



White Paper

The Road to the Hybrid Cloud: Signposts on the Way to Success

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July 2015

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Contents

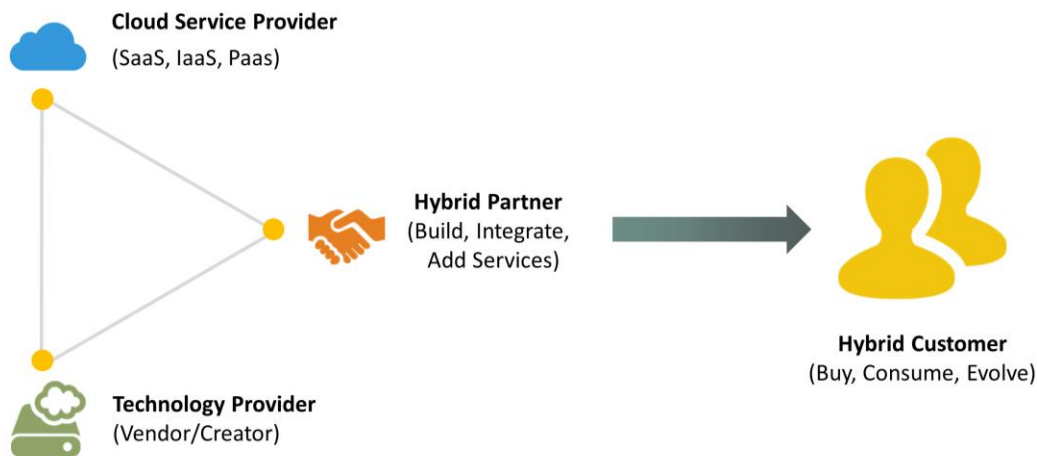
Changing Roles in the Cloud IT Ecosystem	3
What Leading Partners Do to Get Ahead of the Curve	5
What Top Vendors Do to Support Rising Cloud Stars	6
The Bigger Truth	7

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Changing Roles in the Cloud IT Ecosystem

Enterprise IT is going through an extended transformation period, with increasingly complex virtualized and hybrid cloud infrastructures being used to support the needs of line-of-business users. We're now seeing an accelerating trend in the way "hybrid" customers and all-important "hybrid" IT partners are collaborating to take advantage of rich, new vendor offerings in order to incorporate cloud solutions to solve specific business requirements in the manner in which LOB users want these services delivered and ultimately consumed.

Figure 1. The 'Hybrid Imperative'



Source: Enterprise Strategy Group, 2015.

Channel partners now occupy the key middle ground for delivering these solutions, and progressive partner business leaders are jumping on the opportunity to work closely with core technology and cloud service providers to guide and support their customers in the hybrid cloud evolution. It's imperative for IT partners to revisit their business model and devise a go-to-market strategy that can satisfy market demand by developing and integrating cloud technology into their solutions portfolio.



“We are further ahead in understanding the technology than sorting out the business model.”

- National Data Center VAR

Successful cloud IT partners are changing through evolution, not revolution, delivering traditional solutions where appropriate, building private clouds for enterprise customers to support critical applications, and then adding hybrid and public cloud offerings for the right workloads.

Savvy hybrid partners all have certain defining characteristics that transforming partners can use as a guide as they set out on the journey (see Figure 2).

Figure 2. The Savvy Hybrid Cloud Partner



Has made a commitment to the new consumption model.



Provides traditional IT products and services plus cloud options.



Has “skilled up” its marketing, sales, and services teams.



Operates multiple, complex revenue and business models.



Has adapted its operational and financial structures.



Develops and manages multiple service provider relationships.

Source: Enterprise Strategy Group, 2015.

What Leading Partners Do to Get Ahead of the Curve

Starting with the **appointment of a cloud champion** to oversee the cloud business and ensure that all functional areas of the company are aligned to the strategy, top IT partners then make sure that the foundation for their business is firmly in place. This foundation is based on a series of carefully measured investments on both the technical side and selling side of the cloud team.

The shortest path to the strongest organization starts with **cloud training for current employees** combined with **recruiting new cloud experts** to seed the existing team, thereby injecting “been there, done that” know-how (see Figure 1).¹ Adding seasoned cloud pros to the existing organization has a dramatic impact, making it easier to identify new or enhanced services offerings that augment the existing strengths of the IT partner services portfolio.

Figure 3. Leaders Invest in ‘People and Processes’ First



Source: Enterprise Strategy Group, 2015.

With the right skills in place, the best IT partners also **overhaul their marketing, lead generation programs, and solution selling methodologies** to make sure that they reach and appeal to LOB budget holders who make their buying decisions based on business applications and solutions that generate solid business outcomes.



“Still focusing on the tech sale is a mistake—customers just want it to work, and most MSPs spend too much time on the tech and not enough on the SLAs.”

— Services-led VAR, MSP

¹ Source: ESG Research, *Channel Partner Transformation*, November 2013.

Finally, leading partners **pay close attention to the economics of recurring revenue sales**. They anticipate that “as-a-service” deals come with a higher up-front investment in sales and operational costs, and CFOs set their business plan and capital requirements accordingly. Leaders also think about the long term, knowing that their investment in building a cloud practice will pay off handsomely over time.

What Top Vendors Do to Support Rising Cloud Stars

Effective vendor management skills and managing relationships with cloud providers becomes paramount for IT partners establishing a cloud practice. It requires collaboration with both vendors and cloud service providers, and the ability to negotiate service-level agreements and availability along with accountability for maintaining SLAs on behalf of customers.

The best vendors and service providers understand and respond to the key drivers for IT partner success. They set their program benefits, field engagement, and support strategies accordingly. This starts with an understanding that in the hybrid cloud world, IT partners must continue to be relied on as trusted advisors, helping their end customers integrate new technologies and business processes into their operations.

Partner request #1: Expanded cloud technical and services training and certification.



“Vendors need to allow us to maintain ‘architectural relevance’ with their clients vs. having us just be a sales channel.”

- National Solution Provider

Next in importance for IT partners, and where leading vendors and service providers excel, is **helping partners market and sell cloud more effectively**. The best suppliers have the best marketing programs (**MDF, rebates, and portal-based campaign support**), provide **competitive information and point-of-sale tools** to accelerate the sales process, and also offer specific **solution-selling training** that supports a range of complimentary cloud technologies and workloads.

Partner request #2: Tools and programs to generate cloud leads and shorten sales cycles.



“We need to do a better job of marketing and selling our cloud solutions to LOB in order to drive the top line.”

- Regional VAR, MSP

Lastly, and also critically important, are **dedicated technical and product teams** who work closely with partners to help them **create multi-product or industry-specific hybrid cloud solutions**. Technology vendors who commit these resources, and then match them with guidance for IT partners on the economics of building their cloud practice are winning the race today. Showing them clearly **how they will make money with cloud** with support from peer case studies is the best way to gain mindshare and ultimately share-of-wallet from savvy, transforming IT partners who increasingly demand this type of direct involvement from their suppliers.

Partner request #3: Solution development support based on solid, proven economics.



“We need to understand how to monetize our investment in developing cloud services and really know the ROI, especially as we sell outside of IT. If vendors would provide some analysis it will be easier to justify resources and invest.”

- National VAR, IaaS provider

The Bigger Truth

Leading IT partners have determined that they must do it all for their hybrid IT customers: deliver traditional solutions, build private clouds, and support hybrid and public cloud offerings in order to remain relevant. In order to reach their destination, they must carefully evaluate and evolve their business models, organizations, and supplier relationships. Before they drive out into the cloud market, they should look ahead and check all the signposts on the way to success:

IT Partners: Plot Your Course Before Setting Out

1. Assess core customer relationships by surveying their changing IT consumption plans.
2. Take stock of key vendor relationships and their cloud plan, capabilities, and support.
3. Review organizational structures and readiness for a cloud BU.
4. Assess gaps in current sales motions, solution selling skills, and comfort levels.
5. Chart out a five-year product/services evolution strategy.
6. Develop a cloud value proposition that includes the products and services to set them apart.
7. Identify the technical and sales skills, training, and certification required to transform.
8. Map out a financial transformation plan and working capital requirements/projections.

After an objective assessment of these considerations, IT partners will be ready to take the next steps: identifying the who, what, and when, and then starting out on the road to the hybrid cloud.



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