CompTIA

QUICK START GUIDE

Build a Successful Solution Provider Business Plan for Cloud Computing

A PRACTICAL GUIDE FOR SOLUTION PROVIDERS

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CompTIA Cloud/SaaS COMMUNITY

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The momentum behind cloud services continues to gain strength, thanks to the cost and flexibility advantages the delivery system offers businesses of all size. Consumer awareness, acceptance, and spending are all on the rise, and solution providers have a tremendous opportunity to capitalize on these trends with a variety of service options and platforms. Over the past five years, cloud computing has shifted from a few web-based services to a large portfolio of business products and models. According to Gartner Research, the cloud-services market will expand significantly, from $46.4 billion in 2008 to more than $150 billion by 2013! A number of companies are even expected to remove their IT infrastructure completely, with approximately 20 percent of businesses approaching a near-100-percent cloud model by 2012.

The conversion for solution providers isn't as easy as registering all their clients with the vendor that offers the proper web-based application. The cloud conversion requires a deep evaluation of your clients and vendors and assessment of how recurring revenue opportunities will affect your overall business model. To ensure long-term success, solution providers have to do their homework and follow industry best practices. Without proper planning and the right investments, you could seriously jeopardize revenue, profit margins, and even clients.

The Transition and Opportunity

Salesforce.com and Google are great examples of the cloud computing market opportunity, with SaaS (software as a service) models that a number of businesses use to address specific organizational needs. In 2009 alone, IDC attributed $13.1 billion in worldwide sales to this segment of the cloud market, expected to reach $40.5 billion by 2014. While SaaS has emerged as a revenue leader in this space, IaaS (infrastructure as a service) is growing significantly. Amazon may be the most recognized name in this segment, but more than 40 rivals are now competing for channel partnerships and end-user business. The latest cloud model, PaaS (platform as a service) is quickly gaining ground as a method of creating and hosting new and existing cloud-based applications.

Converting physical software applications into web-based solutions doesn't typically lead to an increase in technology sales and can actually decrease a solution provider's profit margins and overall revenue. That's the nature of recurring revenue—shifting an annual cost to a monthly charge for your clients and ensuring a steady cash flow through long-term contracts. There are a number of cloud services models and, depending on your investment in infrastructure and support, different levels of profit potential.

Solution providers that aren't already dedicating capital, time, personnel, or training resources to cloud services are falling behind the industry. According

to CompTIA research, a significant part of the channel is proceeding carefully with modest investments (less than 10%), possibly due to the burden of shifting business models. This caution hints at a slow implementation on the provider side, while the study also suggests three out of four end users plan to increase their cloud computing spending in the coming year.

Fifty-three percent of end users intend to raise their cloud computing investment by 10 percent or more, which illustrates the opportunity for solution providers who invest in the technology delivery systems. Nearly two-thirds (64%) plan to increase their spending by more than 5 percent in the coming year, while 72 percent expect to expand the type and number of web-based services they employ.

Both solution providers and end users place "simplicity" and "abstraction of complexity" last on the list of terms they associate with cloud computing, according to CompTIA research. This suggests that the technology simply hasn't achieved the expected goals of the either group, i.e. to move infrastructure and operations off-site, to be managed remotely, and to allow them to achieve greater efficiency of scale. The low rankings of these two attributes suggest that, while both groups recognize that cloud computing will eventually bring about simplified administration and technology usage, they still have not fully adopted nor do they completely understand this complex process. Making the transition to cloud computing will require solution providers to obtain additional integration skills to link existing IT infrastructure with a host of cloud and on-site systems. This presents challenges beyond the required technology expertise and will require retraining in operations, sales, finance, and other practices in their own services business. Of course, these same needs exist for end users and present a large opportunity for VARs and MSPs. Once the cloud and integration skills are integrated into your own business, they can be redeployed to support client needs.

The limited understanding and definition of the cloud creates another business opportunity for those who have the consultative abilities to lead clients into the transitional technology platforms. Nearly 40 percent of channel organizations are not involved with offering or using cloud computing internally. For those who acquire the skills and knowledge to provide web-based applications, training, and support to businesses, the opportunity is real.

EIGHT STEPS TO CLOUD SUCCESS

1. Research your cloud options

Solution providers have the ability to offer a plethora of services and applications to their clients, and the list of cloud options continues to grow. The first step is to determine the proper portfolio that will address the business and technology needs of your customers, including your own professional and value-added services. VARs and MSPs can act as brokers and referral agents to cloud computing vendors and aggregators, receiving a commission or fee in return (one time or at regularly scheduled intervals). A cloud business can be augmented with migration and customization services, including the combination of web-based applications with on-premise systems.

What Types of Cloud Services and Applications Should You Consider?

- Consulting services
- Managed IT services
- Cloud integration/ deployment/testing
- Capacity planning
- Cloud monitoring/ management services
- Brokerage/aggregator
- Cloud analytics/business Intelligence
- Database
- Development/testing
- Analytics/business intelligence
- General purpose
- CRM
- Storage/backup
- Managed security
- Call center
- Help desk
- ERP
- Business productivity applications
- Document/content management
- Security (e.g. spam management)
- Email

2. Determine your capabilities and role(s)

Once you determine what you want to offer, you need to evaluate your company's ability to deliver each of the services. While some solution providers may be able to create, host, and deliver each part of their cloud portfolio, it is not necessarily to their advantage to do so. Because the complexity, infrastructure requirements, and cost may be prohibitive to most channel businesses, leveraging a network of vendors or aggregators could be the best option. The other option is to create a hybrid portfolio. For example, a solution provider might be capable of hosting and delivering an email-management application via the cloud, but, due to endless regulatory compliance changes, decided to resell a vendor's data storage services. A number of those offerings can be "white-labeled" with reports and billing that seamlessly integrate with a VAR's or MSP's portfolio.

When solutions are difficult to replicate, profit margins are typically higher. If a service provider has the skilled staff and ability to host and support a complex application in the cloud, he might be well advised to pursue that business opportunity. But creating and supporting a number of these "virtual software offerings" requires an investment in skilled professionals and an advanced infrastructure that, frankly, isn't worthwhile for the majority of VARs or MSPs. Solution providers should research the costs and benefits between building and hosting their own cloud services and partnering with a peer organization or vendor to resell their offerings.

Another factor to consider is your client support options. Does your organization have the technology, skills, and reach to meet all the maintenance and repair needs of your customers? This involves several levels of expertise:

1. **Consulting:** assessing client business needs and suggesting solution options
2. **Plan and design:** outlining the proper technology systems and implementing strategy
3. **Delivery:** preparing the cloud offering for distribution
4. **Implementation:** transferring, deploying and customizing the customer's data
5. **Operation/management:** monitoring and maintaining performance of all systems (an ongoing process)

Cloud computing is not radically changing the landscape of companies in the IT channel, but the flexibility of technology delivery allows solution providers to take a greater role. The ultimate consumer does not change, and SMBs will continue to look to VARs, MSPs, and IT consultants to help them meet their business needs. Cloud computing allows solution providers to transform their role in the IT channel—even to become a vendor of these services to their peers.

3. Determine the best service model for your business

Solution providers can select from three cloud computing service models: software as a service (SaaS), platform as a service (PaaS), and infrastructure as a service (IaaS). While the differences may seem minute, the client and solution provider site-technology needs do vary. Delivering each of these services requires a wide variety of skills, knowledge, and training.

Cloud-based solutions are, by nature, less complex and easier to deploy than their on-premise counterparts, which makes them easy to sell directly. The opportunity for solution providers is to distinguish between simple web-based applications and comprehensive "business-class" offerings that require additional customer consultations. With this in mind, you have to balance the complex needs of your clients' organizations with the pricing pressure of less capable applications. That requires a thorough review of service models, including:

- **Software as a Service (SaaS):** applications running on a cloud infrastructure via a thin client or browser. It includes services such as web-managed email (i.e. Microsoft Exchange or Google Gmail), CRM solutions (i.e. Salesforce.com or SugarCRM), and office productivity applications (Google Apps). Vendors providing such services are reselling their offerings through solution providers who can add deployment, migration, training, and support services on top of the core offering. Of the three major cloud computing service models, SaaS has the widest adoption among end users (69% are using) and channel organizations (49% are selling).
- **Platform as a Service (PaaS):** an environment upon which users can develop and deploy services for consumption. PaaS providers include Microsoft Azure, Salesforce.com's Force.com, and Google's App

Engine. The channel can either use PaaS to develop its own unique offerings or resell capacity and support to organizations that require PaaS services. For the channel, PaaS is about exercising expertise to leverage platforms and support cloud-based platforms.

- **Infrastructure as a Service (IaaS):** sharing of infrastructure resources for running software in the cloud that would ordinarily be deployed and operated on-premise. IaaS provides consumers with processing, storage, networks, and other fundamental computing resources needed to run their applications. Solution providers can be providers and brokers of these services.

4. Assess deployment model options

After determining the services to be offered and the mode of delivery, the final step is to determine how the technology is set up. Some solution providers have the desire or existing infrastructure to offer their own cloud services, while others partner with vendors to offer all or part of their portfolio of web-based applications. A final option is to create a cloud infrastructure within your client's business, accessible only to its employees and approved partners. Most VARs and MSPs take the vendor-partner route, though some have created a combination of their own SaaS offerings and third-party cloud services. Cloud computing applications, platforms, and infrastructures should guarantee interoperability, open standards, and accessibility to resources and data that ensures continued return-on-investment and business value. Deployment models include:

- **Private clouds,** where businesses build and operate their own internal cloud infrastructures, though they can be constructed, managed, or hosted by third parties. The channel plays a critical role in the development of private clouds by providing consulting, design, deployment, implementation, and ongoing support services.
- **Community clouds,** which are typically shared by a number of organizations and support a specific community with similar concerns. This deployment model is rare but consists of a web-based infrastructure shared among a small set of businesses (such as a consortium), established to securely exchange information or transactions. Most frequently hosted and managed by an independent third party to support numerous constituents, community clouds present an opportunity for channel providers who can build, manage, resell, and/or support these cloud models.
- **Public clouds,** that are owned by private entities and used among common industry businesses and groups. The infrastructure (network, compute, storage) is accessed and shared over the Internet, resulting in cloud-based and remotely delivered services. Public clouds are critical elements to cloud computing, which channel companies can leverage to support their customers. According to CompTIA research, many cloud solution providers use the public cloud (26%) and their own data center to deliver their services. Only 9 percent of channel providers are pure resellers of a vendor's cloud offerings.
- **Hybrid clouds** are a combination of two or more deployment models, such as private and public web-applications. These are the most common form of cloud computing implementations, leveraging public resources, private services, and even legacy, on-premise infrastructures. Integrating and enabling hybrid clouds provides consultation, integration, and support services opportunities for solution providers.

5. Develop service-level agreements (SLAs)

One of the most critical components of a cloud computing practice is its SLAs, including the agreements that are signed with vendors and other partners and the guarantees provided to customers. A majority of web-based services are delivered and administered by third-party organizations, so detailed performance assurances are critical to ensure long-term viability. This is measured through service-level agreements, which specify the expectations of the cloud consumer and list the consequences of contract breaches.

Cloud service suppliers need to furnish and review detailed SLAs with their clients and be sure that they receive and evaluate similar agreements from their cloud partners. When collaborating on the delivery of a portfolio of web-based solutions, it's important to make sure the responsibilities and penalties for non-performance are clearly outlined in the agreements. The CompTIA Member Resource Center contains sample SLAs, which can be adapted for use in your cloud-services practice. Before signing agreements from your vendors or cloud aggregators, it's recommended to have them reviewed by an attorney to ensure that the conditions meet the needs of your organization and clients. Cloud computing is a service-oriented offering and requires neutrality, interchangeable modules, and near universal interoperability. The SLAs and business contracts you sign should reflect these requirements.

6. Address your clients' compliance and security needs

When your clients contract or subscribe to one or more of your cloud services, the risk and liability become theirs. The SLA and other contracts should detail regulatory compliance requisites such as auditing and inspection, data storage and reporting, process and procedure guidance, and response and remediation services. For resellers of cloud services, a careful review of vendor contracts is essential to ensure that you and your clients are protected from unnecessary liability.

One of the top inhibitors to cloud-computing adoption is security and privacy concerns. Through proper research and technology design, however, these objections can be properly addressed. Because confidentiality, integrity, and availability are essential to adoption of this delivery model, providing full disclosure to potential and existing clients is a critical element of any cloud program. Solution providers can also provide their expertise as consultants, evaluators, and providers of security and privacy services to their customers. Compliance is an issue of concern for many SMBs, so your role here could be a true differentiator.

7. Design a training and support program

Cloud computing changes the delivery mechanism of applications and infrastructure to your clients. That presents opportunities for additional service and support options for IT channel businesses, including training, customization, and consulting to help your clients receive a high return on their investment. For example, you can plan and guide them through a migration to a cloud email solution, ensuring that the employee transition from their traditional service is both smooth and transparent. You can provide on- site or remote training for customers, including the creation of guides and other materials to help them get the most from the new solutions and know where to go for answers to their questions.

Organizations that successfully adopt new technologies, like cloud computing, require a responsive support organization to meet their transitional and ongoing needs. Solution providers must evaluate the collective needs of their customers and devise a plan to provide the support they need to make the move. You must decide whether you will provide all the support or depend on vendors or cloud partners to share the load. VARs and MSPs must outline how each service in their portfolio will be supported, as well as the employee and business training options for customers. Don't overlook the opportunity to partner with experienced application training organizations, if developing and providing that education doesn't fit your business plans. Beyond a financial relationship, collaboration here could enhance the training experience for clients and their employees, as well as ultimately improve the usability and value of your cloud services.

8. Execute your cloud plans

Cloud computing, like managed services, offers a recurring revenue stream for solution providers. VARs and MSPs typically receive a share of service payments at predetermined intervals. On the other hand, the automated and self-service nature of cloud computing can actually reduce value-added opportunities for traditional infrastructure providers. The channel plays a vital overall role in cloud computing, with the ability to integrate multiple technologies and leverage a variety of service models. After developing your own company's cloud solution, it's time to put your go-to-market plan to good use.

- **Advise:** Assess the infrastructure and ability to implement cloud computing technologies in your client's business. As an advisor, you develop an initial strategy and provide the portfolio of options.
- **Plan and design:** Develop project and implementation plans for your customers. After the cloud infrastructure type or cloud application is identified, you need to evaluate the client's current assets, as well as integration, migration, and implementation requirements.
- **Delivery:** Before the service is implemented, it may need to be constructed on a platform for delivery to the customer. With a number of vendor-hosted cloud offerings, implementation can be completed by simply activating and provisioning the account from a remote location.
- **Implementation:** After setting up the service, a provider typically transfers data and accounts to the cloud platform, integrates other business applications, deploys optional services, and customizes the solution to meet the needs of the client.
- **Operation/management:** When the cloud service is fully operational, providers monitor and ensure performance of all systems. Maintenance is performed, and updates, patches, and configuration changes are completed when required.
- **Support:** The degree of service delivery depends on the provider's capabilities and technology specialization. This stage includes ongoing helpdesk, systems administration,

and training support for end users.

- **Account Management:** This ongoing function of the delivery cycle periodically reviews the entire process and each cloud service. An account manager advises customers on how to best utilize services, analyzes usage and performance reports, and identifies areas where a client can improve overall operations.

About us

CompTIA Cloud/SaaS Community

The CompTIA Cloud/SaaS Community is a collaborative group of technology suppliers and cloud-computing vendors, distributors, service providers, and resellers dedicated to advancing cloud computing in the global technology marketplace. Our community is dedicated to defining cloud computing technologies, business models, and best practices; building cloud tools and resources; creating and administrating professional credentials; and deliberating and resolving issues related to evolving cloud computing challenges and opportunities. Our community is resolved to promote industry and regulatory standards that ensure the openness, performance, and integrity of cloud computing platforms, applications, and businesses. Our underlying goal is nothing less than ensuring high quality and performance in cloud computing among all marketplace constituents. For more information about the CompTIA Cloud/SaaS Community or to get involved in our community's activities, please contact communities@comptia.org.

Definitions

Cloud Computing: a model for enabling convenient, on-demand network access to a shared pool of configurable computing resources (e.g., networks, servers, storage, applications, and services) that can be provisioned and released with minimal management effort or service provider interaction

Vendors: includes hardware manufacturers, software developers, and originators of cloud applications, platforms, and infrastructure

Cloud Aggregators: organizations that consolidate cloud applications and provide them for resale through the channel

Systems Integrators: companies that integrate complex technologies into useful business applications

About CompTIA

CompTIA is the voice of the world's information technology (IT) industry.

As a non-profit trade association advancing the global interests of IT professionals and companies, we focus our programs on four main areas: education, certification, advocacy and philanthropy. We:

- **Educate the IT channel:** Our educational resources, comprising instructor-led courses, online guides, webinars, market research, business mentoring, open forums and networking events, help our members advance their level of professionalism and grow their businesses.
- **Certify the IT workforce:** We are the leading provider of technology-neutral and vendor-neutral IT certifications, with more than 1.4 million certification holders worldwide.
- **Advocate on behalf of the IT industry:** In Washington, D.C., we bring the power of small- and medium-sized IT businesses to bear as a united voice and help our members navigate regulations that may affect their businesses.
- **Give back through philanthropy:** Our foundation enables disadvantaged populations to gain the skills they need for employment in the IT industry.

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

All proceeds are directly reinvested in programs that benefit our valued members and the industry as a whole. Headquartered outside of Chicago, we have offices across the United States and in Australia, Canada, China, Germany, India, Japan, South Africa and the United Kingdom. For more information, visit comptia.org.

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