

Westcon  Comstor



ACCELERATING YOUR CLOUD BUSINESS

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INTRODUCTION

Businesses around the world are exploring and adopting cloud in record numbers. But with so many choices, messages and cloud technology providers vying for their attention, making the best decisions for their organizations is getting harder every day. Now more than ever, they need a trusted expert to put them on the right path to successfully leverage cloud.

This presents a great opportunity to take your business to profit from cloud. In fact, the more you focus on cloud offerings, the more likely your revenue is to grow. A recent study shows that 77% of solution providers that derive 40%+ of their business from recurring cloud services saw revenue increase, while 25% of organizations with no cloud services had revenue losses. ¹

So, have you begun your cloud transformation yet? The majority of channel players are just getting started. Let's see how we can help accelerate your cloud business.

Key questions to tackle:

01

What cloud business model should you adopt?

02

What offerings will you provide?

03

How can you build a recurring cloud services revenue model?

04

How should you go about aligning your sales team with the new cloud business?

05

How can you earn your customers' trust and enable their cloud journey?

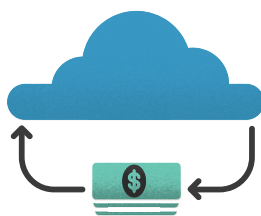
DEFINE YOUR FUTURE-BUSINESS STATE

Whether you're transforming your entire business to cloud or adding cloud services to your offerings, you have to evolve your business model. You need a model that is both flexible — allowing for agile responsiveness to change — and solidly focused — enabling you to build your identity and a competitive edge. Here are three models that balance these qualities.



CLOUD DESIGNER AND BUILDER

This model puts you in the role of assisting customers in determining their cloud need, assessing which cloud products and services are the best fit, and helping them migrate to private or public cloud solutions. Offerings include, but aren't limited to, migration services, reselling and designing private cloud infrastructures, and integrating on-premises solutions with public cloud to create hybrid cloud solutions.



CLOUD SERVICE RESELLER

Also known as being a cloud broker or agent, this model focuses on reselling and adding value to existing cloud services from cloud service providers, including white labeling and rebranding services as your own. This model generates sales through recurring revenue, with you handling monthly billing to your customer either on behalf of a service provider or yourself (in the case of white labeling). You can add value to the cloud solution, for instance, through integration, consulting or customizing SaaS-based solutions.



CLOUD SERVICE PROVIDER

If you build, operate and own your own infrastructure to provide cloud services, then this model will work best for you. More akin to an IT organization than a traditional reseller, this model's success relies on you to fully develop sales functions, and provide metering, monitoring and some level of self-service provisioning for the cloud services.



FOCUS ON ONE OR A FEW INDUSTRIES OR APPLICATIONS TO BUILD UNIQUE EXPERTISE AND SERVICES

Focus, Focus, Focus

In real estate, it's location, location, location. In cloud services, it's all about focus. IDC research suggests that channel partners who are technology generalists may flounder in the cloud. Why? Customers are choosing providers based on expertise in a type of technology, a vertical or a business process, rather than geography. ²

If you're not sure what to focus on, a good place to start is by analyzing your existing customer base and successes to see what they have in common. This can help you identify expert capabilities you can leverage with other similar customers and create a unique value proposition. For instance, what company characteristics do your successful engagements share? What elements of their solutions were most beneficial and why? Which services from you most facilitated their success?

Bottom line, do what you do best.

Cloud Service Offerings

By offering cloud services beyond just reselling third-party vendor solutions, you'll be able to provide added value to customers and a profitable revenue stream for your business. Here are some of the more popular offerings.

Cloud Assessment

Develops optimal cloud strategy and roadmap recommendations, including cloud type (public/private/hybrid) and platforms such as Infrastructure-as-a-Service/IaaS, Platform-as-a-Service/PaaS and Software-as-a-Service/SaaS, based on cost benefit analyses and customer business requirements.

Cloud Architecture

Designs an architecture that addresses the customer's business needs and challenges, ensures availability and performance, and safeguards sensitive data. This includes network, storage and security design, system sizing, monitoring and alerting, and failover strategy.

Cloud Migration

Helps customers move workloads to the cloud — whether private, public or hybrid — leveraging automation and best practices to minimize manual intervention, disruption and risk.

Cloud Management

Develops and manages a cloud operations framework for customers that enables continuous service delivery and ongoing monitoring, auditing and incident management across private, public or hybrid clouds.

Cloud Implementation

Uses your technical experts to build and deploy customers' cloud environments.

Cloud Support and Training

Provides IT support for customer clouds, including remote monitoring and troubleshooting cloud services and multi-cloud environments. Trains customers on how to manage and use PaaS, IaaS, SaaS and other cloud services and technologies.

Cloud Managed Services

Provides skilled resources that augment customers' in-house staff in an outsourcing model, to manage their cloud implementation. Frees customers to focus on their strategic applications instead of the cloud infrastructure.

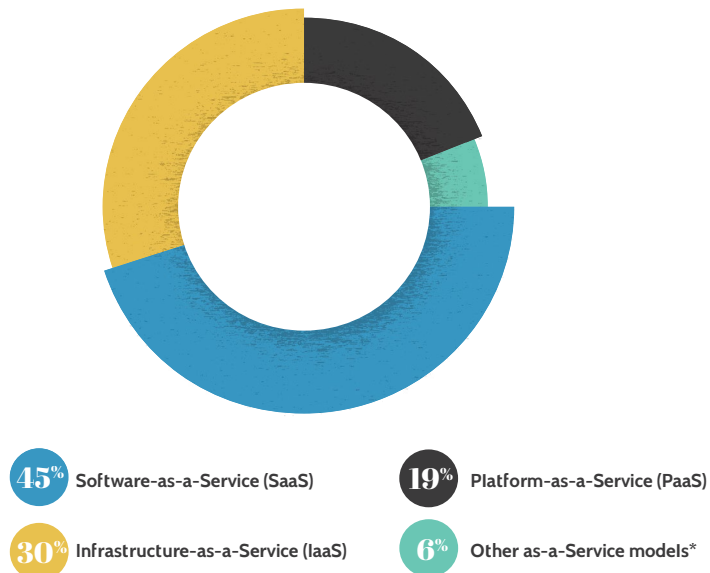
Bundles Lead the Way

When it comes to products, many customers dip their toes in the cloud by using one or two SaaS applications. But when they turn to a solution provider, they're not looking for ad-hoc point products. As your business's category name implies, they're looking for solutions. Translation? Bundled products that address a range of related needs.

And remember, IT buyers aren't the only ones seeking your expertise. Line of business (LOB) personnel also have a big stake in cloud because of the huge efficiencies, time savings and agility it enables. So the solutions you offer must appeal to their needs, too.

CLOUD BUDGET ALLOCATIONS

It may also help to know that, according to IDG Enterprise, the average company plans to allocate its cloud budget to these services. ³



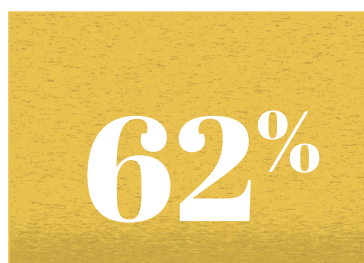
* Such as Backup-as-a-Service, Storage-as-a-Service

KEY CLOUD SOLUTION BUNDLES

A recent IDC/Westcon-Comstor survey of cloud channel partners found their customers are most attracted to the following bundles. ⁴



**IAAS + STORAGE, BACKUP,
DISASTER RECOVERY AND/OR
SECURITY**



**OFFICE PRODUCTIVITY
(EMAIL, CALENDAR, ETC.) +
SECURITY**



**UNIFIED COMMUNICATIONS +
DEVICES + CONFIGURATION
SERVICES**

BUILD A CLOUD REVENUE MODEL

Shifting to more of a cloud business means changing the way you target customers, package offerings, track revenue and compensate staff.

Existing vs. Net-New Customers

When developing a business plan that makes cloud services and, therefore, recurring revenue a strategic priority, ask yourself, “Will this strategy be focused on deriving recurring revenue from our existing customer base, or will we need to secure net-new customers to ensure we don’t inadvertently corrupt our core pipeline?”

Though adopting a strategy that focuses on net-new customers is preferred, what’s really important is your commitment to adding a significant recurring revenue component to your business mix.

Packaging

Creating a cloud services packaging-and-pricing methodology will enable you to derive the blended gross margins required to support your business model and plan. To attain your blended gross margin, you need to think strategically rather than opportunistically. Again, this gets back to not limiting your focus to reselling an offering. Instead, approach the sale strategically by creating a sustainable solution with ongoing, repeatable services.

Remember: The underlying cloud component (i.e., cloud storage) is only a piece of your solution. To create a sustainable solution that meets your blended gross margin goal, include your areas of expertise — architecture, design, implementation, migration, support.

Sales Structure and Compensation

The way your sales organization currently operates probably won't work for the cloud. Think about it... Instead of a mad rush to pull in business at the end of a quarter or year, you'll be focusing on the stability of monthly billing in order to meet your goals. This requires a big mindset change for your sales team and executives, as well as new models for sales operations and compensation.



KEEP THESE REALITIES IN MIND WHEN DESIGNING YOUR CLOUD SALES STRUCTURE:

- A transactional-focused sales team may have difficulty transitioning their behavior and sales approach to a recurring revenue model.
- Having two distinct sales teams — traditional and cloud — ultimately takes less management cycles than trying to get them to change the approach that has worked so well.
- A dedicated team focused on recurring revenue will significantly outperform a team that is responsible for selling both traditional and cloud solutions.

AVOID THESE COMMON MISTAKES WHEN CREATING YOUR COMPENSATION PLAN:

- Adding “cloud quota” to an existing sales plan
- Only slightly modifying a transaction-centric sales plan
- Not changing or altering the existing sales model
- Not aligning the sales plan with your organization's business goals
- Creating a sales plan that does not generate sufficient income
- Allowing sales professionals to achieve income objectives without delivering cloud and recurring revenue service numbers

TRANSFORM YOUR STAFF

Traditional, transaction-focused salespeople are used to receiving commissions whenever they make a sale. The difference with a cloud-centric business is that instead of a large check attached to every transaction, they receive smaller monthly checks over the course of the contracts.

This can be disconcerting to people incented by big windfalls. And could even impact how they behave and approach selling. To address this, some solution providers offer a combination of spot incentives to sell cloud and pull portions of the commissions on a long-term contract into an up-front bonus.

Training

To get your staff on board with cloud transformation, you need to provide proper training. Educate your sales team on how and why cloud benefits customers. This helps create cloud evangelists who can also advocate on their customers' behalf, ensuring the right services and solutions are put in place and that a successful, long-term relationship ensues.

You also need to invest in training your technical team, encouraging their certifications in vendor cloud programs that support your overall cloud strategy.

Resources

Think ahead. How many people and what type of expertise do you need to build and scale your cloud business? And when do you need them? Do you have relationships with the right cloud technology providers? You don't want a lack of resources or connections to hold you back. Similarly, you don't want to overstaff when you're still in growth mode. Consider working with a distributor who can augment your technical team, be the conduit to key vendors and put you on a path for growth.



**INVEST IN YOUR PEOPLE
AND SKILLS TO MAKE THE
TRANSFORMATION**



**INVEST IN UNIQUE SERVICES
TO DIFFERENTIATE YOUR
FIRM AND GROW PROFITS**



**INVEST IN NEW
RELATIONSHIPS AND
PARTNERSHIPS TO HELP GET
YOU THERE**



BECOME THE TRUSTED ADVISOR

Once you've figured out the kind of cloud business you want to have and how to structure your organization to support it, it's time to focus on customers. Here are some tips to becoming their trusted cloud advisor and go-to solutions provider.

Know Your Customer

The first thing to do is get to know them. Before you can rack up any revenue, you need to understand what's driving your customers, why they want to move to cloud in the first place. According to channel players who are steeped in the cloud, below are their customers' top motivations. ⁵ Find out how they align with your customers:

- Lower IT management costs (69%)
- Improve IT agility (56%)
- Speed-to-market (50%)
- Scalability (48%)
- Shift from CapEx to OpEx (48%)

Keep Millennials Top-of-Mind

Find out what your customers' employee and end-customer bases look like. They're likely to include lots of people from the millennial generation who grew up, and rely on, digital interaction — where social networking, online collaboration and sharing, and instant messaging are a given. Millennials expect the same digital access, self-service and immediacy they have in their personal lives to also be a staple in their work lives and processes.

This bodes well for making cloud services an integral and growing part of your customers' businesses. It also raises issues about control and governance, which presents an opportunity for your business to take on a cloud management or advisory role.

Remember, it's a Journey

Cloud isn't an all-at-once thing. Your customers are on a journey and they all start from different places. Help them figure out their launch point by identifying a pain that the cloud can solve, but always keep the bigger picture in mind.

Treat the migration as an opportunity to reassess how their IT infrastructure can be streamlined to support their business. Like any transition, this is a process that must be done in building blocks. Pick one service or offering, perfect it and then expand from there.

INCLUDE DISCUSSION TOPICS SUCH AS:

Aging On-premises Email and Storage Servers

Which vendor support contracts will soon expire?

BYOD (bring your own device) Challenges

Do your customers know how to link tablets and smartphones to business applications?

Aging Business Applications

Aging client-server line of business applications that were not designed to be accessed over the web: How do they want to address these? Are these still utilized and how often?

Antiquated UC

Do they have antiquated phone systems that lack unified communications, presence and other points of integration to an IP network?

Type of Cloud

Is there any data they need to keep on-site (private cloud/hybrid cloud)?

Cloudified

How cloud-ready are they? What kind of human and technical resources can they leverage?

Avoid Siloed Cloud Environments

Some customers may want to, or have already begun, adopting cloud services in an ad-hoc fashion. Different departments may have implemented cloud solutions based on their individual needs without considering existing IT investments or plans. This can result in a mishmash cloud environment fraught with integration and management issues, not to mention cloud overspending.

Advise against one-off implementations. Successful clouds require a holistic approach exemplified by an integrated cloud platform that can support the entire business while allowing for departmental choice. Consider using a centralized system of record that automatically aggregates data from all departments, taking the guesswork out of the day-to-day operations and giving you and your customers a complete view of their cloud environment and requirements.

Know When to Migrate

Work closely with your customers to determine optimal time for migrations. You want to cause as little disruption as possible. Are your customers' businesses 24x7x365? What kind of maintenance schedule are they used to? What weekly, monthly or seasonal times are the slowest? Even at the slowest times, how will this disruption impact their business and productivity, and what can they do to offset the interruption?

Secure Employee Exits

Cloud-based solutions mean that access can be gained from virtually anywhere, leaving your customers vulnerable to potential infiltration from former employees. Help them be prepared by documenting protocols for changing passwords and preventing access from unauthorized users.

Anticipate Change

As your customers' businesses evolve, and new cloud technologies/services come to market, the cloud paths they're on may also take a turn. In fact, they're likely to. Stay close to your customers and their progress so you can anticipate how these changes will impact how they use cloud, and proactively recommend new ways cloud services can help achieve their new goals.

Feed the Relationship

Remember, cloud services relationships are not set-and-forget. Unlike with transactional business, where you might touch base occasionally to see if there's an upgrade or new product you can sell, successful cloud services require continual care and feeding. Avoid communication gaps. The best way to become their trusted advisor is to become a traveler on their journey. That way, they'll continue to rely on you for guidance and help along the way.

FIVE POINTS TO KEEP IN MIND

01

Be Realistic

Cloud services may have a short-term impact on your organization's revenue unless you make investments.

02

Think Repeatable

Prepackaged, bundled offerings are critical for success.

03

Know Your Customers

Find out what drives their business and use that knowledge to inform your cloud recommendations and implementations.

04

Understand The Operational Implications

Rethink sales goals, adjust reporting metrics and revisit compensation models.

05

Make a Commitment

Build relationships with your customers — become part of their cloud journey.



Let's Get Started Delivering Results Together

**Westcon-Comstor is ready to help you
realize cloud success.**



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SOURCES:

1, 4, 5 Voice of the Customer: Cloud in the Channel, IDC and Westcon-Comstor, 2017

2 IDC's Worldwide Black Book, Version 2, 2015

3 2016 Cloud Computing Survey, IDG Enterprise

Westcon-Comstor (WestconGroup Inc.) is a value-added technology distributor of category-leading solutions in Security, Collaboration, Networking and Data Center. We are transforming the technology supply chain through our global capabilities in Cloud, Global Deployment and Services.

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