

# Quick Start to Building a Cloud Practice



## Introduction - Cloud Reality Check

If you are a part of the IT Channel today your business has almost certainly been impacted by the technical wave that is Cloud Computing. The wave hit the channel more than 10 years ago creating a mix of fear, uncertainty, doubt and excitement, hope and optimism. There was a lot of talk of transformation, dis-aggregation and born-in-the-cloud juggernauts. As is so often the case, the reality of how cloud technology has impacted the IT channel has not been as binary as some of the early predictions and prognostications. On one side, some predicted that cloud would be just a passing fad and have no lasting impact. On the other side, many more predicted that the cloud transition would be swift and complete with traditional on-premise computing dying quickly in favor of a pure cloud ecosystem. Both positions have certainly been proven emphatically incorrect. What we are left with is a decidedly hybrid environment where cloud computing continues to grow and make a significant impact, but where many IT solution providers and their customers continue to thrive in a world that includes a mix of on-premise and cloud-based solutions.

The reality today is that cloud computing has, and continues to change the game for IT solution providers, driving a significant amount of the growth in the IT market.

As noted in CompTIA's Trends in Cloud Computing report, Gartner says Cloud adoption strategies will influence more than 50 percent of ITO Deals through 2020. The highest growth will come from cloud system infrastructure services infrastructure as a service (IaaS), which was projected grow 36.8 percent in 2017 alone, to reach \$34.6 billion. Cloud application services software as a service (SaaS) is expected to grow 20.1 percent to reach \$46.3 billion.

The opportunity is real and can be game-changing for your business, but taking advantage of that opportunity requires adapting to new models, acquiring new skills, addressing (or embracing) new competitors and in some cases aligning with new vendors.

# Cloud Definition

Given how far into this new cloud era we are, it seems strange to talk about a definition of “Cloud Computing.” Given the proliferation of usage (and mis-use), we feel compelled to start there, if for no other reason than you want to be well informed as your customers trusted advisor on cloud related topics. Today, it seems that every solution and application that is not housed in a server on the customer’s premise is labeled a “cloud solution,” but for a refresher on what cloud actually is and is not, please refer to the following definition from the NIST.

## 5 Essential Characteristics

- On-demand self service
- Broad network access
- Resource pooling
- Rapid elasticity
- Measured service

## 3 Service Models

- Software as a Service (SaaS)
- Platform as a Service (PaaS)
- Infrastructure as a service (IaaS)

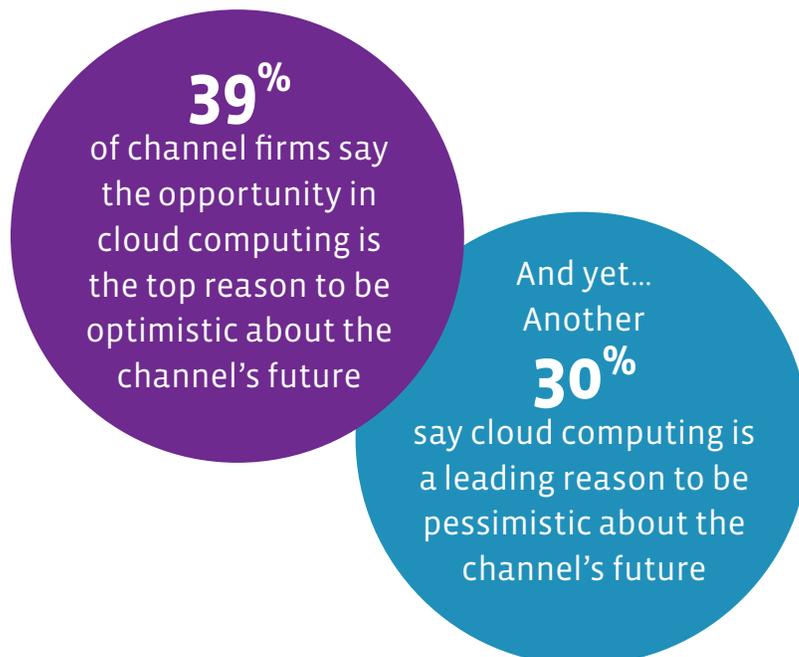
## 4 Deployment Models

- Private cloud
- Public cloud
- Hybrid cloud
- Community cloud

The term “Private Cloud” provides a good example of where this formal definition is stretched or ignored. Many IT solution providers and end users have begun using the Private Cloud terminology when referring to resources that are managed externally and reserved exclusively for a company rather than being multi-tenant, even though the solution does not provide cloud characteristics such as on-demand self-service or rapid elasticity. These solutions are probably more accurately defined as being “hosted datacenters.”

## Channel Opportunity

CompTIA research indicates that the early optimism around business opportunity in cloud computing is actually trending down with IT solution providers, resulting in a divided outlook. The reality is that many are still finding their footing in this space, resulting in a glass half empty, glass half full outlook. The more pessimistic, glass half empty respondents have not seen the customer demand for cloud solutions in their markets, or they have not been able to build scalable, profitable solutions with their choice of cloud offerings. On the glass half full side, 39% of respondents to the study indicated that “Cloud computing is opening new doors,” this being the number one reason for being optimistic about their future cloud opportunities.



## Software Development Opportunity

As Cloud Computing has evolved within the channel, one of the more exciting opportunities that has emerged for IT solution providers is that of software development. Companies that have acquired or developed the skills necessary to deliver unique software solutions in cloud environments are finding increasing success with customers. Whether these companies are focused Independent Software Vendors (ISV's) or traditional IT solution providers that have added software development as an additional service area, these companies are taking advantage of an emerging trend with end customers. The development of more sophisticated IaaS and PaaS platforms and toolsets have enabled end customers to become more sophisticated in their development approaches to solving IT problems. Solution providers that develop the software skills to address customer requirements for these custom or tailored applications have the opportunity to tap a fast-growing and profitable segment of the market.

- 1 Cloud infrastructure (NET 61%)
- 2 Security (NET 59%)
- 3 Mobility solutions (NET 59%)
- 4 Backup/DR (NET 58%)
- 5 Storage (NET 67%)
- 6 Database/data analytics/BI (NET 57%)
- 7 Cloud SaaS (NET 57%)
- 8 Custom application development (NET 5%)
- 9 Business process automation (NET 56%)
- 10 Compliance as a service (NET 54%)

## Challenges to Overcome

While the prediction that companies that failed to fully transform their businesses quickly to a pure cloud model would die has proved to be resoundingly false, many of the challenges forecast for those embarking on the cloud transformation have proved to be quite accurate. However, the fact that end customer demand for IT solutions has settled into a decidedly hybrid state, utilizing a mix of traditional on-premise, private and public cloud solutions, has kept these challenges from being fatal for most IT channel organizations.

For those that have come through these challenges and emerged successful and profitable, with cloud, it is innovation, perseverance and a willingness to learn and adapt that are common traits. These are the solution providers who are firmly in the “glass half full” camp and are strongly optimistic in their future with cloud computing.

With that backdrop and “cloud reality check” let’s examine some of the keys to success for those wishing to build a successful cloud practice today.

# Choosing Your Business Model

One of the first things you will want to decide is the cloud business model you will utilize. As an IT solution provider, there are several ways you can build a business that includes cloud offerings.

**Referral** – The lowest investment and least risk path to beginning to offer cloud based services and solutions to your customers is to join an existing cloud service provider’s referral program. These programs typically pay you a small percentage of revenue from a sale as a “finder’s fee,” with the vendor handling the actual sale, billing and delivery of the service. For example, a vendor may offer you 10% of the first year’s subscription revenue for passing them a lead that they ultimately close as a sale.

**Resale** – If you are ready to invest in the business processes as well as the sales, marketing and technical teams that are required to support a new cloud offering, you can join a resale program from an established cloud solution provider. These programs will enable you to purchase cloud based subscriptions and resell them to your customers at a profit. Your company will be responsible for the sales process, delivery and integration, customer billing and sometimes support depending on the vendor providing the cloud service. Some vendors will also allow you to “white label” their services so the customer sees the service as being delivered under your own brand.

**Managed Services** – If you have customers that desire to completely outsource certain business functions, you may be able to leverage one or more cloud solution provider services (possibly in combination with traditional hosted services) to establish a managed services offering in that area. You will leverage these cloud services to provide a business solution to your customers on a pay-as-you-go basis.

**Develop** – If you have software development capabilities you may be able to deliver specialized applications or add-ons that extend the capabilities of existing cloud products. Many software platform vendors (IaaS and PaaS) expose API’s and provide extensive developer support and even public marketplaces to partners who can deliver value added software extensions to their core products.

**Build** – If you have the technical skills to build and operate your own data center and the software skills to build and operate your own cloud application, you may choose to become a cloud service provider. This option requires the highest investment and will likely require a focus or specialization to avoid competing directly with the large, global cloud solution providers that enjoy massive economies of scale.

As your cloud practice develops, you may choose to mix and match these business models depending on your investment potential, skills available and business strategy. You may decide to participate in a referral only model with some vendors while reselling and/or even developing software extensions for other vendor solutions. While your cloud practice is new, you will want to stay in your comfort zone by serving existing customers and markets with your cloud solutions. By leveraging trusted relationships with existing customers and your knowledge of your existing target markets, you can eliminate a few variables in what will already be a challenging new business opportunity.

## Managing for Profitability

As you launch and grow your new cloud practice, you will need to plan and manage your cash flow carefully. CompTIA research continues to show that financing new cloud practices and managing cash flow are a few of the primary challenges faced by those who are just getting started. The primary reason for this challenge is that the revenue and profit streams for cloud solutions are much different than those delivered by traditional IT projects where you earn substantial margins on the resale of products and associated professional services up front at deal close. Contrast this with typical cloud deals where deal sizes and resale margins are typically smaller and revenue is realized on a monthly recurring basis over many years as opposed to all at once up front. As a result, most successful solution providers plan their transition to cloud carefully, maintaining their traditional project-based business and associated revenue and profits while adding new cloud services and growing them over time. This hybrid approach will allow you to fund your new cloud practice with profits and cash flow from your traditional business and transition over time to a profitable mix of traditional and cloud business. It is worth noting that most businesses that are 100% cloud today started that way (often referred to as “born-in-the-cloud” businesses) and did not transition from a traditional reseller model. Most successful solution providers today offer a mix of both traditional on-premise resale, managed and cloud services to meet their company goals and their customer needs.

## Sales Strategies

Traditionally, more than 70% of solution provider's business comes from existing customers. Couple this with the fact that cloud deals are typically about half of the revenue size of traditional on-premise deals and you can see one of the most significant challenges facing solution providers looking to build a new cloud practice – finding and selling to new customers. If you wanted to aggressively transition from a traditional on-premise model to a cloud model, there probably isn't enough revenue to be found with your existing customer set to maintain your current cash flow levels. As a result, your sales strategy must be able to deliver a higher volume of faster closing deals than your business may be used to.

Once you have decided on the cloud solutions you will be selling, one of the first questions you will need to answer will be how you will structure your organization to handle the required sales functions. If your existing business has been built around consultative, fully custom IT projects then you likely have a highly technical, professional and well-compensated sales staff. There are several reasons you may not want to deploy your existing sales team against your new cloud opportunities:

- They would need to be trained and enabled to deliver the new cloud value propositions and messaging
- Cloud deals do not require their level of technical expertise
- Cloud deals should be largely similar from customer to customer, not custom designs
- They are needed to maintain your existing customers and business

For these reasons, many solution providers choose to create a new and separate sales team to handle their cloud sales functions. This team should include these functions:

- 1. Cloud Sales** – the primary cloud sales team is responsible for taking qualified leads, working deals and closing sales. They should also be capable of handling large or complex deals involving custom integrations or difficult migrations.
- 2. Tele-sales** – these individuals can be more junior resources responsible for hunting and qualifying leads and passing them along to the sales team. In some cases, the tele-sales team may be able to close simple cloud deals on their own (or customers may be able to purchase via self-service through your website).
- 3. Account Management** – this team will be responsible for ensuring that current customers are actively using the solutions and remain satisfied. This role is critical for cloud solutions as they are also responsible for customer renewals. Without it, the “recurring” part of the attractive recurring revenue model breaks down.

## Marketing Toolkit

CompTIA members have access to a free and comprehensive, Marketing Toolkit located here on the CompTIA website:

[Comptia.org/  
resources/comptia-  
marketing-toolkit](https://www.comptia.org/resources/comptia-marketing-toolkit)

Because so much of the business has been generated through existing customers and referrals, many solution providers have been able to rely on a pretty basic marketing mix that includes a solid website with maybe some email or direct marketing mixed in. In fact, most solution providers readily admit that marketing has not historically been a strength for their firms. Recognizing the need to improve in this area, these companies have moved to enhance their marketing capabilities through a combination of training for existing teams, hiring of new cloud experienced marketing talent and/or enlisting the help of outside marketing agencies. All of these can be effective methods to close the marketing skills gaps that exist in many organizations. Once you have addressed the marketing skills gap, you will also need to develop a new set of marketing messages and content and deliver them with a more robust set of marketing tools.

## New Audience, New Messages

Another one of the reasons that the marketing challenge is large for those building a cloud practice is that target decision makers that will be making cloud purchase decisions are often different than the decision makers many solution providers are used to dealing with. Many cloud solutions are purchased by line-of-business owners rather than CIO's or IT leaders. These decision makers are looking for solutions to business problems and are not that interested in technical features or functions. To be successful, you will need to develop cloud messaging that addresses these business problems. The table below highlights this new messaging approach.

<b>Traditional IT Messages</b>	<b>Cloud Optimized Messages</b>
<b>Compute Performance</b>	<b>Increased Efficiency</b>
<b>Storage Capacity</b>	<b>Improved Time-to-Market</b>
<b>Network Bandwidth</b>	<b>Support for Growth and Scale</b>
<b>Total Cost of Ownership w/Capex Investment</b>	<b>Cost Per Use and Opex Budgeting</b>

Another important consideration for cloud marketers is the changing workforce. Data from the Bureau of Labor Statistics projects that millennials will constitute 44% of the workforce by 2020. Combine this with the fact that cloud decisions are being made deeper in organizations, and you can conclude that marketers need to develop messages that will resonate with a group that is more focused on outcomes than technology and that expect to be more collaborative and involved in solution designs.

# Marketing Vehicles

In addition to developing new messaging that will resonate with these new cloud buyers, you will also need to enhance your existing marketing vehicles and possibly add a few new ones.

**Blog** – An important part of your new marketing strategy will be establishing cloud credibility with both new and existing customers. To do this, you need your voice to be heard on cloud topics and a great way to establish this new voice is through a blog presence. If your company already has an active blog strategy, you can expand that strategy to include cloud related posts. Blogs are a great marketing tool because the content delivered via a blog can act as the hub for delivery of these cloud marketing messages through other vehicles. A well written blog post can be easily leveraged into website content, highlighted via social media, included in an email blast or even developed into a whitepaper.

**Website** – You may already have a great website, but as you move to add and grow a cloud practice you need to ensure that cloud has the appropriate placement and emphasis within your web structure. Remember that most of your other marketing vehicles will point back to your website for more information and maybe even purchase decisions. If you want your current and potential customers to see you as cloud experts, here are a few things to remember about leveraging your website.

- Make sure your cloud solutions and expertise are front and center on your website. Customers should not have to dig three levels deep to find the first mention of your cloud offerings. Make sure cloud is visible on the front page, in top level menus and in your main graphics and story rotations.

- Include links to relevant blog posts and any active social media feeds.
- Build specific landing pages for marketing activities so you can measure response
- Include direct links to trials as appropriate
- Collect, track and analyze information regarding site traffic and make sure your key cloud content is being found and consumed.
- Direct visitors to take action!

**Social Media** – You may have not needed a social media strategy beyond a simple LinkedIn profile if your business has been focused on traditional IT infrastructure projects with existing customers, but as you expand your reach to new customers with cloud solutions social media can play an important role in building your cloud practice. Social Media is effectively used by successful companies as a tool for marketing, event recruitment, communications and even technical support. However, while we can confidently make suggestions regarding developing blog content and upgrading your website, a new social media strategy needs to be carefully planned and considered before committing to a program launch. The key to success for a social media campaign include:

- 1. Pick the right platforms.** Social media is not an all or nothing prospect. A solid LinkedIn presence and a YouTube channel may be all you need, or your audience and business objectives may dictate that Facebook and/or Twitter may also be effective. Once you

For more information on blogs and other social media marketing, download the CompTIA Quick Start to Social Media,

[Comptia.org/resources/comptia-quick-start-guide-to-social-media-for-marketing](http://Comptia.org/resources/comptia-quick-start-guide-to-social-media-for-marketing)

decide on your business objectives for your social media presence, you will need to do some research to determine what social media platforms your target customers use regularly and then plan a presence on only those platforms (at least initially).

**2. Invest in a content strategy.** Make sure that you have assigned the right people within your organization to own and manage your social media content strategy and that they are accountable for the results.

**3. Execute consistently.** Social media is one of those areas where you can do more harm than good if your strategy is poorly executed. Sporadic, outdated or un-professional content will reflect poorly on your company and could work against you as you seek to establish yourself as a cloud expert. Consistent delivery of quality content on a single social media platform will be more effective than a poorly executed strategy across multiple platforms.

Once you have done your homework and designed a new marketing strategy in support of your growing cloud practice, your biggest problem may be finding and delivering a steady flow of high quality, relevant content through these shiny new marketing vehicles. Fortunately, you don't have to do all of that alone. There are several great sources at your disposal for content:

- Your chosen Cloud Solution Providers (CSPs) have a strong vested interest in your success, so they often have a strong library of high-quality content that you can use as is or sometime co-brand and deliver through your marketing vehicles.
- Your distributors may also be a good source of content as many of them have developed strong cloud practices and serve as aggregators for a large number of CSPs.
- CompTIA has a very nice library of cloud-related materials you can reference and leverage
- Finally, your customers are also a great source of content. With their permission, you should leverage customer successes into blog posts, success stories, short video testimonials and social media posts.

The CompTIA Executive Certificate courses in Cloud Foundations and Cloud Intermediate include successful case studies you can include as part of your social media posts!

## Value Added Services

A big part of the cloud reality check has to do with where and how the truly successful solution providers are turning profits with their cloud practices. The cloud reality is that the majority of these partners are not getting rich from the resale margins on their sales of cloud solutions – margins that may range from single digits up to 20-30%. The most successful – i.e. profitable, of these solution providers are making the majority of their profits by developing and selling higher-margin, value-added services around their cloud offerings. Interestingly, this is also what is driving much of the profitability on the traditional side of their businesses also. If you want to build a nicely profitable cloud practice, you will need to build and deliver these high-margin services.

There are service opportunities available throughout the entire lifecycle of a cloud project – from pre-sales assessments to retiring a solution. Some of these you may choose to offer for free, but many may be sold as either one-time professional services or ongoing, recurring services. Here is a list of some of the possible services that can be developed as complimentary to your cloud offerings.

Pre-Cloud	Cloud Implementation	Support Services
Cloud-Readiness Assessment	Provisioning	User Training
Business Process & Workflow Development	Access Security, Compliance and Control	User Support
Service Interactions	User Deployment	Systems & Services Monitoring
Capacity Planning	TCP/IP & DNS Management	Carrier Services
Network Redesign	Data Migration	Capacity Monitoring & Adjustment
Mobile Planning	Application Configuration	SLA Verification & Monitoring
Selection of Cloud Services	Project Management	Vendor Management
Integration Planning	System Integration	Anomaly Detection & Response
	Business Process & Workflow	

## Cloud Operations

Once you have delivered a new cloud solution and the migrations, integrations and customer onboarding is finished, your job is far from done. Being involved in the ongoing support and operations of your customer's solutions can be even more critical with cloud than on the traditional hardware side of the business. The reason for this is that so much of your profitability is tied to the ongoing satisfaction of the customer and the resulting ongoing renewals and revenue stream. This is where the "Account Management" function identified above becomes a critical member of your sales team. They are responsible for the ongoing satisfaction and ultimate renewal of the contract by the customer.

The challenge for you as a solution provider is that you are now having to play the role of "quality assurance manager" for a cloud solution (or possibly multiple solutions) that you do not directly deliver or control. For this reason, it is critical that you evaluate and choose your cloud solution provider vendors wisely. Their performance will directly reflect on your organization.

In addition to the on-going "operational" services listed above, things like ongoing user training and support, systems performance monitoring and ongoing security services, you will also

need to provide timely and accurate billing and reporting to your customers. One of the big selling points for cloud with customers is the "pay-as-you-go" concept. For this benefit to be realized and appreciated by customers, you must be able to provide bills that accurately reflect the customer's usage within a given time period. This responsibility can get complex quickly if you are aggregating multiple cloud solutions for a customer. Fortunately, some vendors and distributors offer tools that you may be able to leverage to smooth this process.

## Measuring Success

Once you are up and running you will also want to have some core metrics and measurements in place to help you track your progress. This starts with clearly stated goals and objectives for things like new customer acquisition, sales revenue, renewal rates and customer retention. You should be measuring these things on a monthly basis and making necessary adjustments to stay on track to your plan. And finally, given the importance of the ongoing customer renewals to your profitability, you should also have a solid plan for measuring customer adoption, utilization and ultimately their satisfaction.

## Summary

The opportunity to build a successful and profitable practice around Cloud Computing has evolved in a way that is much different than many expected, but yet the profit opportunity is very real and even greater than most anticipated. Cloud Computing and related applications will continue to be at the center of customer demand for IT services. As a Solution Provider, you have the opportunity to build a profitable Cloud Computing practice by following these steps:

- Focus on a business model that aligns well with your current business strategy and capabilities
- Choose your Cloud Service Provider partners wisely
- Close skill gaps through hiring, training and partnering
- Add software development capabilities to address the growing application development opportunity
- Invest in developing cloud-optimized sales teams and marketing engines
- Wrap your offerings in high-value, high-margin services
- Measure what is important and stay committed to continuous improvement

If you can accomplish these things, your company will be well positioned to enjoy the growing demand for Cloud Computing applications and services.

CompTIA offers many educational resources on business and IT topics. They are easily accessible to you via [CompTIA.org](https://www.comptia.org). Download other popular Cloud topics such as: **CompTIA Trends in Cloud Computing**, **CompTIA Quick Start to Accelerating Your Cloud Business** and **Quick Start to Tackling Cloud Security Concerns**.

CompTIA offers the following workshops in live and web format: **Executive Certificate in Cloud Foundations** and **CompTIA Executive Certificate in Cloud Intermediate**. Log into [CompTIA.org](https://www.comptia.org) for more details.



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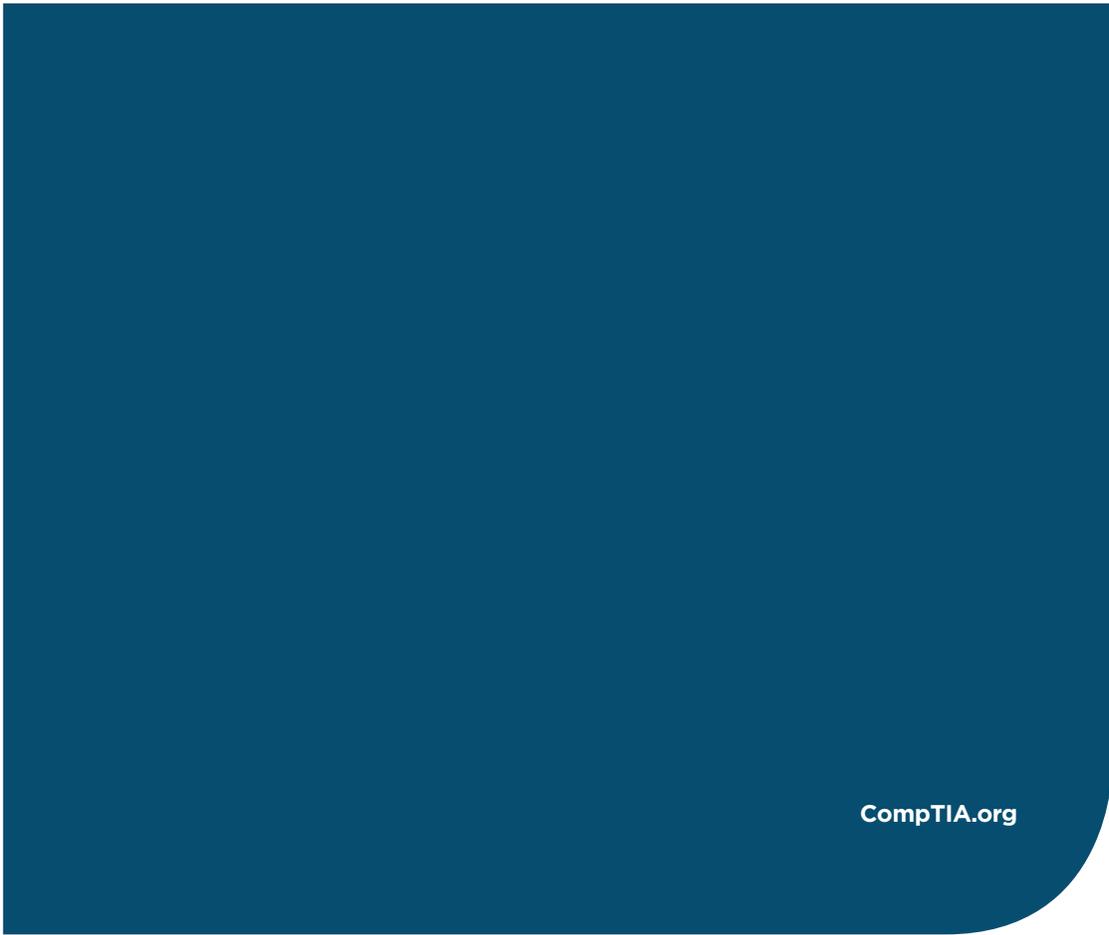
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