10 Hot Cloud Services to Lift Your Line Card in 2018

By Edward Gately

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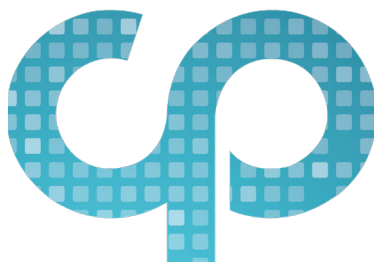# Table of
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About
the Author

EDWARD GATELY is a contributing editor for Channel Partners, covering new channel programs and program changes, and tracking M&A and other IT channel trends. Prior to Informa, he spent 26 years as a newspaper journalist in Texas, Louisiana and Arizona.

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10 Hot Cloud Services to Lift Your Line Card in 2018

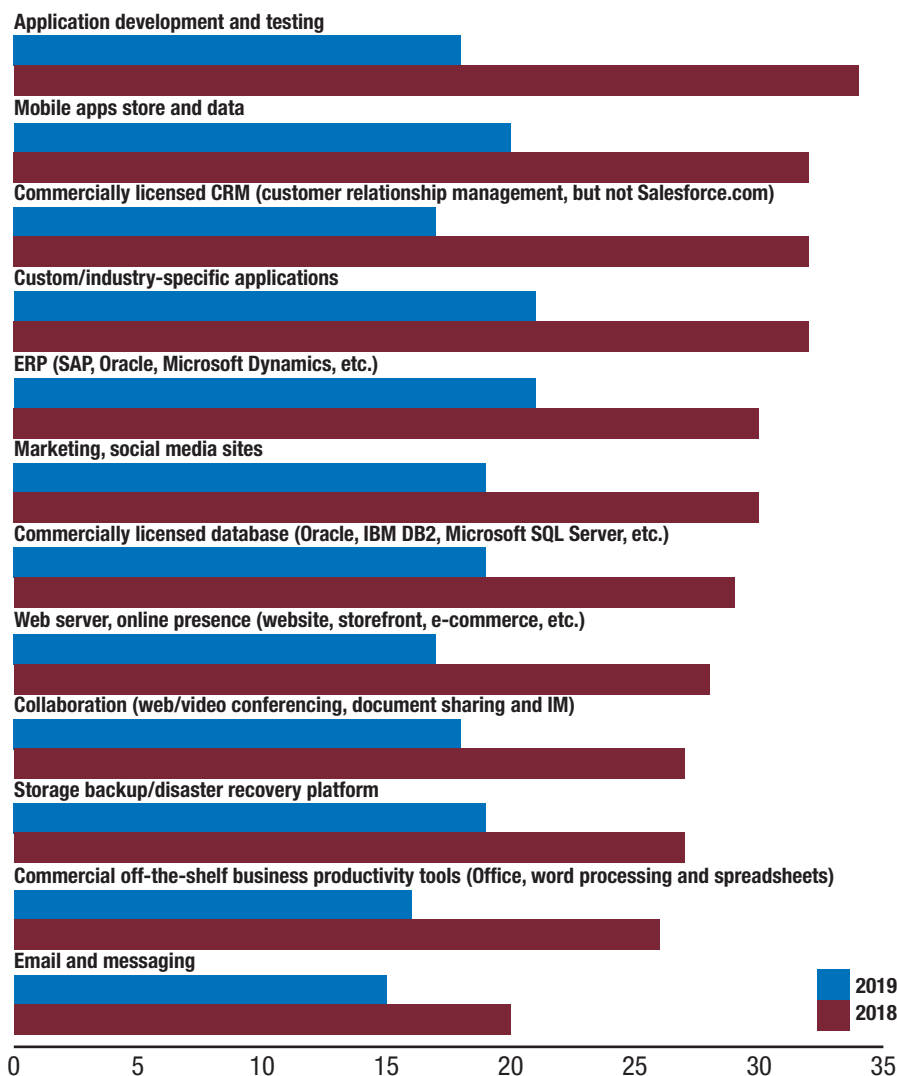## REMEMBER WHEN CLOUD WAS A NEW CONCEPT FOR CUSTOMERS, WITH FEW WILLING TO INVEST?

Flash-forward to now: Gartner says the global public cloud services market will grow 18 percent this year, reaching $246.8 billion, up from $209.2 billion last year. That number is expected to exceed $383 billion by 2020.

Are you ready to take advantage of this surge in cloud services spending? Is your line card up to snuff? If not, you face an uphill battle helping customers keep pace with fast-moving rivals.

"Above all else, cloud services offer the ability to solve critical business challenges in a timely fashion, where the need to scale consumption of services can be managed against capacity or growth of a project," said Jason Frye, BMC Software's vice president of innovation and strategy. "For example, security-as-a-service emphasizes speed in closing vulnerabilities, which will always be a hot topic, especially as we see more high-profile breaches like those at Equifax and Yahoo making headlines."

In this Report, we look at 10 hot new cloud services to add to your line card in 2018. How do we define "hot?" We went to the experts.

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Workloads Moving to the Cloud in 2018-2019

Application development and testing

Mobile apps store and data

Commercially licensed CRM (customer relationship management, but not Salesforce.com)

Custom/industry-specific applications

ERP (SAP, Oracle, Microsoft Dynamics, etc.)

Marketing, social media sites

Commercially licensed database (Oracle, IBM DB2, Microsoft SQL Server, etc.)

Web server, online presence (website, storefront, e-commerce, etc.)

Collaboration (web/video conferencing, document sharing and IM)

Storage backup/disaster recovery platform

Commercial off-the-shelf business productivity tools (Office, word processing and spreadsheets)

Email and messaging

■ 2019
■ 2018

0   5   10   15   20   25   30   35

Source: Ovum

If the cloud service adds value and helps channel partners transition to a profitable cloud practice, accelerate their current cloud growth or optimize existing cloud services and investments, then typically the industry takes notice, said Steve Robinson, global vice president of Arrow Cloud at Arrow Electronics.

"Obviously end-customer demand for a particular cloud solution is a big factor, but any cloud service that drives faster time to value is inherently going to see acceleration in the market," said Robinson.

The value proposition needs to be very clear upfront. A crisp understanding of what the cloud service provides, its value and other measurable benefits need to be easily articulated to customers.

"It's worth adding if it plays well into your suite of offerings so that you can stack streams of revenue around it and offer more than one singular service to your customers," said Zane Long, RingCentral's vice president of global channel sales. "Adding more services, and the right services that integrate for a multicloud strategy, increases revenue and prevents churn. That's a winning payoff formula."

Digging into specific techs, data migration is a good starting point for cloud services, said Peter DiMarco, D&H Distributing's vice president of VAR sales. Storage, sharing and collaboration services are being put to good use among SMB companies, in addition to domain name, email filtering and archiving services offered via a hosted platform.

"These offerings either protect their networks from potentially devastating breaches and their associated downtime, or allow them to function as larger companies by virtue of services that are managed by their IT provider," said DiMarco. "This allows SMB businesses to focus on their core competencies, which leads to increased profits. In the process, it positions the managed services provider as a valued, intrinsic IT partner for that business."

Hot Cloud Services

Without further ado, here are the cloud services recommended by experts in the channel for 2018:

10. Compliance and Security-as-a-Service

With new breaches being reported almost daily, security is top of mind among organizations of all sizes. That presents opportunities in terms of assisting customers with security and compliance.

"There is a tremendous shortage of IT talent, and that is especially true in the security space, where the unemployment rate is practically zero," said Ian Kieninger, Avant's CEO. "Enterprise customers are having a hard time keeping up with the number and intensity of security threats. Companies like Quest, Masergy, Level 3 and Applied Trust [a ViaWest company] are companies to watch for the impact they can deliver."

It's important to direct managed security services toward an organization's pain points, Frye said.

"In highly-regulated industries like finance and health care, compliance will always be front of mind, so a cloud compliance service would be an attractive proposition," he said. "These issues require cloud offerings such as policy scan-as-a-service to help security and IT operations teams prioritize and close the loop on vulnerabilities to remediate the biggest risks to the business."

9. Communications Platform-as-a-Service

Enterprise customers are flocking to communications platform-as-a-service (CPaaS) technology, which allows businesses to create personalized and contextual communications with customers for deeper engagement and more meaningful relationships, said Sanjay Srinivasan, Vonage vice president and chief technology architect.

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"Looking to the future, the CPaaS market is experiencing explosive growth, as cloud-based enterprise solutions represent a new frontier for a wide range of businesses," Srinivasan said. "In the contact center space, CPaaS will have a large part to play as businesses embrace the everyday use of analytics, artificial intelligence and chatbots."

Besides Vonage Nexmo, CPaaS players include Twilio, Avaya Zang and Tropo.

Cloud Insights by the Numbers

80%	Respondents to a recent Ovum Global: IoT and Cloud survey saying they will be using hybrid cloud by 2019.
$70 billion	Cloud budget that will be directed to SaaS, totaling 56% of spend.
2 to 3	Ideal number of core cloud providers; companies are reluctant to be 100% reliant on a single supplier.
70%	Respondents to the Global: ICT Spend and Sourcing survey who believe the operations department is spending outside the approved IT budget; 52% say the sales and marketing team is going rogue.
49%	of respondents agreed that a decentralized IT approach has led to purchasing insecure solutions, and 53% said it has caused a duplication in IT spending.

Source: Ovum 2018 Trends to Watch: Cloud Computing report

8. Unexpected IaaS and PaaS Options

On the IaaS and PaaS side, Amazon Web Services and Microsoft Azure are the leading public cloud infrastructure and platform providers in the industry, Frye said.

But they're not the only ones. Not by a long shot.

Alibaba Cloud is set to make a big splash in the cloud services market next year in North America and Europe, and may present a good opportunity for resellers, said Joe Tieu, senior director of cloud practice at Westcon-Comstor, a Synnex company.

"They're just starting to build out their data center base in the United States and Europe, and we're starting to see more and more presence in the market discussions," Tieu said. "We're starting to see that as a competitor for AWS and Microsoft Azure, and Google as well."

In the PaaS world, the most interesting technology and channel opportunity is around IaaS abstraction, said Curtis Peterson, RingCentral's senior vice president of cloud operations.

"Most of these are open source, but the systems around the open source code are all revenue opportunity, as well as the professional services around the design and implementation of the PaaS cloud abstraction stack," he said. "The current winners in this world are Docker, OpenStack, Cloudify – it takes a suite of integrated solutions to make this work."

Make no mistake: As Google, IBM, Microsoft, Salesforce and others rev up the platform-as-a-service market, your customers CIOs are faced with decisions. Here's our guide to helping them choose the right PaaS.

7. Analytics Tied to IaaS

Tieu said he's seeing more and more analytics tied to IaaS as an optimization tool. These offerings, such as ParkMyCloud, Unigma and Data Dog, can examine utilization and provide recommendations for optimizing your environment. Resellers can go back to their enterprise customers and provide that as a value-add.

"You can say 'I just scanned your environment, and by the way, here are some cost savings that you can achieve if you move from an M1 large to a smaller instance, or you've got storage lines that are underused, moving them to a different tier may actually save you money,'" he said. "We're seeing a lot of that in the reseller's hands as value-add driving conversations with their enterprise customers. They're able to show the benefit of using a VAR."

6. Cloud-Delivered SD-WAN

No one doubts that SD-WAN is a game changer. Now, cloud-delivered options are shaking up this market. Think Aryaka as well as offerings from carriers, like the VeloCloud-based SD-WAN service from Global Capacity.

"I think that's where they'll start to leverage network-as-a-service, and that will stand out, and I think it's gaining more traction now that SDN and NFV, and UCaaS are more prime time than they were about two years ago," said Tieu. "There's a lot of commercial vendors in that space."

The benefits of SD-WAN technology apply to all verticals, but in particular will allow retail industries and highly distributed organizations to "revolutionize the way they communicate," Srinivasan said. Master agents and distributors agree.

"Our SD-WAN business has been on fire with tripling of revenue in the past year," said Avant's Kieninger.

5. Service Management

Among SaaS offerings, IT services management (ITSM) and enterprise service management-as-a-service are gaining in popularity among customers. BMC and ServiceNow lead this space, but upstarts like Cherwell and Ivanti are making waves.

Services that allow real-time scanning of cloud and on-premises infrastructure, and building those embedded scans as part of a DevOps process to allow compliance checks-as-a-service, are valuable from a vulnerability prevention and resolution standpoint, Frye said.

"Cloud-based services often can be more reliable than services delivered on-premises, particularly if servers or other hardware are aging," said Stacy Nethercoat, Tech Data's vice president of cloud for the Americas. "Resource management can

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be eased with servers located off site and their management left to an experienced provider. Ultimately, cloud computing allows customers to focus on what they do best — running their businesses."

4. Surface-as-a-Service

In October, Arrow launched a <u>Surface-as-a-Service offering</u> aimed at helping companies strategically manage their technology assets throughout the device life cycle, from optimized procurement all the way through sustainable, end-of-life retirement.

"We offer dozens of Microsoft-based hybrid cloud solution bundles with best-in-class suppliers such as Equinix, Hewlett-Packard Enterprise, Commvault and Veeam, and their respective complementary products," Robinson said. "These types of solutions really empower our channel partners with the kind of in-demand, turnkey solutions that solve complex end-customer business challenges, while also being profitable."

3. Targeting Verticals with Bundles

Resellers can gain new customers in industry verticals by offering the specialty applications they need in a turnkey solution with simplified pricing, Tieu said. Not only does that remove the need for integration each time, you can become known as "that health care MSP" or "the retail agent."

"You can take an accounting package and bundle that with a CRM, and then maybe with an email suite," he said. "So if it's a health care provider, maybe it's an office suite more geared toward the health professionals. Every small medical office is going to need a productivity suite, but they may also need to have patient records, so is there an application that will help in scheduling and managing their patient data, and on top of that a phone system."

Master agents and distributors, <u>including Synnex</u>, are working to pull these bundles together for their partners.

2. Cloud Services Tailored for SMBs

<u>Microsoft 365</u> (previously Secure Productive Enterprise) brings the advanced security and management benefits of Microsoft 365 E3 or E5 to SMBs, Nethercoat said. Meanwhile, ISVs such as <u>MyCloudIT</u> are helping partners adopt Microsoft Azure by making it easy to deliver desktops and apps in the cloud. The company automates delivery, management and monitoring of desktops, apps and data in Azure, making it easy for partners to migrate customer workloads.

"This is particularly important right now as it provides an option for partners that had previously been running Azure Remote App before it was retired," Nethercoat said. "In addition, cloud blueprints from Tech Data's <u>StreamOne Cloud Marketplace</u> offer click-to-deploy reference architectures that simplify getting started with IaaS and reduce the amount of time needed from costly engineer resources. One such blueprint, Small Business Cloud Server, lays the groundwork for a complete end-user solution, offering the capability to work from any device at any place at any time with remote access."

1. Bridges to Advanced Technologies

Cloud services increasingly will be linked to adjacent technologies, such as the Internet of Things. The need for that integration crosses company types, sizes and industries.

"I think you'll see more of the IoT platform with various devices and sensors, and there's security that runs over the cloud," Tieu said. "So I think you'll see more and more IoT integrated into the cloud."

There isn't an industry or vertical market that won't be impacted, so those types of services will continue gaining interest.

"In fact, by some estimates, annual revenue for IoT vendors selling hardware, software and comprehensive solutions could exceed $470 billion in just a few short years," Robinson said.

Dell seems to believe it — the company recently kicked off a $1 billion IoT venture.

All These Take Bandwidth

One commonality with any cloud service is that customers need reliable, redundant connectivity.

When it comes to bandwidth, Peterson said, make sure customers buy two to four times as much as they *think* they need.

"The real challenge is ongoing management of the bandwidth requirements," he said. "Standard routers and switches and firewalls are particularly bad at showing bandwidth trends and easily providing information about the application."

Even a customer firing up a new feature within an existing application can drive unexpected spikes. Fortunately, cloud services can free up budget.

"Another important factor is agility in managing growth and cost; cloud resources are scalable and elastic – businesses tap resources and increase capacity to support growth and handle busy periods without the need to add capital expenses," Nethercoat said.

From a partner perspective, adding a new cloud service is far less resource-intensive than installing an on-premises solution. That lowers the barrier to adding services that will provide value to your customers as well as increase MRR, Frye adds.

Your employees still will need training on fundamentals, but that gets easier.

"You can draw on adjacent skill sets in the organization," he said. Plus, the customer's implementation and training requirements are less labor intensive and more repeatable than with an on-premises service.
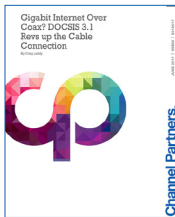
"By migrating to a services model, our VARs become less dependent on traditional, hardware-based, break/fix opportunities, so they can better address the needs of the modern workplace," DiMarco said. "Services that help them make this transition will pay off."
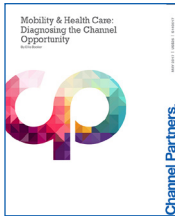
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Professional Services IT Innovation: Building on Bandwidth

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Managed Security Services: A Seller's Guide

Small and medium-sized enterprises have a big need for cybersecurity, but limited on-staff expertise and budget with which to get the job done. Managed security services can help while providing a rich source of revenue. Yes, customers will need fast and redundant connectivity, but the payoff is data protection. This Report examines what channel partners need to know — and do — to give their SME clients tactical and strategic cybersecurity reinforcement.

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