting	31%
Personnel/Payroll	26%
Collaboration	25%
Time/Productivity management	22%
Other	13%
Base	96

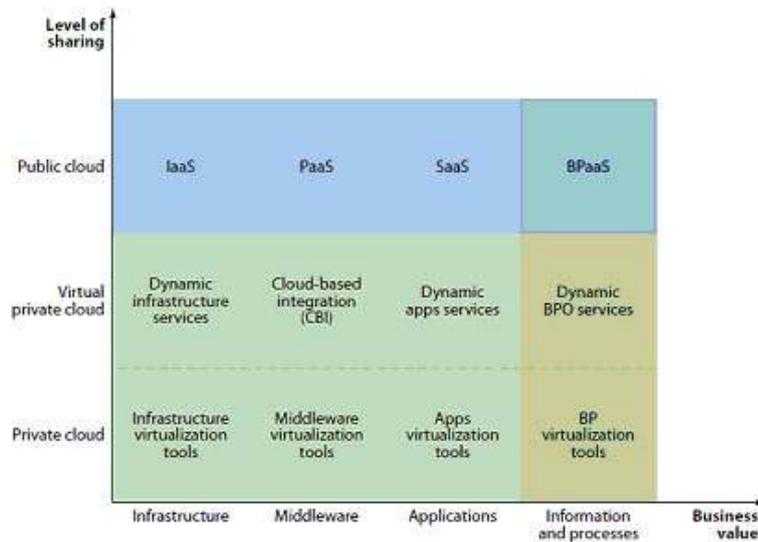
The *Cloud Industry Forum* surveyed resellers to identify what SaaS (software as a Service) is being sold by them today. The foundations are already in place for a growing market for resellers to adopt and adapt to new models and new vendor solutions.

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Note: Part 2 of this 4 part whitepaper series discussed areas of cloud and criteria in selecting vendor partners.

You will need a clear strategy and an understanding of Public and Private Cloud solutions, including where each of the "As a Service" offerings fits within them. With this in mind, you will be able to decide how to advise customers and which solutions you will include in your portfolio of offerings.



Source : Forrester Research Inc.

Gartner reported in March 2011 that "SaaS continues to penetrate the CRM market, accounting for nearly 24% of total CRM market revenue." And that "SaaS in CRM exhibits more-general market adoption, ranging between 11% and nearly 40% of total software revenue, depending on the CRM sub-segment".

And in a recent Forrester report from August 2010 it was discussed how cloud storage is already being adopted by the masses in the consumer world (underlying cloud storage services such as Amazon S3 are empowering this growth), but that Enterprises are lagging behind in their adoption in comparison. Forrester stated:

Cloud storage offerings have tremendous potential to free up I&O professionals from complex and onerous storage management. There aren't clear, comprehensive cost models yet, so focus your goals on improving service quality or reducing management complexity⁹.

- 2) **Cloud Vendor Choice:** Decide which vendors will support your chosen strategy, and which have the services and models to align with your business and cost models. Also consider a combination of which vendors will be those that win through on customer adoption combined with a balance of which billing and margin models they offer. You will likely be presented with choices of vendors offering high margins but low customer adoption, or ones with rapid adoption and stronger brands with lower margin offerings (remember with the cloud the cost of sale and delivery is different and you should find that you can build a less costly sales model focused on customer growth combined with sales cycles that are less resource intensive). Choosing the wrong vendor partners can result in lost customers, diluted customer relationships and antiquated service.

Look for vendors that are well versed in the world of cloud computing, those that understand how to build the customer value proposition themselves. These vendors will help train, support and work with you as you develop your cloud sales.

Choose providers that are committed to their cloud offering as a key part of their business and who provide clarity of where you fit into their go-to-market models (which are likely to be mixed in the new world) and are clear on how you will be rewarded.

Some vendors have already changed their cloud strategies and pulled back on their cloud marketed solutions. For example, Cisco recently pulled its hosted mail platform from the market in early 2011 and Iron Mountain has also recently killed its Public Cloud Storage Business.

⁸ Desisto, Robert, et al. *CRM Vendor Market Guide for Software as a Service*, 30 March, 2011. 2011 Gartner, Inc.
⁹ Reichman, Andrew. *Cloud Storage Comes Down To Earth*, August 5, 2010. Forrester Research.

“You will need a clear strategy and an understanding of Public and Private Cloud solutions, including where each of the ‘As a Service’ offerings fits within them.”

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Once you have decided on some vendor partners, move to eating your own dog food—use cloud services in your business to “demonstrate to customers you believe” and also to benefit your own business. If you do not find the value, how will you expect to explain this to your customers?

- 3) **Whose Brand:** Decide if you will represent the suppliers brand, co-brand or white-label or build your own cloud solutions. If the provider is an unknown brand then utilising your own as the lead brand can be advantageous, tying the customers support and brand perception back to yours, their known provider. However if the provider is a good brand name then hiding their brand can put you at a disadvantage. You will not be able to utilise their case studies, their awards, their certifications and when competing with another strong brand service you will likely need to inform your customer of what you are using anyway.

Consider a co-brand where perhaps your vendor is strong and you use a “Powered By [read vendor name here]” approach, allowing you to still utilise the vendors sales tools. Or consider aggregating multiple cloud vendors so that you can leverage their brands, with your brand delivering the value around the expertise and the support you bring (much as you do with product-based solutions today). Many resellers have gotten hung up where cloud is involved in owning the brand, in fear that vendors will renew directly or directly contact and market to customers. So much time can be spent focusing on this that valuable sales and growth are hampered for all concerned.

- 4) **Routes to Market:** One of the changes to expect with cloud is establishing who your provider or billing entity may be. You will need to consider as part of the services you decide to sell what route to market options are available. Some cloud providers will deal with a reseller directly, others will go traditional routes via their product distribution partners, and then you have the cloud based distributors or focused cloud divisions of the larger players.

You may also find yourself utilising ISPs or MSPs as your provider and acting as a reseller for new channels not considered before.

Finally you are likely to also find an increasing number of models where the cloud vendor offers the customers a direct billing relationship and rewards resellers through a combination of referral and deal registration with a sales commission. Consider these and how they might supplement your traditional sales models and consider new approaches, as they will be key to your success.



- 5) **Cloud Economics:** If you have read paper 3, you will understand that a key area of change in the cloud involves money: how you bill, how you contract and how you pay sales commissions. Which billing models will you need to encompass and how will you adapt to these? Will you bill your customers or will you be paid a commission by the vendor if they bill directly?

You MUST understand the financials of cloud and ensure that your commission plans motivate your sales teams and do not interrupt your cash-flow models. With the channel under pressure from compressed retained product margins, end customers are paying slower due to the economy and vendors and distributors are squeezing on credit days, cloud billing can compound any potential cash-flow problems currently circling your business.

“Once you have decided on some vendor partners, move to eating your own dog food—use cloud services in your business to “demonstrate to customers you believe”.”

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If you are to sell cloud services you will need to sharpen your focus on financials no matter what kind of cloud offerings you take on board. The cloud's billing models and pay-as-you-use models are going to increasingly appeal to your customers and impose financial changes on your business.

Cloud generates revenues in small but steady (and reliable) increments, which results in a decrease in large lump sum payments up front. This will be replaced with leaner but more predictable values as the customer cloud base steadily grows.

You also need to consider what per cent of your business revenues you expect, plan and target to have as cloud offerings. You may be able to grow your business greatly using cloud as an enabler during the fast adoption phases

- 6) **Sales People and Skills:** Question most sales people right now on cloud technologies and you may get some basic explanations of what SaaS stands for. You may also find few able to offer strong explanations of private and public clouds, PaaS, HaaS, IaaS and the true placement of them in customer's business solutions and strategies. How will they advise customers and deliver value to clients if the knowledge is simply not present?

Sales skills, and perhaps even the people, will need to be evaluated and changed where required. A product sales person might not adapt well to selling a service-based offering where customer expectations and questions will differ greatly and commission schemes may be different. Sales people will need to educate and learn not only new vendor technologies, but new sales approaches to customers likened to selling a service (e.g. managed service solution). Certainly sales people will need to adapt to new commission models and ways to earn their way.

Cloud solutions often require sales people to demonstrate their own services rather than utilise technical resources at such requests. Customers buying product solutions often take longer, and consider more options and suppliers and any evaluations and appraisals can take time for the client to undertake. With a slick online cloud demo, customer sales can often be closed quickly and even on the same day depending on cost and the nature of the service.

A recent survey from CWjobs.co.uk showed that 75% believe there is a need to gain new experience and skills in order to be successful in the cloud arena. Additionally, in a recent Microsoft survey, 59% of IT professional respondents cited that "they are just beginning to familiarise themselves with the cloud".

There is no shortage of events, webinars, conferences and articles/whitepapers to read on the cloud and it is recommended that you take the time to benefit from the wealth of information available and invest in what will surely be part of your future customer value. Perhaps send your sales people on such events and have them get ahead of the competition in becoming cloud familiar. Hearing from your peers in other resellers of what and how they have adjusted will form useful references points for your progress.

Making sure your workforce is educated on cloud will be vitally important.

Becoming a cloud savvy company is going to mean you will have commit to some key people out the office for a day or so every now and again.

There is no telling how many of your top people will stay and transition into cloud models as the growth of sales in the cloud world evolves. In a longer tied contract your commission models are more predictable and manageable, but as the market develops over time, developing options of a pay-as-you-go will mean a continuing effort to retain customers and increase adoption. This may mean more farmers than hunters and a different mix of sales skills will be required. Be prepared to accept and adopt change as/when needed as hanging on to the past could be a perilous and costly mistake.

- 7) **Marketing Cloud:** How you market and represent the cloud solutions to your customers is key. Consider simplifying the cloud for your customers and ensure that your existing and prospective customers know you are a place to turn to for expertise on the matter.

“In a recent Microsoft survey, 59% of IT professional respondents cited that “they are just beginning to familiarise themselves with the cloud”.”

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Use the term “cloud” and be clear that these are solutions you offer. Separate them from arbitrary product offerings and position them in the correct functional area. Build a separate clear place to show all your cloud solutions, and show that you have an option for the different form factors the customer might benefit from.

Winning in the cloud will entail learning and working consultatively with clients as a trusted adviser. Make sure you position this in your offering, that they can come to you to gain advice and explanations of what private, public and other cloud-based categories really are.

Ensure you use the terms that customers might search for—“cloud” and “virtualisation” for sure. Speak to your cloud vendors; there is no doubt they will have cloud based tools, web videos, flash tools etc that you can incorporate into your web site to provide your potential customers an enriching and educating cloud experience.

Cloud is being over hyped and marketed by all levels of the channel, so differentiating yourself is important. Making it clear and simple could be a key advantage you could bring to the average customer who is buying for business reasons, not for the sake of technology or it being called “cloud”.

Cloud solutions tend to attract a different type of customer behaviour with more expectation on self-serve. They prefer to gather information on the web through demonstrations and they are looking for validation. Make sure your web representation of your cloud offerings is slick and strong.

Your business will likely need more cloud sales in volume of transactions than with product sales, and there will be more expectation from your sales teams for more aggressive lead generation, as well as an arsenal of search advertising, proactive campaigns, seminars and telemarketing.

- 8) Building differentiation & Value: Identify with each cloud offering what value you can add, both to the customer and to the vendor. Do you have vertical expertise that can aid the vendor in broaching new market opportunities? Do you have technology skills in CRM or ITIL for example? Remember the likelihood is that the cloud vendor’s service, when turned on, is activated in a “vanilla” mode (meaning that all customers get the same flavour). Tailoring a cloud solution to the customer’s business specific needs, rules, configuration, etc. offers value most customers will be willing to pay for and it’s unlikely that cloud providers will provide these services directly.

The trick is to sell the cloud service as a packaged “solution” delivering business value to the client and focusing on configuration.

- 9) Support: Identify and understand. Does the vendor do the support or do you? Does the customer call the cloud vendor directly as part of their service agreement or do you front this for them? What are the obligations of the SLAs provided around the service and the penalties if not met by the vendor and do these affect your billings? Would you need to issue credits? Many resellers are utilising cloud services to enable their helpdesks to extend and become mini MSPs (Manage Service Providers) that use the power of cloud services such as IT Security in the cloud to provide remote support to customers. This position requires no break/fix maintenance, only a basic understanding of the cloud applications functions and the ability to manage it on behalf of the customer. This has enabled many resellers to sell a customer a packaged service to manage XYZ for them at a price that includes the cloud solution license and the resellers MSP support and management wrapped in, providing a good margin to the reseller.

- 10) Cloud Reputation: Developing your cloud reputation is important to ensure your customers both existing and potential engage with you when they have questions or consider moving business functions to the cloud/virtualised environment. Consider the results of a recent survey of end customers by the Cloud Industry Forum in the next section of this paper, which clearly shows that customers are looking elsewhere for information. The research also found that 38% of customers believed the cloud had not been raised by their IT provider and 66% claim that cloud delivery could encourage self service (if you wish to review the full white papers of the research they are available for free at <http://www.cloudindustryforum.org/>).

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**CLOUD WITH A
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These results provide a clear reason why it is important that you educate and bring value to your customers; this alongside ensuring they are aware you are a “cloud player” who is available to them as their trusted advisor.

Many channels have segmented their cloud offerings into business sub-divisions and micro-sites, and some have even launched new business subsidiaries under cloud related company names to ensure that they are found and have credibility to potential and existing customers.

Consider avoiding leading with heavy technology explanations and keep it simple, use simple terms and avoid all the jargon and techno speak associated with the many cloud offerings from SaaS, to IaaS and the like. Recent studies show that customers do not understand how these terms relate to business benefits and their requirements. Lead from a perspective of simple education and explanation as to how your cloud propositions and offerings can be viewed as strong options for their business needs. Bolster this leadership with the necessary background details and the firm branding of the benefits they might achieve through your cloud solution set.

“Customers are looking to suppliers for advice on cloud transformation, including when, where, who and how to use it to their business benefit.”

How You Retain Your Trusted Advisor Status To Your Customer

“Clouds come floating into my life, no longer to carry rain or usher storm, but to add color to my sunset sky.”
Rabindranath Tagore

Don't let the ubiquity of the cloud intimidate your customers, be there for them, promote yourself as their trusted advisor and demonstrate why they still need you in the cloud enabled world.

When customers board an aeroplane they are asked to buckle up and listen to the safety briefing. Before customers launch themselves and their data into the cloud the same is true. Someone has to make sure they buckle up and understand the safety guidelines. Why can't this be you?

Customers are looking to suppliers for advice on cloud transformation, including when, where, who and how to use it to their business benefit. Cloud is about value: value to the customer in terms of direct and visible benefits to their business, and value to the channel in terms of focusing now on business function and alignment over install and break/fix support.

It is feasible that Automated IT delivery via the cloud will change the way small businesses look at IT. A report from global consultancy, AMI Partners, published in July 2010, reported that up to 250,000 jobs in the USA could be lost in the next decade as cloud providers offer supported services directly to customers. As a reseller its key you step up now and start aligning your customer/cloud relationships and guide them through this period of change.

A recent Techaisle survey of small businesses (1 - 99 employees) within the USA, UK, Germany, Italy and Brazil shows that:

Only 37% of small businesses have heard about cloud computing. Among those who have heard about cloud computing, 13% said that they did not know what it meant. 44% of the respondents think that cloud computing means subscribing to services such as servers or storage hosted by a third party and 29% think that it means access to applications over the web. Even among the 29% of small business that use SaaS, not all of them have heard of cloud computing.

MAKING CLOUD EASY TO UNDERSTAND

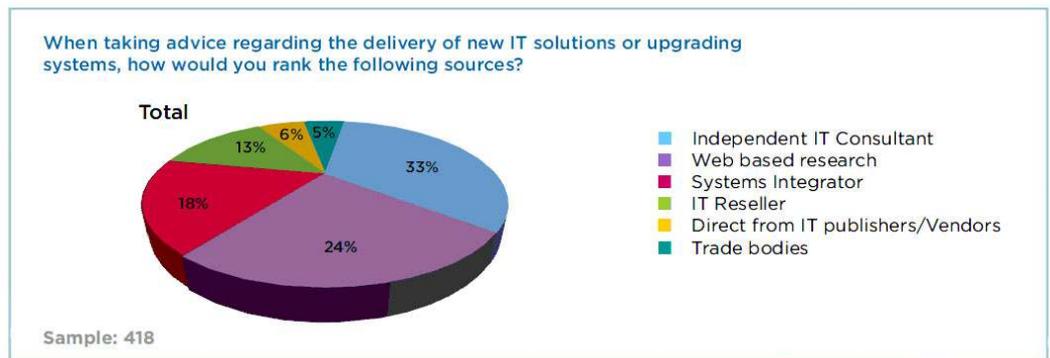
So customers are hearing about cloud, but its clear many do not understand it or the valuable benefits it can bring to transforming how parts of their IT can benefit their business. This is an ideal opportunity to advise them and introduce the realities to them in simple easy to understand formats, before they do figure it out themselves and reduce the value you can bring.

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Customers will look to new sources of information if you are not there closely advising them. Do not believe that if you do not propose cloud that they will not look at it without you! The noise level on cloud in articles from vendors and at events is too high for the customer to miss it and not lend an ear as to what this might do to help their business.

At a recent Channel conference it was noted that 6 of the 7 seminar program sessions were focused around the cloud. Pick up any recent IT publication and you will find the word cloud dotted throughout. When questioned where end users are getting their "cloud advice" in a recent study (below) only 31% cited their reseller or systems integrator. Is this a sign of changing times or simply the channel not emphasising themselves enough to clients of their role in the cloud world?

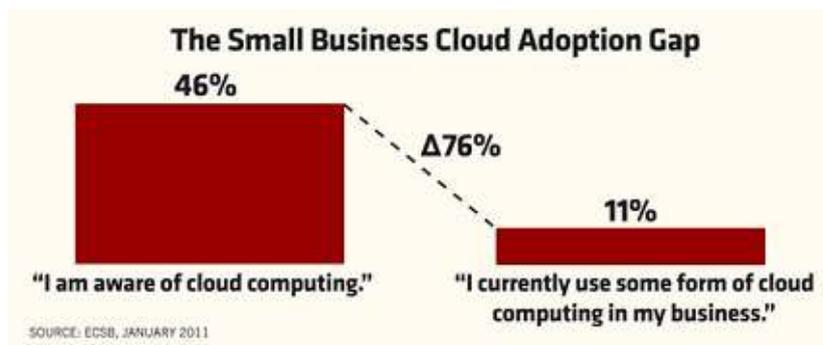


Source : Cloud Industry Forum : Cloud Adoption and Trends Survey 2011

Do not underestimate that you will have new competition in this space from not only other resellers, but xSP's, Telcos' new types of reseller and of course vendors themselves. For example Microsoft General Manager Bill Staples recently commented, "The question is... Is Microsoft a partner or a competitor in this space? I want to answer that question honestly and directly...The answer is yes. Microsoft is a partner and a competitor in this space. The competition that Microsoft faces has caused us to reevaluate how we go to market¹¹".

KNOWING YOUR CUSTOMER

The average customer in the market is not a global corporation, but a smaller localised business. According to the ECSB (Enterprise Council on Small Businesses) only 46% of small business owners know about the cloud with only 11% currently using it.



Source : <http://www.channelpro-digital.com/channelpro/201104#pg8>

Spending by SMB's on cloud services is expected to rise at a compound annual growth rate of 13% according to research group AML-partners Inc., meaning 13% more of your customers not using it today could be each year¹².

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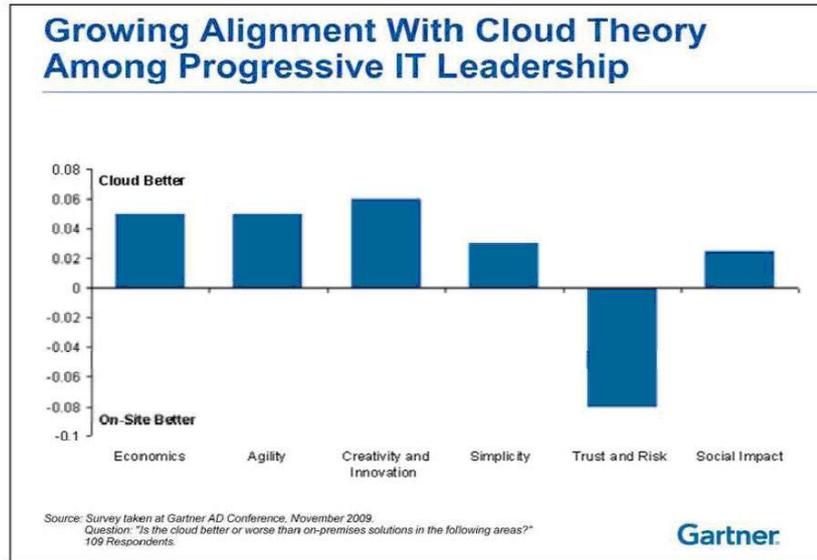
¹¹ Talkin' Cloud: Microsoft Cloud: Cooperating and Competing With Partners, March 31, 2011.

¹² Channel Pro: Getting Ready for Cloud Computing: Setting Your Strategy. Issue: April 2011: Page 24.

71% of IT directors are concerned about the potential management complexity Cloud services will bring.

With this continual growth expectation, there is an opportunity to be that trusted advisor and mentor to your customer in what is the cloud, what does it offer that's different and can benefit their business and how do they go about choosing and getting into using it. It is therefore critical you define your relationship with your customers and ensure there is value there from "the eyes of your customer".

If you also consider the continual biggest concerns of customers towards cloud, in survey after survey they come out as a concern over security, issues of trusting a 3rd party and the unknown. For example a Vanson Bourne survey commissioned by 2e2 reported that 71% of IT directors are concerned about the potential management complexity Cloud services will bring¹³.



TAKING ON THE ADVISOR ROLE

Customers concerns over trust and risk pose an opportunity for you to advise and consult to ensure customers do not discount and lose out on the benefits cloud solutions can bring alongside ensuring correct choice aligned with business requirements are made.

Gartner cited in August 2010, in their Growth Trends in Security as a Service report, that "Security as a service will emerge as one of the key solutions to secure the use of cloud computing services".

There are also many concerns over the staff changes cloud computing may bring. This is an area where you can assist and advise them. As can be seen in the above research the biggest concern around cloud continues to be worries about its security, safety and the area of trust.

A recent survey by AT&T in the US revealed that while a third of small businesses are using some form of software-as-a-service (SaaS) or cloud-based service it remains an emerging technology in the space. Nearly one-third (32%) of small businesses surveyed acknowledged they do not know what is meant by cloud-based or software as a service solutions. This is where help is needed, as their trusted local advisor you have the opportunity to help them get through the hype and understand what it really means, how they can benefit and ensure they do not miss out on the options that cloud presents to their business in terms of business benefit and commercial advantage.

Don Field, Senior Director of Microsoft Certification Program, recently stated: "As organisations transition to the cloud (particularly medium and large sized organisations) they are not likely to go all at once but might move one or another function to the cloud while continuing to have on premise applications for a number of different functions they perform. **Integration skills between cloud and on premise will be growing areas of importance for IT professionals**".

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How will end user customers determine whether a solution is best served in the private or public cloud formats and (as mentioned in paper 1 of this 4 part series)? How will they know if SaaS is SaaS? Are they benefitting from true multitenancy with a specific vendor solution or if they are paying over the odds for a technology in a historic virtual appliance model?

How will the customer know which version is best to utilise: in-house or in-cloud? And with any given vendor, which combination of cloud services to utilise and how to migrate to it?

Take Microsoft's Cloud model options for example. Who will explain these to the client and assist them in understanding which does what?



Who will help them during the migration of any data, policies and user provisioning alongside potential user training? Cloud vendors will mostly provision services in "vanilla" mode, meaning a fast turned on and accessible service where basic functions are all available; however, that service may not be tailored to the users specific settings, policies or requirements. This provides an ideal opportunity for a provider to add some extra chargeable value to the customers purchase.

What Is Your Value To Your Customer In Selling A Cloud Solution Instead Of A Product Based Proposition

"Did you know that opportunities are never lost? That's because someone will always take the ones you miss"
Unknown

As the externalization of services continues, they are going to become more the norm and accepted as a common business solution. Within customers, vendor management roles will become more important as customers shift from managing hardware and software (break/fix) to managing and monitoring SLA performance. Much new IT functionality will come to businesses as an external service and the way in which customers engage with suppliers and the values they see will adjust over time.

A recent Microsoft study claimed that the typical SME stands to gain 40 times the cost benefit through utilising a public cloud service compared to private servers and an enterprise can expect to gain a 10 times benefit. With over half of IT budgets being spent on infrastructure and a third on application maintenance—the area's most likely to benefit from such a cloud solution—many customers will see cloud as a no brainer and many channels will resist against proposing such solutions in order to protect legacy revenues.

When you consider end users current views about adopting cloud services (see the Cloud Industry Forum Survey results below) you will note many areas where third party independent advice can bring value. Customers are unsurprisingly still concerned about data security and privacy, which is an opportunity for a channel partner to perform diligence for the customer and offer consultative advice on questions to consider and which providers can solve these for the client.

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What are your most significant concerns, if any, about the adoption of cloud in your business?

Only asked of respondents who either currently use cloud or will do at some point in the future

	Total	No. employees Fewer than 20	20-200	More than 200
Data security	64%	62%	61%	68%
Data privacy	62%	68%	61%	60%
Dependency upon internet access	50%	53%	58%	42%
Confidence in the reliability of the vendors	38%	32%	38%	41%
Contract lock-in	35%	30%	43%	30%
Cost of change/migration	32%	27%	35%	33%
Contractual liability for services if SLA's are missed	31%	16%	38%	33%
Confidence in knowing who to choose to supply service	28%	27%	29%	28%
Confidence in the vendors business capability	24%	16%	25%	26%
Confidence in the clarity of charges (ie will they be cheap on-prem)	22%	16%	26%	21%
Lack of business case to need cloud service	21%	11%	27%	22%
Base	323	73	112	95

Source : Cloud Industry Forum : Cloud Adoption and Trends Survey 2011

Customers that move key applications to the cloud are by definition increasing the importance of secure, fast web access for their users. Using the web as an information medium is useful and users take this for granted; however, the more key business applications that move to the web, the more critical the medium becomes to the business.

Therefore there is the opportunity for a consultative reseller partner to assist a customer in ensuring that their internet connections, network resilience, WAN optimisation and internet infrastructure are optimised for the world of cloud solutions. What about the customer's web security, usage policies etc? The opportunity to sell additional solutions to enhance and protect their choices, to refresh existing solutions and to perhaps monitor or manage more for the customer is great when utilising the benefits of the cloud application as a toolset.

Cloud vendors (and certainly public cloud vendors) in the mainstream will enable their service in a "vanilla" mode, meaning all customers accounts are turned on in the same settings, looking the same all bar the actual license details of number of users and term.

So whilst there is no installation in the sphere of the legacy on network solution deployments, there remains the opportunity for customisation and configuration of the solution to the customer's business specific requirements. This is an ideal opportunity for a reseller to provide chargeable expertise to the client and enable the client to invest in tailoring and tuning to their needs rather than paying just to get the solution installed and running to start with. For example it has been reported that Salesforce.com partners receive 30 - 50% revenues on customisation and many have built successful businesses out of their customer relationships (and also their business expertise around cloud technology and configuring it to the customer's maximum benefit).

In a product-based model the channel was an installer then a configurator, followed by a supporter. In the Private cloud arena this can be a similar approach and with the public cloud services it is likely your focus will be on being a configurator and sometimes supporter, but rarely if ever, an installer.

There of course remain other opportunities such as integrating public and private clouds, assisting customers with data migrations and advising them on their internet security and resilience. Your value remains if you work to ensure it does, but it will be in different areas and in different value propositions than with traditional hardware—and software-based solutions.

“Customers that move key applications to the cloud are by definition increasing the importance of secure, fast web access for their users.”

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CLOUD WITH A SILVER LINING

“We are at a tipping point in the routes to market that have been traditional in the IT market space and the change will happen whether you take part or not.”

SUMMARY

“History will be kind to me ... because I intend to write it”. Sir Winston Churchill

During the past 10 years or so the commoditisation and standardisation of technologies has increased, as has the want to “de-techify” IT and align it as a business driven function to the business. The business wish to create standardised, repeatable, scalable and cost effective IT services has increased alongside rapid growth of the use of the internet. With web-based solutions being taken for granted and users bringing consumerisation and its expectations of simplicity and low cost to the business, it is no wonder end customers are growing more and more receptive to cloud based solutions.

Cloud is not a ubiquitous solution at this time and will not be for the foreseeable future; however, it certainly (and unfortunately) represents a threat and many challenges to the channel as we know it. We are at a tipping point in the routes to market that have been traditional in the IT market space and the change will happen whether you take part or not. Forrester research reports the cloud market will hit \$241bn by 2020 an increase from its current projected levels of \$40.7bn by the end of 2011.

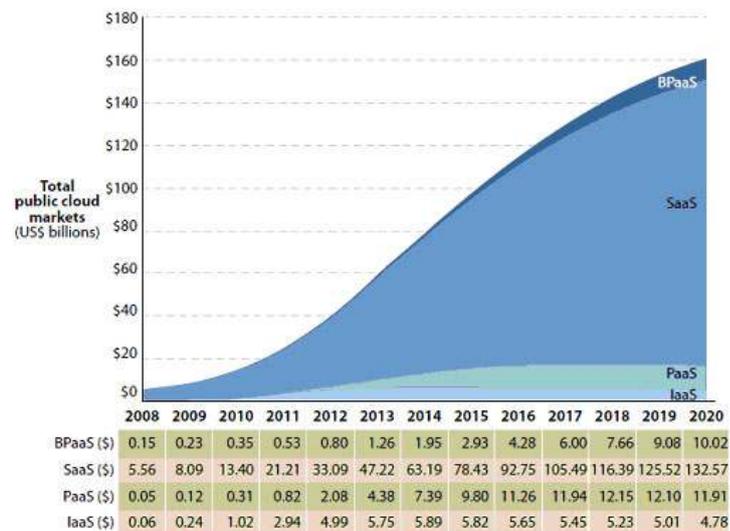
Cloud solutions represent healthy growth year over year (usually showing an expected 20 - 50% CAGR for the next 3 - 4 years) and an opportunity for the channel to continue as an advisor to customers of technology areas that can reduce costs, improve efficiency, resilience, accuracy and flexibility for the end users business.

“A recent survey by Colt , their CIO Cloud research, surveyed 500 IT decision makers across Europe to find that a consistent view amongst this group was that Cloud-based approaches will be widely embraced sooner rather than later. Indeed 60 percent of respondents think Cloud will be their most significant IT operating method by 2014, with only 6 per cent skeptical that such a transformation will occur.”

Source : <http://www.businesscloud9.com/content/security-risk/5423>

Forrester’s report, Sizing The Cloud, from April 2011, suggested the following growth expectations in key areas of cloud services:

- IaaS will hit its peak early and then commoditize quickly
- SaaS represents the largest and most sustainable growth opportunity
- BPaaS offers strong potential for innovation, but its revenues will be modest



58161

Source: Forrester Research, Inc.

Source : Forecast: Global Public Cloud Market Size, 2011 To 2020

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IDC reported in May 2011 these indicative expectations in the areas of SaaS Security:

- Messaging security SaaS will grow from \$718.8 million in 2009 to \$1.9 billion in 2014, representing a 21.3% CAGR
- Web security SaaS will grow from \$130.7 million in 2009 to \$626.8 million in 2014, representing a 36.8% CAGR
- Endpoint security SaaS will grow from \$197.9 million in 2009 to \$647.3 million in 2014, representing a 26.7% CAGR

There is no doubt: change can be hard and you may make it harder for yourself by resisting and ignoring what is happening. (as already stated a recent study by the Cloud Industry Forum on End User opinions on cloud Computing, reported that 38% believe cloud had not been raised to them by their IT provider as an option¹⁴.)

Technology continues to evolve and change the way customers behave. Take for example email, which has dramatically affected the volumes and revenues generated for the Postal Service from posted letters, with a high volume of the historic traffic having shifted form factor from the written letter to the modern and rapid email communication. Social Media has been exasperating this even further with many users preferring this over even email. This has forced postal services to look at other sources of revenue while cutting costs to maintain a financial balance. Online shopping and auctions have opened new opportunities for postal services as an increased volume of goods are bought mail order. Thus they still exist, but derive revenues from new areas and cannot rely on the old models.

This is where the Cloud is changing the IT world around us, both at home and at work. In the consumer world and in business its impact will be undoubtedly be felt. There will be those that don't realise or discern the transition to the cloud and utilize cloud-based applications unknowingly. Then there will be those that resist (many without calculated reason) and those that take time to understand, embrace and benefit from this new form factor of delivery.

A demand for increased mobility, device independence and lower maintenance costs will continue to drive cloud up the customer's consideration list. Over the coming few years there will be successes, failures, new entrants and new uses of cloud that none of us predicted. We shall see existing vendors change and some struggle and new vendors appear and thrive.

Not everything will be cloud-based as some scaremongers are portraying, we will see the utilisation of the right technology for the right function, relevant to individual business needs and budgets. We will also experience a whole new breadth of discussions about the pros and cons of internet-based services, be it public or private cloud, with much stimulated by outside influences such as the earthquake and tsunami tragedy in Japan in early 2011, as well as the government cessation of internet access amidst the civil uprising in Egypt in the same year.

Forrester reports that SaaS remains the most profitable area currently, but warns that not all areas of the cloud market will stay on the same rate of upward trajectory, expecting the infrastructure as a service market to likely become a commoditised space after 2014.

"I've learned that to ignore the facts, does not change the facts!" Unknown

INDUSTRY VENDORS SPEAK

In May 2011 there has been an increased noise from vendors around cloud and how they believe the channel needs to take part. Excerpts of these arguments can be found below:

"You should have started the journey and, if you have not, you are late," said EMC's chief marketing officer, Jeremy Burton. "I consistently hear three themes and pain points that IT organisations have," he said. "Budget dilemmas is one; they are being deluged in data, and from a board level down there is a tremendous awareness of the importance of security; and there is a lot of fear of being attacked. What addresses these three pain points? We believe the cloud—IT-as-a-service," he added.

Source : Channelweb: "EMC: The time to act on cloud is now". May 10, 2011.

“What is sure, is that we are in for a changing and challenging time in the channel and those individuals that adapt, learn and educate will be able to benefit from this evolution.”

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Meanwhile at CA Technologies Channel Summit, CEO Bill McCracken said the "business adoption of cloud computing enablers, from virtualisation management to software-as-a-service, is happening faster than even the most optimistic projections." "**The rate and pace is going to pick up.**" McCracken told a gathering of CA solution providers in New York last week, discussing cloud adoption. "The industry estimates are wrong. They're low. You can write that down. It's growing faster and moving faster than we're predicting. The opportunity is standing in front of us."

Source : MicroScope: "In-depth: UK firms still in first gear in cloud drive". May 9, 2011.

NetSuite Channel Chief Craig West: "SaaS is the Cloud Opportunity for VARs : West is somewhat frustrated by all the noise and pretenders in the cloud market. Instead of getting caught up in the noise, West recommends VARs and cloud integrators simple focus on SaaS. The perrential on-premise software companies are out in the market talking about their cloud strategies—which don't exist. The biggest challenge is just the noise. Public cloud, private cloud, SaaS, and Fake Cloud: Hosting traditional software and. SaaS is Where the Margin and Service opportunity is. We're trying to cut the chatter. '**Public cloud is going to win and SaaS is where the opportunity is.**' West concluded."

Source : Talkin' Cloud: "NetSuite Channel Chief: SaaS is the Cloud Opportunity for VARs". May 11, 2011.

"Microsoft claims the launch of Office 365, the latest version of its cloud-based productivity suite, could **open up opportunities for partners in the SMB market.** Speaking to ChannelWeb, Simon Gautrey, software-plus-services lead at Microsoft, tipped SMB as a lucrative market for Office 365 partners.

"In the UK alone there are 3.9 million small businesses and many of them are looking for ways to evolve their technology solutions," he explained. "I think the biggest opportunity [for the product] is the SMB market." "**Some of the feedback from partners is that it provides smaller customers with a level of technology they have previously not had access to.**" he said.

Source : Channelweb: "Microsoft takes partners downstream with Office 365". May 17, 2011.

Channels and routes to market as we have known them will evolve to the new mixed world. New routes to market will develop for vendors through xSP and telco type providers and possibly through other service providers not normally considered for IT supply. Some age old reseller names will fail from a combination of the recession, new threats and changing landscapes. New channel competitors will appear through start-ups and new business models will challenge all involved.

It is now rumoured that Microsoft will announce "License Mobility" as part of their volume licensing plans¹⁵, which is a way to enable customers to relocate their existing servers to the cloud for no extra costs. This is an example of how vendors will enable and encourage customers to adopt the cloud and we can expect more creative methods to emerge in the years ahead.

What is sure, is that we are in for a changing and challenging time in the channel and those individuals that adapt, learn and educate will be able to benefit from this evolution. Now is the time to self educate, take responsibility as an individual to understand all the new terminologies and approaches available through cloud and virtualisation technologies and increase your own value to your company and your career. Those that ignore what is happening around them will do so at their peril. Change is inevitable, will you choose to be a leader or laggard in the "cloudscape" approaching us in 2011 - 2015.

However just as we see utility companies selling power to customers and telecommunication companies selling voice/data services, we are seeing increasingly IT solutions being delivered contractually as a service. This is representing a radical shift from the licensed-based and on-premise models that have dominated the IT industry for as long as we can remember, and this shift will bring financial challenges to the traditional channel sources of supply (read Whitepaper 3 in this series for more details on the financial implications).

“We are at a tipping point where acceptance of the cloud form factor will become the norm and we will see rapid acceleration in adoption.”

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There are however benefits remaining to the channel in selling cloud solutions such as strong recurring revenue streams, longer contract terms, lower operating sales costs, rapid setup for clients enabling a wider and larger number of client engagements and a focus on true added value services compared to install and setup activities.

You should not let the effort and challenges of transitioning keep you out of the cloud. There is never a better time than the present to begin evaluating the change, taking the first steps of action and acquiring the skills needed to make your step into cloud computing a successful one.

Customers will continue to need advice, education and look to providers to assist them in developing strategies and making choices for the technology solutions to drive their business forwards. Opportunities remain to assist customers. For example, in a recent study some 91 per cent of respondents felt a hybrid Cloud model to be the most suitable for their business¹⁶. To achieve this, customers will need advice and skills to get them to their destination.

You may remain hesitant about cloud solutions, but they are here to stay, whether it be public, private, virtualisation or any of variously named forms of cloud, they will change the industry as we know it. You only need to look at the Microsoft “**All In**” cloud strategy or the HP “**Everybody On**” equivalent to realise it’s all too big to simply ignore.

Cloud solutions promise to put technology in its place: where it is supporting the business and removing constraints from how things can be done. It is not about moving legacy and restricting technology and approaches to the cloud and keeping those limitations. Innovation, change and flexibility are the promises cloud brings if appraised, utilised and delivered in a “true to form” cloud factor.

SO WHAT SHOULD YOU DO?

“Never be afraid to try something new. Remember success comes in cans, failures come in cant’s!”

Unknown

Gartner stated in their report, Cloud Computing: The Next Generation of Outsourcing (July 2010), that “Over the course of the next five years, enterprises will spend \$112 billion cumulatively on SaaS, PaaS and IaaS combined”.

Do you want your part of this customer spend? Will you be able to survive knowing portions of your existing renewals base will likely be cannibalised as customers switch-out selected on network solutions for “in the cloud” variants? Can you replace your existing revenues with new revenues in new areas to circumvent any spend lost to in the cloud services that are not sold via yourself? Can you sustain your product business on what may be lower vendor margins in the new world or can you supplement it with new services sales around cloud solutions?

As with any new technology there is often doubt, confusion and mis-direction along the way and misalignment with the realities (much like we have seen with Web 2.0, consumerisation and the internet itself over the years). In such a fast growing and hyped market that cloud has become this is certainly the case. Cutting through the hype and focusing on the true meaning and benefits of the cloud will enable you to bring your own experience out of the depths of confusion.

We are at a tipping point where acceptance of the cloud form factor will become the norm and we will see rapid acceleration in adoption. Channels will feel pressure from the vendor and from the customer to understand and be able to provide and advise on cloud based solutions, be they private or public, SaaS or PaaS.

If you have taken the time to read all of these white papers, you have identified yourself as one of those who recognises that the channel will be affected by the cloud. You understand that these questions are real and that you need to take the steps to dispel the vapour around the cloud hype. We shall all learn new approaches and ways to do business and adapting will be a key to success. Identify that you need to do something and start evaluating where your business and career position

is and will need to be over the coming years in order to thrive. Accept that the status-quo will not be as it is today in the foreseeable future, adapt to change and benefit from the new opportunities that will present themselves.

“The best way to predict your future is to create it” Unknown

To continue learning, join the LinkedIn group associated with these papers, the Cloud Resellers Network, and contribute and take part in ongoing lively discussions with your peers and make a difference in the part the channel will play in the new cloud world.

End of Part Four



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**CLOUD WITH A
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Glossary of Terms

PRIVATE CLOUD

Sometimes referred to as internal or corporate cloud, private cloud uses a cloud-like infrastructure to enable hosting of applications and virtualised machines behind the corporate firewall and under the control of the IT department, creating a cloud infrastructure accessible by only one organisation.

Private cloud brings the values of cloud in terms of virtualised servers, up and down scaling of computing power, utility computing and shared hardware costs to the users within the corporation. With virtualisation and distributed computing becoming commonplace, it has enabled internal IT staff to become service providers who can emulate cloud computing on the private network. It removes common cloud objections and worries such as the loss of control over enterprise and customer data, worries about security and issues connected to regulatory compliance.

With a private cloud, however, the customer may have to buy, install and manage the hardware unlike with the public cloud; therefore, they would not gain all the benefits of a cloud solution: the lower up-front capital costs and the removal of infrastructure management responsibility. Private cloud may be managed by the organization or a third party and may exist on premise or off premise, but is dedicated to the organisations own private user base. It can also be seen as delivery of IaaS to a restricted set of customers, usually within a single organization.

PUBLIC CLOUD

Also called the external cloud, represents the traditional meaning most people take of the "cloud". The services provided in this cloud infrastructure are available to all & any subscribing members. Meaning services/resources are provisioned over the public Internet via web applications from third party companies who share their data centre resources and power across a wide range of customers, billing for services used or licensing users for their remote login capabilities. Many Public cloud services are freely provided to the consumer home user and examples of what can be considered cloud applications are Facebook, Hotmail and Flickr.

HYBRID CLOUD

This can be used to have several meanings. One is meaning the joining of separate clouds together such as a private and public cloud joined implementation where both communicate and link to each other. Another use is of where a locally based and installed application connects and utilises a cloud backend host for its power or intelligence (examples here include Apps such as iTunes where the application runs locally but its data and intelligence such as track names and content is provided from the cloud).

The most common meaning by vendors today combines a locally installed physical hardware and software with a cloud service to provide a common installation and management platform of both form factors.

SaaS SOFTWARE AS A SERVICE

The delivery of a software application over the Internet medium. It represents a provider licensing an application to customers, with access being given through a web browser, replacing the need for the customer to purchase, install and maintain the application locally. Generally SaaS is a term associated with business software (such as Salesforce.com) although many consumer applications can also be considered SaaS in their format such as Facebook and Hotmail.

While commonly associated with CRM, ERP and Email Management systems, SaaS is vast and is continually being applied to a vast array of other applications for the business and consumer. Independent Software Vendors are seeing the need to diversify to maintain strength in this consistently evolving market. SaaS is not just a buzz word, it is a reality and many are now offering SaaS versions of their solutions available today, or considering for the future.

PaaS PLATFORM AS A SERVICE

The delivery of a computing platform and solution stack as a service and provides all the facilities necessary to support the complete process of building and delivering web applications and services, for availability over the Internet.

These offer full software development and operation capabilities as well as providing for the integration of OS, API's, middleware and applications. They often include facilities for application design, application development, testing, deployment and hosting as well as application services. Platform as a Service is most viable for organisations who prefer a chosen application, but see the benefit of a more managed service deployment platform. PaaS starts to move beyond SaaS to encompass the entire operating environment.

- **aPaaS** the platform for hosting and managing individual application services and data Integration PaaS
- **iPaaS** the platform for intermediation and integration of the application services hosted and point-managed by aPaaS
- **Knowledge PaaS (kPaaS)** the platform for access and analysis of broad data resources in context
- **User experience PaaS (uxPaaS)** the platform for multichannel, multidevice user-facing applications
- **Data PaaS (dPaaS)** the platform for hosting and serving data.

IaaS INFRASTRUCTURE AS A SERVICE / HaaS HARDWARE AS A SERVICE

Also called Hardware as a Service, Infrastructure as a Service delivers a basic set of storage and computing capabilities remotely as a service. It concerns the delivery of servers, network equipment, CPU, memory, storage and data centre facilities, combining automated load balancing and scaling of resources.

Infrastructure software is irrelevant in the delivery as this is part of the virtual applications internally. This is a benefit for businesses who wish to take advantage of utility storage or capacities from the cloud and allows them to capitalise on virtualised equipment and avoid the capital expenditure costs (the investment still comes as an operating expense despite it being licensed hardware).

CaaS COMMUNICATIONS AS A SERVICE

An outsourced enterprise communications solution that can be leased from a single vendor. CaaS can include voice over IP (VoIP), instant messaging (IM) and videoconference services.

It allows small and medium-sized business businesses to afford levels of communication technology and sophistication that could prove cost prohibitive otherwise. It enables them to selectively deploy devices and modes on a pay-as-you-go, as needed basis. CaaS eliminates the large capital investment and ongoing overhead for a system whose capacity may often exceed or fall short of current demands.

SECaaS SECURITY AS A SERVICE

This is a subset area of SaaS and delivers security products and services in an on-demand model. The leading areas in this space are anti-virus, anti-spam and anti-spyware, with email and web security the strongest areas of delivery today. Security as a Service brings the advantages of keeping the vast amount of malware sourced from the Internet at the Internet level, with scanning happening in the cloud and removing the need for customers to perform the volume of constant security updates that the industry demands today (as these are done by the vendor).

SECaaS can also be extended to traditional in-house security products such as firewalls, IDS and IPS, which can normally require specialized expertise to configure and manage.

Other terms you may hear include:

EaaS EVERYTHING AS A SERVICE

DaaS DESKTOP AS A SERVICE

MaaS MONITORING AS A SERVICE

BCaaS BUSINESS CONTINUITY AS A SERVICE

STORAGE AS A SERVICE

DATABASE AS A SERVICE

SLA SERVICE LEVEL AGREEMENT

QOS QUALITY OF SERVICE

Author Biography

IAN MOYSE, EMEA CHANNEL DIRECTOR, WEBROOT

Ian Moyle has over 25 years of experience in the IT Sector, with nine of these specialising in security. With over 23 years of channel experience, Moyle currently heads up the channel partner programme for Webroot in EMEA.

Starting as a Systems Programmer at IBM in the mainframe environment, he has held senior positions in both large and smaller organisations including Senior Vice President for EMEA at CA and Managing Director of several UK companies.

Moyle has been keynote speaker at many events and runs one of the largest Channel Discussion Groups worldwide on LinkedIn. He sits on the board of Eurocloud UK and the Governance Board of the Cloud Industry Forum (CIF). Moyle was recently awarded global "AllBusiness Sales AllStar Award for 2010" and The "European Channel Personality of the Year Award for 2011".

Further Information

For more information, please visit <http://www.webroot.co.uk> or call +44 (0) 20 3349 2499.

Read the Webroot Threat Blog: <http://blog.webroot.com> and follow Webroot on Twitter: <http://twitter.com/webroot>.

To help facilitate further discussion around the content of these papers, there is also a LinkedIn group. We encourage you to join it called "Cloud Resellers Network" available through the search groups function on LinkedIn, or directly at

<http://www.linkedin.com/groupRegistration?gid=3722225>

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**CLOUD WITH A
SILVER LINING**

Extra Reading

You may find the books below of interest in your continued self education of the brave new cloud world we are all part of;

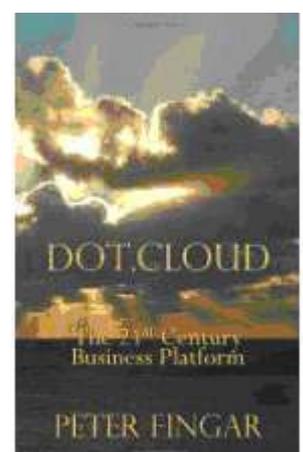
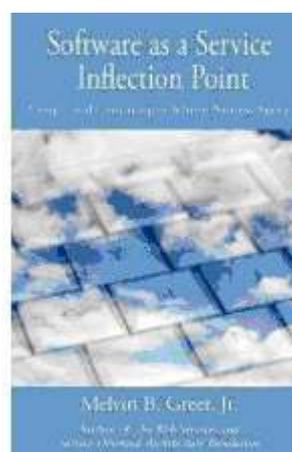
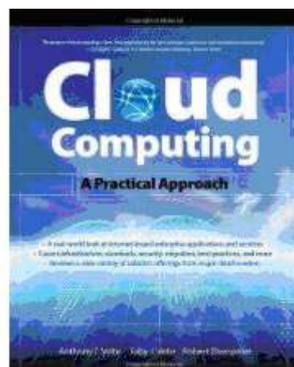
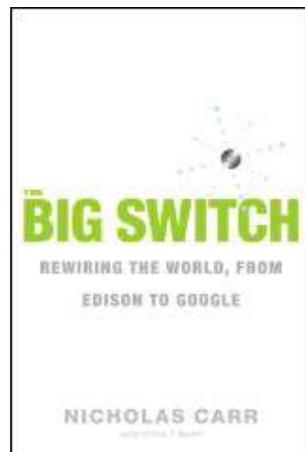
PAPERS

- "Sizing the Cloud" Forrester, April 2011
- "Three Stages Of Cloud Economics" Forrester, April 2011
- "Cloud Computing Next Generation" Gartner, November 2010
- "Q&A: Demystifying Cloud Security" Forrester, October 2010
- "The What, Why and When of Cloud Computing""Hype Cycle for Cloud Computing, 2010" , Gartner
- "Which Cloud Computing Platform Is Right For You?" Forrester, April 2009
- "Q&A: Understand the Shift From Traditional Offerings to Cloud Computing and SaaS" , Gartner
- "Dataquest Insight: Impact of Cloud Computing on IT Outsourcing Providers' Opportunities"

USEFUL WEBSITES

- <http://www.cloudindustryforum.org>
- <http://www.eurocloud.org>
- <http://www.thecirclecloud.com/>
- <http://www.mspalliance.com>
- <http://www.mspmentor.net>
- <http://www.talkincloud.com>
- <http://www.saas4channel.nl>

BOOKS



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