



Evolving MSPs and VARs into High Margin Cloud Services Providers

Bob Leonard, Managing Consultant

acsellerant
FUELING SALES

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Like it or not, your future is cloudy. Resistance is futile. The value proposition for Cloud Services is too compelling. Just as surely as we moved from land line phones to cell phones, businesses are migrating the majority of their applications and data to the Cloud. You can either plan and position for it, or be marginalized by it.

Isn't "High Margin Cloud Services" an Oxymoron?

No, it doesn't have to be. This whitepaper is all about how to position your business so that you transition to delivering Cloud services that are high value. The major Cloud players are selling a commodity. They can afford to do that. You want to deliver high value / high margin Cloud services.

There's uncertainty in the market place around Cloud Services. That means opportunity for providers who approach it correctly. Start with your solution. Figure out exactly what your package(s) of cloud services are going to be comprised of, who exactly you're going to sell them to, and what your value propositions are going to be. Absolute clarity is your goal. If prospects see that you know exactly what you're delivering and why, that will instill trust... *and trust sells!*

"It is not the strongest of the species, nor the most intelligent that survives. It is the one that is the most adaptable to change."

Charles Darwin

Segment Your Market / Differentiate Your Cloud Services

If you want to avoid commoditization and price competition, you need to target market segments where you can differentiate. You might segment by the type of services you offer, specializing in a specific bundle of Cloud services where your in-house skill sets are superior to your competitors'. Or you might segment by vertical industry because you have a depth of knowledge regarding the applications and business requirements of a specific industry. Let's take a look at both:

SPECIALIZED CLOUD SERVICES

Enterprise-Grade Cloud – Enterprise-grade computing clouds are often built on VMware. Service providers offer tougher SLAs, increased security, better hardware, dedicated systems and more flexibility for the end-user.

Virtual Private Cloud – Major vendors are going down this path (e.g. EMC, HP, IBM). These providers host a complete private cloud for a business on dedicated machines inside the vendor's datacenter. Importantly, each customer has the ability to configure their cloud in terms of provisioning, storage, security and audit.

Virtual Datacenter – A twist on the Virtual Private Cloud, this may be more suitable for MSPs and VARs. The service provider offers SMB customers an entire virtual IT department running in the Cloud. DNS, Exchange, Web Hosting, etc. are all preconfigured and managed by the service provider. It's basically outsourcing, but with all of the servers running on the Cloud.

Secure Cloud – If security is your strong suit, you may want to focus on this. Many companies considering Cloud services want a highly secure environment... and they're willing to pay for it. Make sure you're compliant with regulations like PCI. Include data, identity, infrastructure, network, and physical security.

SaaS Applications – Is there an application space (e.g. business intelligence, digital asset management, workflow, etc.) where you have a significant level of expertise? Do you have a considerable number of certifications in tools from Information Builder, Oracle, SAP or others? If so, bundle this expertise with your Cloud services to increase their value.



VERTICAL INDUSTRY SEGMENTS

By recognizing and understanding vertical market segments, you can target a particular customer base where you have experience and expertise. If you have expertise in a particular industry – its trends, terminology, regulatory and compliance challenges, competitive environment and other key attributes; you know more about the technology issues of that industry. You are then a better choice for that prospect, and you can command higher rates for your Cloud services.

Spend time developing specific vertical industry solutions that you can deliver via the Cloud. Research – ask your clients in that vertical what bundles of Cloud services would be especially compelling for them. What IT issues would they be happy to offload? What would they be willing to pay extra for? Provide complete and integrated solutions for that vertical's IT needs.

You want to be working on as much of your clients' IT infrastructures as possible. Providing Cloud services can make that a natural progression.

Here's a sample matrix that I developed. This may not have the specialized Cloud Services, SaaS Applications, or vertical Industry Segments that are most fitting for your business. Use this as a starting point to develop your own. Select the intersection boxes (e.g. virtual data center for the financial services industries), then narrow your focus using the research you've conducted. The result should be a short list of focused Cloud services bundles (e.g. digital asset management for community banks) that you can deliver better than any other provider in your geography.

		Industries							
		Energy	Education	Financial	Government	Healthcare	Legal	Manufacturing	Retail
Cloud Services	Enterprise Grade								
	Virtual Private								
	Virtual Data Center								
	Highly Secure								
	Business Intelligence								
	Digital Asset Management								
	Workflow								

Managed IT Services *is* Cloud Computing

Once you have a good handle on what you can deliver better than the competition, focus on positioning your business correctly. Cloud technology isn't as complicated as it seems. The core components of Cloud – consolidation, virtualization, and the provisioning and management of applications, information, and infrastructure – are services you've been delivering for a long time. You just didn't call them 'Cloud' or 'SaaS'.

As your clients and prospects become more Cloud savvy, be ready to answer increasingly sophisticated questions from them when they're evaluating your ability to securely deliver Cloud services.

NOTE: Not only should your sales force be able to easily handle these due diligence questions; also prepare your implementation teams and back-end operations people to answer them. Your clients and prospects are smart. They'll ask these questions of the people most likely to give them 'straight' answers:

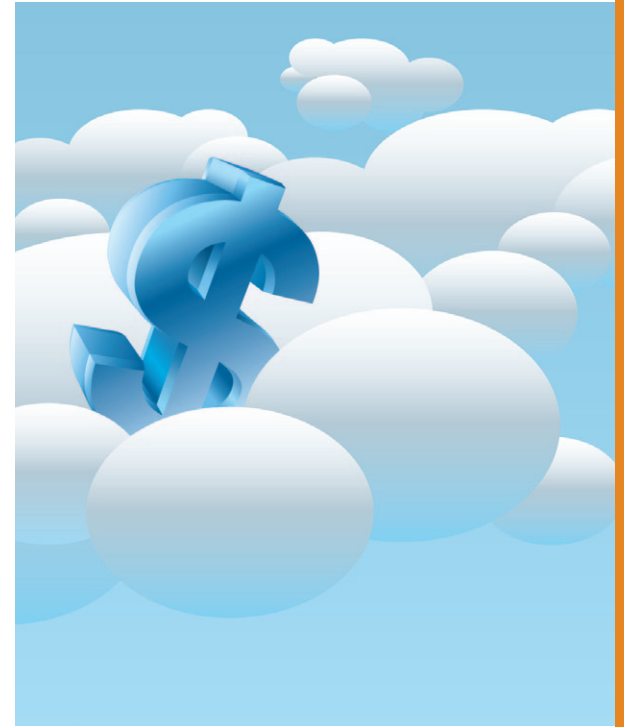
- What is your company's financial condition?
- How long have you been operating?
- Do you have a track record in Cloud services?
- What country, or countries, will the data reside in (important for jurisdictional issues such as Safe Harbor)?
- What availability (uptime) guarantees are given?
- If availability is not met, what compensation is provided?
- What controls and methods do you have in place to prevent access by an unauthorized person?
- Do you retain our data and applications in house, or are they domiciled by a third party?
- If a third party is the caretaker, why wouldn't I deal directly with them?

If you don't have satisfactory answers for all the above, you have your work cut out for you. You must do whatever it takes to be able to answer these questions satisfactorily, or face a significant possibility of competing on price.

High Margin Cloud Services

Please remember:

1. Cloud services are here to stay.
2. You must develop a go-to-market strategy to leverage the Cloud opportunity.
3. By researching, differentiating and positioning, you can deliver high value / high margin Cloud services.



acSellerant consults with businesses like yours to increase their Marketing ROI.

We help:

- develop and execute social media marketing strategies,
- navigate the transition from traditional managed IT services to Cloud services, and
- maximize valuation in anticipation of a business sale.

Please contact us for a free initial consultation – bob@acSellerant.com or 941-355-6802.