Finding Success in the Cloud

LabTech®
by ConnectWise®

When planning for future growth in your IT business, one service deserves a close look – cloud computing. If you're not considering cloud computing, it's time to reconsider or risk being left behind.

Cloud computing is a great way for businesses of all sizes to create collaborative environments with little investment, and it's a profitable way for technology solution providers (TSPs) to expand their services.

Over the past few years, the cloud market has grown by leaps and bounds while becoming an integral part of IT operations.

What is Cloud Computing?

Cloud computing is the delivery of infrastructure—including, but not limited to, servers, platforms, and software—via the Internet, on demand.[iii]

The numbers tell the story:

- Gartner predicts a 16.5% growth in public cloud services in 2016. This growth will peak in 2017 to 17.3%.[i]

- IaaS continues as the highest growth segment, with a predicted fiveyear CAGR of 31.8%. The IaaS market is expected to grow to $37 billion through 2018.[ii]

TSPs have a lot to gain from the cloud, especially now that high-end cloud solutions like ConnectWise® CloudConsole™ are making it easier and more efficient to provide cloud solutions.

Cloud Service Models:
- **SaaS** – Software as a service, where software and data are hosted on the cloud
- **PaaS** – Platform as a service, which lets the user rent virtualized servers and services to run applications or develop and test new ones
- **IaaS** - Infrastructure as a service, the hardware and software that powers everything
- **BPaaS** – Business process as a service, which makes business processes available in the cloud

1 Fuel Innovation, Increase Profits in the Cloud

Cloud computing offers a number of benefits to clients and technology service providers.

For your clients, cloud computing can fuel innovation. Cloud services can help businesses of all sizes save money and increase profits, allowing them to reinvest in other areas of their business. Small businesses that have moved to the cloud doubled their profits and achieved 25% additional revenue growth compared to their cloudless contemporaries.[iv]

IT solution providers who deliver cloud services benefit financially by creating another source of recurring revenue.

Other benefits include:

Scalability: Cloud services can make it easier to manage workload increases and unexpected growth without immediate investment in capital. Users access IT infrastructure and software as they need it and typically pay only for the services they use.[v]

Speed: 62% of large enterprises and 51% of small to medium-size enterprises could accelerate IT projects as a result of cloud computing.[vi]

New capabilities: Cloud computing offers a flexible infrastructure, which creates more opportunities for rapid application deployment.

Increased mobility: Because data and applications are stored in the cloud, users can access them from a variety of devices, wherever there is a reliable internet connection.

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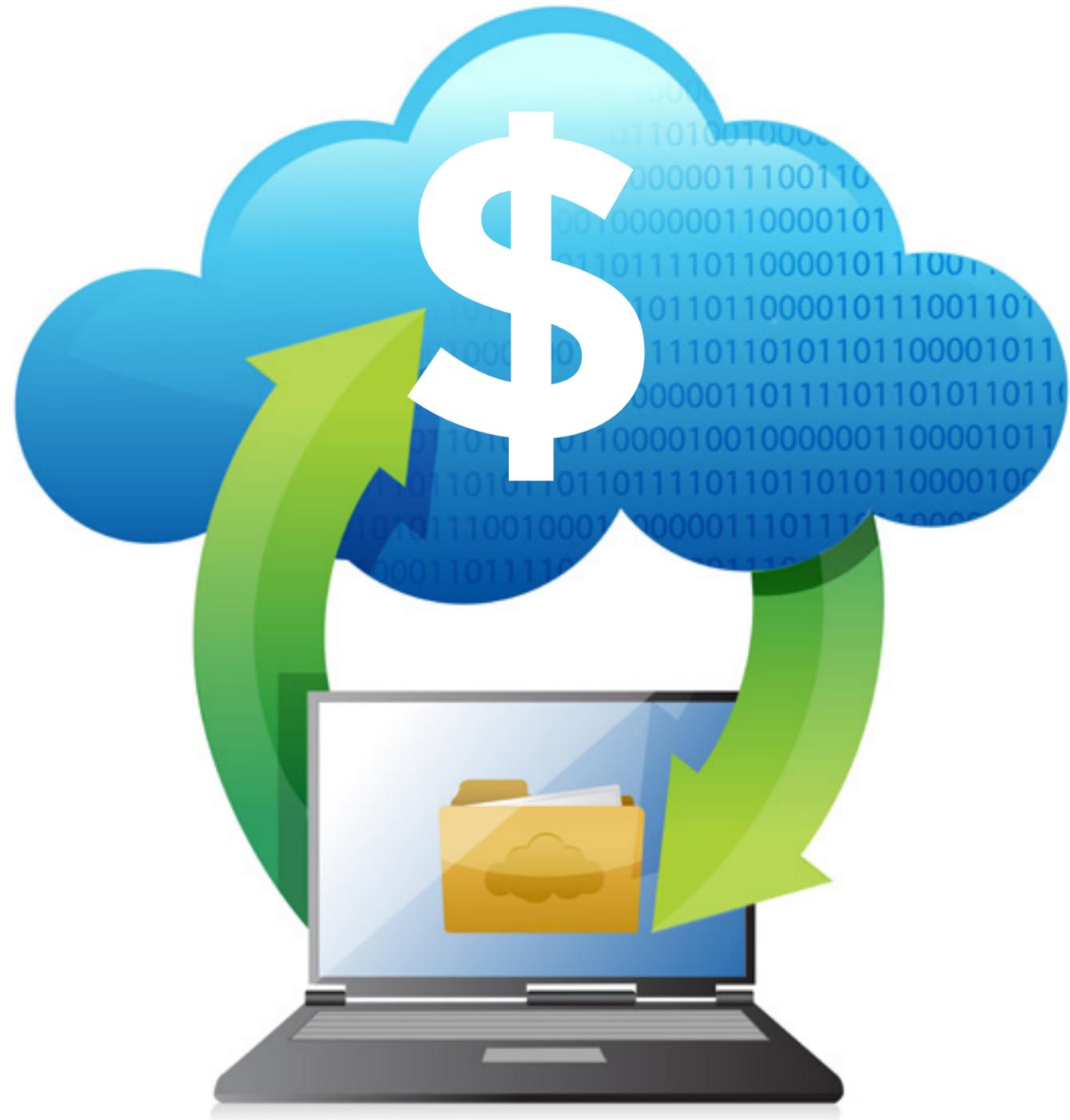
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Why You Should Enter the Cloud Now

Technology solution providers who ignore opportunities in cloud computing will be left behind as demand increases. If a customer can significantly reduce costs by implementing a new technology from another provider, he will. That is what is happening in the cloud, and the only option for value-added resellers and TSPs is to provide their own offerings to set themselves apart.[vii]

Cloud-oriented partners (those that generate more than 50% of their revenue from the cloud) grow at double the rate of their cloud-free counterparts, accrue new customers more than two times faster, and generate 30% more revenue per employee, according to an IDC study sponsored by Microsoft.[viii]

Staying ahead of the competition and fueling growth are important reasons to offer cloud services. Here are some other great reasons:

New services: The main reason TSPs enter the cloud services arena is to give existing and potential clients new opportunities and capabilities.[ix]

Recurring revenue: Providing cloud services creates recurring revenue.

New opportunities: Offering cloud solutions opens new doors. While talking about cloud services, you have the chance to discuss your other services and close new deals.

Cut internal costs: By using a virtual infrastructure, you can reduce infrastructure costs.

Client demand: You're giving clients what they want. Cloud-themed marketing and advertising have fueled the demand for cloud services.

> Cloud-based services can be a sure-fire way to increase revenue. Cloud-oriented partners generate more than 50% recurring revenue and produce 1.5x the profit of their peers.[x]

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3 Boost Revenue With These Solutions
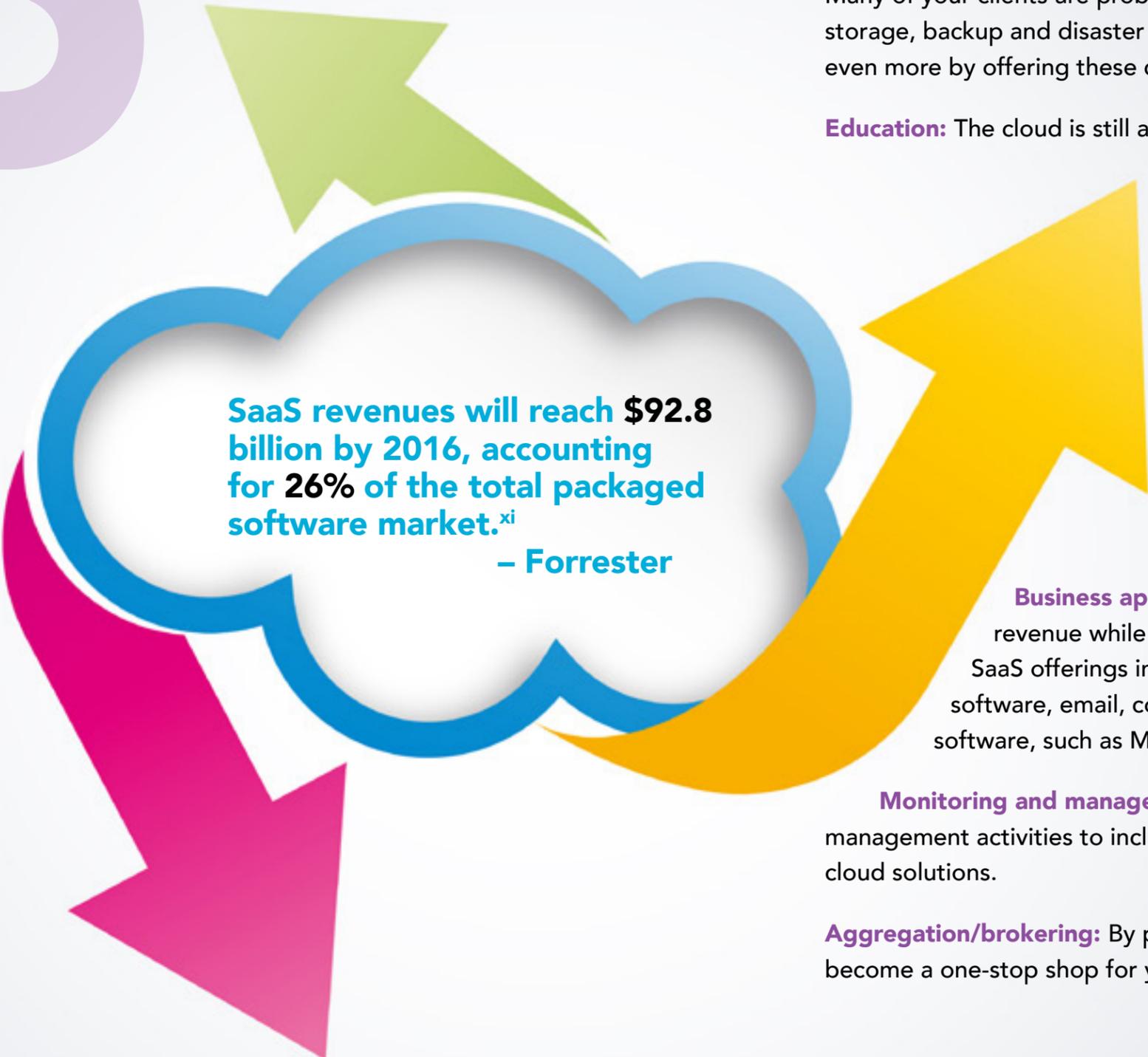
As your clients' trusted advisor, you're in a great position to add cloud solutions to your portfolio of services. You've already successfully addressed many of your clients' main concerns—such as security, cost, reliability, and scalability—through your other lines of business. You'll just have to widen your net to provide the same support to your cloud clients.

Many of your clients are probably familiar with cloud services such as email, storage, backup and disaster recovery, but you can make your relationship stick even more by offering these cloud-related services:

Education: The cloud is still a new concept for many businesses, and the more complex it gets, the more you can help clients understand it.

Consulting: Moving to the cloud is less about single projects and more about full integration, giving you the chance to become a long-term trusted advisor, instead of a single-project specialist.

Procurement: As an IT expert, you're in the best position to select a cloud service that has a reputation for data integrity, security, and recovery.

Business applications: SaaS lets you generate additional revenue while offering software solutions on a subscription basis. SaaS offerings include customer relationship management (CRM) software, email, content management, and business operations software, such as Microsoft® Office 365™.

Monitoring and management: Expand your current monitoring and management activities to include upgrades, troubleshooting, and security for cloud solutions.

Aggregation/brokering: By providing services from a variety of sources, you can become a one-stop shop for your clients.

SaaS revenues will reach **$92.8 billion by 2016, accounting for 26% of the total packaged software market.**[xi]

– Forrester

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Challenges in the Cloud

As with any new technology, cloud computing provides opportunities – and challenges. You can prepare your company, if you know what these challenges are and how to address them.

Integration tops the list, but the challenge of integrating cloud and legacy solutions has a silver lining – revenue. By providing services related to integration, you have another opportunity to boost revenue. Among large solution providers, 60% cited integration as their main after-sale cloud opportunity.[xii]

Other challenges include:

Cost: Many IT service providers have looked for other sources of financing as they introduce cloud services to their business model.

Rogue IT: It's bound to happen. Because it's so easy, someone will bypass the IT department to procure their own cloud resources, creating additional challenges.

Security: Data breaches and weak identity, credential and access management, and insecure interfaces/APIs are the top three threats to cloud security according to Cloud Security Alliance.[xiii] However, 94% of small and midsize businesses in the United States that use cloud services gained security benefits they didn't have with on-premise technology, and 62% saw increased levels of privacy protection.[xiv]

Lack of skills: Training your staff in new technical skills can overcome the transition to cloud services.

Once you decide to offer cloud services, review your operations from top to bottom and prepare your team to face new challenges. While you're at it, review your pricing to make sure it fits your customers' needs, and change your sales strategies to fit your new business model.

5 How to Transition to the Cloud

If you're not ready to make the total switch from the traditional solution provider model (largely on-premise and transactional) to the cloud, you're not alone. That switch was one of the most difficult tasks cited by IT service providers.[xv]

To ease the transition, consider a hybrid model, where you provide some cloud-based services while keeping your legacy revenue streams. Once you understand your customer's needs and goals, you'll be better prepared to offer additional cloud-based solutions.

Here are some ways to begin offering cloud-based services, from simple to complex:

Provide a single, entry-level cloud solution, such as data backup and storage: Many providers use cloud storage and backup as a way to introduce other cloud-related offerings.

Resell a vendor's cloud applications, such as Google Apps or Office 365: Reselling has its advantages, such as lowering risk and leveraging a visible brand.

Build a private cloud: A private cloud can exist on or off-site, but only one organization uses it.

Use a public cloud: If you don't want to build the cloud yourself, put the workload on a public cloud, an infrastructure made available to the general public. You can then use the public cloud to offer IaaS and PaaS.

Cloud migration: Migrating to the cloud is complex. Your integration and advisory services can minimize risk and make sure it is done correctly.

Summary

While it may be difficult to beat the prices offered by large public cloud providers, technology solution providers can set themselves apart by focusing on reliability, ease of use, service levels, and responsive support. Even if a customer isn't ready to bail on his on-premise IT investments, he'll likely move some IT to the cloud. When that happens, TSPs will play a key role in making that transition as painless as possible.

In reality, a business will never be 100% in the cloud. Some form of IT infrastructure will remain on-premise, and a TSP can make sure that structure co-exists with the cloud. Each situation will require an IT assessment, pre-deployment strategy, virtualization of servers and applications, data migration, and integration between systems.

TSPs can make sure the project flies smoothly through the cloud without complications. In the process, they'll position themselves to take on the ongoing role of managing and monitoring cloud solutions.

About LabTech Software

LabTech Software is the brainchild of a managed service provider (MSP) that struggled with the usual challenges and inefficiencies of a reactive IT maintenance and support model. LabTech—its flagship solution—was born of the urgent need to eliminate technician inefficiencies and the desire to provide preventive and proactive service. Developed with cutting-edge, agent technology, LabTech is the only remote monitoring and management (RMM) platform created by system administrators for system administrators to automate your IT services and eliminate inefficiencies. For more information, please visit labtechsoftware.com or call 877.522.8323.

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