Expert Guide

FOR INTEGRATORS AND SOLUTION PROVIDERS

Inside

Cloud partners are steadily diversifying beyond low-margin offerings like Office 365 licensing into more demanding—and profitable—online opportunities requiring deeper expertise.

This Expert Guide covers how to get your business ready for Cloud 2.0, the ins and outs of custom cloud application development, and the benefits of building custom cloud solutions, plus it takes a look at a hybrid future.

Profiting from the Cloud in 2020

POWERED BY

ChannelPro
WWW.CHANNELPRONETWORK.COM

IoT playbook
WWW.IOTPLAYBOOK.COM

ILLUSTRATION: BAONA iSTOCK

9 Steps on the Road to Cloud 2.0

The cloud revolution is entering a new phase demanding more sophisticated skills. Here's how to get your business ready. By Rich Freeman

Remember the early, easy days of cloud computing? All you had to do was tell clients what the cloud is, overcome a few objections, and then start rolling out Office 365 licenses, with a few Microsoft Azure workloads thrown in for good measure perhaps.

Bad news, warns Jamison West. Those days are over.

"That's a thing of the past. It's a commodity," says West, a former channel pro who is now CEO of Teamatics, a maker of cloud-based performance development software headquartered in Redmond, Wash.

Worse yet, that model is increasingly out of step with what cloud users want from an IT provider. "It's

no longer about educating customers about what is the cloud and why it's important," says Jeff Kaplan, managing director of Wellesley, Mass.-based cloud computing and managed services consulting firm THINKstrategies. "It's about helping to determine how individual organizations can capitalize on what the cloud has to offer."

Put differently, the cloud computing revolution is rapidly entering a new phase in which businesses that were experimenting with software and infrastructure as a service just a few years ago now want to leverage those investments to achieve serious competitive advantage—and channel pros who can show them how stand to make serious profits.

"I think for an MSP to be successful in the future, they really need to start thinking about becoming more of a coder."

MALIK KHAN, CEO, PointClick Technologies

Call it Cloud 2.0, for want of a better name, and brace yourself, because it's set to bring a whole new set of challenges and opportunities your way soon. Here are nine steps you can start taking today to get ready.

1. Embrace New Infrastructure

Whether you've got a thriving Cloud 1.0 practice or are still a relative newcomer to cloud services, the first step on the road to Cloud 2.0 is familiarizing yourself with the underlying infrastructure you'll be using. According to West, that can be a disorienting process even for experienced channel pros.

"You have to understand what the new environment looks like and be comfortable that it doesn't look like it did five years ago," he says. "Everything's changed."

For Microsoft partners in particular, West continues, "everything" encompasses a host of familiar technologies, including that most fundamental mainstay of SMB networks, Active Directory.

"Microsoft Active Directory is dead," West declares. "When I said that five years ago, people kind of laughed at me. They don't laugh at me anymore." Even Microsoft, he continues, is steering people toward its cloud-based Azure Active Directory identity and access management (IAM) service instead. Though mastering the differences between the two platforms takes some time, West observes, the effort ultimately pays off. Unlike its on-premises predecessor, Azure Active Directory supports single sign-on, multifactor authentication, Android- and iOS-based mobile devices, and more.

Not a Microsoft fan? Amazon Web Services, Google, and smaller companies like IAM specialist Okta all have online directories as well, West notes. Just make sure to pick something cloud-native and begin studying its intricacies soon.

2. Learn to Love Code

Client-server computing was all about physical servers. Cloud 1.0 was more about virtual ones. In the Cloud 2.0 era, by contrast, trends like serverless computing and "infrastructure as code" are rendering servers of any kind less and less important.

"That's really where all of this stuff is going," says Malik Khan, CEO of PointClick Technologies, a provider of cloud and other IT services based in Raleigh, N.C. "You're removing the entire layer of servers and you're just buying the code and executing that within the cloud."

That means anyone with a Cloud 2.0 business must be comfortable at least reading code, if not writing it as well. "I think for an MSP to be successful in the future, they really need to start thinking about becoming more of a coder," Khan says.

3. Offer Solutions, Not Products

They also need to spend less time selling products to customers and more time solving problems for them. That goes as much for big names in IT as for smaller ones, according to Stacy Nethercoat, vice president of cloud solutions for the Americas at distributor Tech Data.

"What we're planning for in the future is a world where SMBs are demanding complete solutions," she says.

Tech Data's Cloud Solutions Factory is an example of how the company plans to meet that demand. It's stocked with prevalidated, "click-to-run" answers

to requirements such as optimizing employee efficiency and meeting regulatory compliance mandates. Each solution comes with licensing and associated services from both Tech Data itself and vendors like Microsoft, Amazon Web Services, Red Hat, and Veeam.

Other distributors, including Ingram Micro, SYNNEX, and D&H, are all rolling out ready-made cloud solutions as well. By focusing on business outcomes rather than products, Nethercoat suggests, such offerings give SMBs exactly what they're looking for these days.

"They want things that work the way they need them to work, when they need them to work, at an appropriate price point," she says.

📍 4. Think Business Consulting, Not Infrastructure Management

Software and infrastructure as a service are steadily turning infrastructure administration from a high-margin market to a low-margin afterthought, a trend that understandably frightens anyone who makes his or her money watching over hardware and software. According to West, however, turning

that thinking on its head is a key to prospering in the Cloud 2.0 age.

"We've got to shift our mindset from maintaining Active Directory to creatively solving business problems using modern technology," he says.

That means becoming a strategic IT consultant to your clients and leaving the infrastructure management to Amazon, Microsoft, and other cloud operators. The rewards, West notes, will come in the form of steeper margins and stickier customer relationships.

JAMISON WEST
CEO, Teamatics

📍 5. Staff Up on Specialists

Fundamentally, Cloud 2.0 consultants help customers learn from and act on the information in their cloud-based solutions. "What you're essentially doing is helping them get more value from their data," West says.

That takes two kinds of employees with specialized skills, he continues: analysts and architects. The analysts help companies identify inefficient workflows

There's Plenty of Life in Cloud 1.0

Cloud 2.0, the next generation of the cloud revolution in which businesses focus less on basic software and infrastructure as a service and more on sophisticated multicloud solutions, is coming soon to an SMB near you. That doesn't mean you can't continue making money on Cloud 1.0 products like Microsoft Office 365, however—and not just by selling them to first-time buyers. Existing users are often barely scratching the surface of what those offerings can do.

"There are thousands, probably millions, of companies and SMBs in the U.S. alone who are just

using email," notes Tech Data's Stacy Nethercoat. Channel pros can earn short-term project revenue and long-term commission payments helping customers embrace other Office 365 components like OneDrive, Teams, and SharePoint.

Customizing Office 365, as well as products like Salesforce and Google G Suite, are also opportunities, adds cloud analyst Jeff Kaplan of THINKstrategies. Off-the-shelf software is a great starting point in the cloud for most businesses, he notes. "They still need to customize those solutions to meet their particular needs."

and new market opportunities. The architects translate those needs into concrete solutions.

In a tight IT labor market especially, Kaplan observes, filling those roles is typically neither easy nor cheap. "Those kinds of people don't just fall off trees," he says.

6. Cultivate a Niche

To make big money in Cloud 2.0, advises Khan, focus more on specific applications of cloud technology than on "the cloud" generically.

"We use the term so broadly that everybody just thinks they should do everything," he says. "You basically have to build a core competency around a particular niche area."

That can be a vertical industry such as retail or manufacturing, or a solution category such as analytics or CRM. To find the best option for your business, West advises, take a close look at what you know and who you serve today.

"What are the skills and abilities and competencies of your internal staff, and what are the opportunities within your existing customer base and local market?" he asks. The answers will guide you to the areas of expertise you can build a Cloud 2.0 practice around.

7. Go Multicloud

Most IT providers make their way into the cloud through a single solution like Office 365, or a platform like Amazon Web Services. These days, however, their customers are increasingly likely to be using services from a combination of providers. Indeed, 64 percent of SMBs have a multicloud strategy in place today, according to recent data from cloud management vendor RightScale.

"Channel partners have to respond accordingly and expand their partner relationships across multiple vendors," Kaplan says.

Easier said than done, he acknowledges. Partner with too few vendors and you'll have a hard time meeting the needs of customers with multicloud environments. Partner with too many, however, and the strain of staying current with a range of different platforms may leave you spread too thin. For that very reason, in fact, Khan questions whether going deep with more than one vendor is practical for most channel pros.
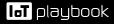
"For smaller MSPs, with maybe five to 200 people, I just think it would be very difficult to try to support multiple platforms," he says.

Still, companies that pull it off can reap substantial benefits. According to West, businesses that use a

READER ROI

- **CLOUD COMPUTING** is entering a new phase in which companies seek to use integrated combinations of software and infrastructure as a service to achieve competitive advantage.

- **TO FLOURISH** in the Cloud 2.0 era, channel pros must focus on solutions rather than products, and strategic IT consulting rather than infrastructure management.

- **THEY MUST ALSO HIRE** analysts and architects with business optimization skills and cultivate expertise in a vertical industry or solution category.

- **CLOUD-BASED DIRECTORIES,** hybrid clouds, and hyperconverged infrastructure solutions are among the technologies Cloud 2.0 partners must learn to use

diverse mix of cloud solutions will pay anyone who can integrate them with the help of tools like Zapier handsomely. "There are Zapier consultants out there making tremendous amounts of money just building natural workflows" across platforms, he observes. "It's pretty powerful."

8. Go Hybrid and Hyperconverged

Though cloud adoption is climbing swiftly, most companies still either wish to keep some of their workloads on-site for reasons ranging from security risks to performance slowdowns when working with big files. Experts debate the legitimacy of such concerns, but don't see them going away soon.

"I don't think customers are ready to just dump everything there," says Khan of the cloud. For now, at least, consequently, channel pros with a Cloud 2.0 business must understand hybrid cloud architectures that mix on-site and off-site resources.

Hosting the on-site part of that equation on a private cloud will help customers enjoy some of the public cloud's flexibility and scalability locally. Hosting those private clouds on hyperconverged infrastructure that crams compute, networking, and storage in a single compact chassis will conserve space, funds, and implementation time. That's one reason combined sales of hyperconverged and converged systems (which leave out the integrated storage) grew 18.4 percent last year, according to Gartner, and will rise another 18.3 percent this year.

"It's efficient," Khan says of the hyperconverged model specifically.

That said, the long-term trend, especially at the smaller end of the SMB spectrum, is toward migrating everything into a public cloud platform. Indeed, Nethercoat has trouble coming up with reasons for startups to host anything locally these days. "Unless there is some requirement to keep things on-prem, I don't know why they wouldn't put everything in the cloud from day one," she says.

West agrees. Keeping some workloads on-site makes sense for organizations with complex environments that need more time before going all-in on the cloud, he says. "But I've seen fairly large organizations abandon any kind of premise or hybrid solution and free themselves of that way of thinking and accelerate far faster than people who've gotten into a hybrid environment."

9. Get Started Now

Khan urges channel pros to start researching their Cloud 2.0 strategy now by speaking with peers, meeting with vendors, and attending conferences. "I think that's how you really broaden your exposure about what's new," he says. That process takes time and costs money, but is essential just the same. Cloud 2.0 is headed in every channel pro's direction whether they're ready for it or not. "It's either going to help their business or it'll kill their business," Khan says.

ℹ FOR MORE INFORMATION:

Installation/integration opportunities with Salesforce channelpronetwork.com/ZiF

Advice on using cloud application development to fatten your bottom line channelpronetwork.com/Zit

How to join the Salesforce economy channelpronetwork.com/ZSu

Profit Fuel:
Building Custom Cloud Solutions

Experienced channel pros share advice on using cloud application development to fatten your bottom line. By Rich Freeman

In the years since it began selling Microsoft Office 365, Champion Solutions Group has rolled out millions of licenses to hundreds of customers.

The Boca Raton, Fla.-based solution provider has collected equally large volumes of commission payments for those efforts too. But according to President and CEO Chris Pyle, all that income is but a down payment on the real opportunity around Office 365. "The rest of the money is going to be made on how to get people to consume and benefit from it," he says.

Champion's strategy for realizing that goal centers on selling complementary, internally developed solutions in areas like contract management and employee onboarding, and then customizing those systems around a specific client's needs. "Probably 60 percent of all of our clients and growing have some other value-added software or cloud service that we have sold them," says Pyle, adding that Champion's revenue is increasing at a 30 percent clip at present as a result. "That starts adding up," he observes.

It certainly does. Pyle, in fact, is among a growing body of channel pros who've realized that while there's good money to be made deploying and migrating data into software-as-a-service (SaaS) products like Office 365, there's *great* money to be made extending those products via custom-developed applications. The only question is how to get in on that profit-fueling business.

Profitable and Sticky

Make no mistake either, adds Harpreet Duggal, senior director of product and partner marketing at Office 365 migration, backup, and management vendor SkyKick. Custom cloud development is far more profitable than simply reselling SaaS licenses.

Microsoft, he notes, likes to talk up how much its partners can make rolling out Office 365 seats. "That scenario often glosses over the fact that there is a heavy customer acquisition cost involved just to even get the customer activated; and going forward, all of the support costs from that customer are basically being passed through to the MSP,

because they're on the hook for providing all of that troubleshooting and recovery," Duggal says.

According to SkyKick research, issues like that limit the typical Microsoft cloud reseller's net profit to $10 per endpoint—per year. "Obviously you can't run an economically viable business on those kinds of margins," Duggal notes. Layering additional services, including customized applications, on top of plain-vanilla Office 365 deployments, however, can boost net profits per endpoint to between $40 and $50 annually.

Furthermore, Duggal adds, custom solution development is a far less commoditized—and therefore far more valuable—offering than mere licensing. "Customization is what's going to translate technology into a business solution," he observes.

Even better, channel pros who sell solutions rather than products are significantly harder to fire. "You become stickier and stickier," Pyle says.

A Different Set of Costs

Still, experienced custom solution providers agree that launching a development practice isn't for the faint of heart. "It really is starting a whole net-new business," says Chris Ploessel, president of Red-Night Consulting, a cloud and managed service provider in Aliso Viejo, Calif.

For starters, you'll need a completely new set of tools. "The developers have a very different desktop of applications they use," Ploessel observes. That includes not just an integrated development environment like Microsoft Visual Studio, but also bug tracking and project management software like Jira, and subscriptions to online software repositories like Bitbucket for safely storing your code.

More importantly—and expensively—you're going to need people who know how to use all those tools. How much you'll have to pay those people

will vary based on your location and the specific skill for which you're hiring. For instance, in California where RedNight is located, demand for developers is strong; junior coders make $80,000 to $100,000 a year on average and senior ones earn $140,000 to $160,000. "Advanced guys can go up from there," Ploessel notes.

And that's just the programmers, he adds. You'll also need a system architect capable of translating customer requirements into solution designs, as well as project managers to guide development efforts to completion.

> ## "The break-even is as early as a year and a half, and from that point on [ROI IS] on the upswing."
>
> **HARPREET DUGGAL**, Senior Director, Product and Partner Marketing, SkyKick

Newcomers to custom cloud development should seriously consider outsourcing some of those roles to overseas contractors, Ploessel advises, as it's likely to save them significantly on salary and benefits. But there are drawbacks to that strategy as well. Time zone differences and language barriers can slow down projects, for example, plus it's harder to manage someone you don't see in the office every day. "There's just a different set of costs," Ploessel observes.

Jerod Powell, president of INFINIT Consulting, a cloud service provider and consultancy in Campbell, Calif., agrees. Offshoring development projects has financial advantages but also dilutes productivity. "It's cheaper, but we've found the amount of time doubles or triples," he says.

Even so, INFINIT utilizes offshore engineers regularly, assigning routine coding tasks to developers in India and more demanding functions to resources at headquarters. According to Powell, that hybrid model provides the optimal balance of affordability and efficiency. "We can keep costs down and they're very sharp," he says of his overseas contributors, "but you still need the guys here."

Remember, though, that the people working for you here don't necessarily have to be directly on your payroll. Outsourcing development domestically is an option as well. "There's application development houses all over the place," Pyle notes, that are more than willing to do your coding for you. Champion, he's quick to add, is one of them.

Countdown to Breaking Even

Hiring developers is only one of the expenses you'll shoulder as a custom cloud developer. Paying an attorney to draft new contracts is another. "Who owns what is a critical thing," Ploessel says. Other important considerations, he adds, include whether or not the code you write is reusable and what happens to that code if a customer terminates your contract. "There were probably about a dozen things we had to go through and create a completely different contract," he recalls.

Don't forget ongoing expenses like maintenance and updates either. "Development isn't a one-and-done thing," Pyle observes. Providing technical support costs money too, adds Ploessel, who ultimately had to augment his managed services help desk with an entirely separate application support desk.

You'll probably need separate sales staff as well. Closing custom development deals requires communication skills and business process know-how that managed service sellers typically lack. "It's not so much a technology sell," Pyle observes. "Hire a sales team that really focuses on selling value-added applications."

Still, Duggal notes, the return on all those investments often arrives sooner than you'd think, even for traditional value-added resellers new to cloud computing, let alone custom cloud development. "The break-even is as early as a year and a half, and from that point on they're on the upswing," he says.
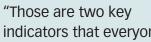
Riding the Wave

According to Ploessel, the kinds of custom applications customers are likely to ask you for tend to fall into two buckets. The first contains systems with

Measuring the Return on Your Investment

Writing custom applications can be a highly profitable way to capitalize on the rise of cloud computing, but getting a development business off the ground is expensive. How can channel pros be sure they're receiving a meaningful return on their investments? According to Chris Pyle of Champion Solutions Group, rigorously monitoring client acquisition costs and lifetime client value is a big part of the answer.

CHRIS PYLE
President and CEO, Champion Solutions Group

"Those are two key indicators that everyone needs to be tracking," he says. The first one shows how much you spend on average to land a new customer. The second illustrates what that customer relationship nets you over its existence. If your custom coding efforts are paying off appropriately, your lifetime value should grow much faster than your acquisition costs.

capabilities that a client has read about online or heard about from a peer. "They've seen something shiny" and want it for themselves, Ploessel says. The second bucket holds legacy systems that a client wants to streamline and modernize by porting them into the cloud.

There are easier places to get started in cloud development, though, that can make establishing a custom coding business less expensive. "It's a little bit of a trap to think of this as a dichotomy between doing just endpoint management versus going all the way into the weeds and doing custom solution development," Duggal says. There are interim steps as well, such as building custom sites on top of solutions like SharePoint and Teams that most Office 365 subscribers are paying for but not utilizing.

"Office 365 is more than just email," Pyle observes. "It's a business productivity suite." Helping customers use it that way by building them workflow optimization and document management systems, for example, is a great way to begin strengthening your custom development muscles.

Reselling solutions you created for your own use is another. In Ploessel's case, he's a big fan of Amazon WorkSpaces, the virtual desktop solution from Amazon Web Services, but less an admirer of its administrative interface. "It's a great solution but the management console is very difficult to use," he says. So RedNight built one of its own for internal use.

"It allows us to manage multiple Amazon tenants from one pane of glass," notes Ploessel, who now sells that system to corporate IT departments with similar requirements. Powell, for his part, sells license management and budget forecasting solutions that INFINIT originally developed for its own use.

"Custom" applications like that needn't be all that custom either, according to Pyle. Champion, for example, generally customizes its contract management and employee onboarding solutions lightly when implementing them. "It's 85 to 90 percent of what the customers want," he says of the solution template his company uses as the starting point for customization, so there's relatively little labor required each time someone places an order.

Of course, there will be zero labor to perform if no one wants a customizable solution you've built, so research is critical before kicking off a product development initiative. "Don't develop the product without speaking to your clients," Pyle cautions.

But don't let that, or any of the other potential obstacles associated with developing cloud applications, keep you out of the market. There's simply too much money to be made—and competitive advantage to be gained—from forging ahead despite the challenges.

"We want to ride the wave," says Pyle of cloud computing generally and Office 365 specifically. Customized solutions are a big part of how Champion intends to do it, and how others can too.

READER ROI

- **DEVELOPING** custom cloud applications can significantly increase your profits and your "stickiness" with customers.
- **LAUNCHING** a cloud development practice takes significant investments in tools, contracts, and above all, people.
- **OUTSOURCING** some or all of your development work will save you money but could reduce productivity.
- **BUILDING** Microsoft SharePoint and Teams solutions and reselling solutions originally created for internal use are two of many ways to get into custom cloud development more affordably.

Cloud Repatriation: Myth or Reality?

Channel pros are not currently seeing a demand for moving back to on-prem, and research points to a future mix of hybrid clouds. By James E. Gaskin

The rush to public cloud computing has been a headline story for years. Is a backlash that some are calling "cloud repatriation" the next big phenomenon?

Quite possibly, according to a 2018 survey of businesses large and small by IDC showing that fully 80% of organizations have migrated applications or data from a public cloud to either on-premises infrastructure or a private cloud. Respondents to the same study, moreover, plan to move half of their applications currently in a public cloud somewhere else in the next two years.

Anurag Agrawal, head of global SMB IT market research and industry analyst organization Techaisle, is more skeptical. "Cloud repatriation is not a systematic trend," he says. The idea, he explains, "has gained recent prominence because it works in favor of on-premise compute infrastructure players who do not have a public cloud play of their own."

Agrawal says his research makes clear that the future belongs to hybrid clouds in which businesses use a mix of on-premises infrastructure and public clouds. For instance, organizations may sandbox their development environments in public clouds but deploy the application in their own data centers.

"We see that 30% of SMBs that are planning new cloud initiatives in 2019 are looking to implement private cloud, using internal infrastructure to deliver on-demand services," adds Agrawal. "At the same time, we see trust in the public cloud leaping to 45%. From any starting point, we view a longer-term move to hybrid as inevitable."

In the trenches, cloud repatriation has not been a trend among FeatherShark customers, according to Rob Cima, president and founder of the cloud-focused IT service provider, based in Chesterfield, Mo. "I haven't had anyone move from cloud back to on-premise," he affirms.

CRS Technology Consultants, in Cape Coral, Fla., also recommends cloud computing for many applications, and has not seen a trend back to on-premises among customers, says owner Jordi Tejero. In fact, he says, "We have been asked to quote, and we know it can be done, but every time we do a five-year look for a client the on-premise option just does not make sense."

He adds that CRS can always find ways to jump any cloud-computing hurdles with a private cloud or network improvements and keep customers there.

To date, there has only been one exception, Tejero says. "Four years ago, there was one case where we brought back an application from the cloud, but it was due to the cloud product not being up to what they needed. It was a quick process and took less than a few days."

While Tejero says cloud repatriation is a doable option, it's not a current demand from his customers.

Tips on Developing Cloud Solutions

This white paper explores the risks and rewards of building cloud solutions for your customers and provides concrete examples of solutions that any channel pro can add to his or her service lineup. By Rich Freeman

According to *ChannelPro*'s latest State of the Channel study, some 71% of IT providers serving the SMB market offer Microsoft Office 365 to their clients. None of them, however, is making much money if they provide licensing alone. Indeed, selling cloud products is a commoditized, low-margin business. Selling cloud solutions is a different story.

What Is a Cloud Solution?

Almost any kind of software product an SMB might require is available in the cloud these days. A cloud solution combines one of those products with complementary products and/or proprietary services. It typically addresses a business (as opposed to IT) problem, requires knowledge of a customer's strategic goals and pain points, and involves expertise that goes well beyond installation. The most sophisticated solutions include unique intellectual property as well.

Why Should You Provide Cloud Solutions?

There are three compelling reasons why every channel pro should deliver cloud solutions:

- **Cloud computing is an enormous market.** Global public cloud revenues will climb 17% this year to $266.4 billion, according to Gartner.

- **Cloud solutions pay well.** Many cloud products pay single-digit margins. Cloud solutions, by contrast, can be highly profitable.

- **Cloud solutions are sticky.** Cloud solution providers are harder to replace than cloud product peddlers, especially if the solutions they provide require skills that few other companies have or code that's available nowhere else. In addition, businesses are much more loyal to technology providers who help them realize big, strategic goals.

What Are the Potential Drawbacks of Building Cloud Solutions?

For starters, cloud solutions typically require deep knowledge of cloud platforms and other specialized skills. People who have those skills are expensive. Teaching people those skills takes time.

Once you've got staff in place, moreover, you've got to keep them busy. If your high-priced cloud solutions team continually has projects to work on and customers to support, it'll make you a lot of money. If you struggle to keep the team occupied, by contrast, it'll cost *you* a lot of money.

Tip: If you're concerned about keeping full-time cloud employees steadily utilized, consider hiring contractors instead.

In addition, cloud service agreements are complicated and difficult to master. Many cloud billing schemes are consumption-based, which means the amount your clients end up paying each month can be hard to predict. Some customers can handle that lack of predictability, but others can't. Some may even refuse to pay bills that come in significantly higher than anticipated.

What Skills Will You Need?

Selling cloud solutions is a consultative process best performed by people who understand business needs, know how cloud technology can help with those needs, and are comfortable communicating with business leaders in nontechnical terms.

After the sales process is complete, you'll need engineers and developers familiar with the cloud platforms you support. If you offer workflow optimization solutions or customize ERP and CRM systems for your customers, you'll also need business analysts who can study a client's processes and strategies, and then translate those needs into terms that make sense to your engineers and developers.

Acquiring all those people, it goes without saying, isn't easy. The quickest, but also costliest, way to do it is to simply hire people with an established cloud computing resume. Alternatively, you can hire people with basic technical know-how, good customer service habits, and an eagerness to learn, and then turn them into cloud solution specialists over time. That's a longer process, of course, but also less expensive and more likely to produce employees who consistently adhere to your firm's preferred way of doing things, versus whatever they learned elsewhere.

A third option is to partner with companies that already have the skills you need rather than cultivate talent internally. So long as you work with trustworthy firms that share your core values and establish clear rules about revenue sharing, client poaching, and other issues in writing, this can be the fastest and most cost-effective strategy of all.

Tip: Leading distributors can often provide the cloud solutions expertise you lack in-house.

What Kinds of Cloud Solution Projects Should You Sell?

Cloud solutions fall into two big buckets—project work and ongoing services. While ongoing services produce recurring revenue, projects are often more profitable, as they tend to rely heavily on skilled labor with high margins. They can also help you keep a cloud solution practice afloat in the early going while you're growing a recurring revenue base. Here are some representative examples of potentially lucrative cloud solution projects:

Cloud Application Migration
This is the simplest place for a newcomer to cloud solutions to begin. Every first-time adopter you sell Office 365 to will need help configuring applications, moving data into the solution, getting user accounts established, and more. Vendors like BitTitan and SkyKick make affordable tools that automate much of that effort, so the work is generally very simple. At $100 a seat or so, it's also very profitable, and you can supplement it with end-user training.

Cloud Infrastructure Migration

No matter how insistently your clients hang on to on-premises assets, their servers and storage systems will eventually come due for a refresh. That can be an excellent time to discuss the advantages of migrating workloads onto infrastructure-as-a-service resources from Amazon Web Services, Microsoft Azure, Google Cloud Platform, and others.

So-called "lift and shift" projects require a great deal of assistance with tasks like needs analysis, asset inventorying, cost planning, user directory setup, and security. They also position you to sell follow-up projects aimed at modernizing cloud workloads in ways that capitalize on public cloud capabilities that on-site assets can't replicate.

Reporting Solutions

Cloud-based applications contain a wealth of information that cloud solution providers can turn into business intelligence for their customers via reporting solutions. You'll need employees who know how to determine the kind of reports a given client most requires, as well as people who can build those reports in tools like Microsoft Power BI.

Business Process Optimization Solutions

Most Office 365 plans come with Microsoft SharePoint Online, but few companies use SharePoint for anything more than storing documents. Channel pros with the right skills, however, can employ SharePoint's triggers, notifications, and other features to create customized workflow solutions that automate and streamline manual business processes. Amazon, Google, and other cloud platform vendors offer similar capabilities.

Business process optimization projects are complex, strategic undertakings that require business process analysis knowledge. For that very reason, though, they also command steep fees and pay rich margins. Furthermore, most companies have lots of workflows, and automating them all can keep your team busy for long stretches of time.

CRM and ERP Solutions

Channel pros with the business savvy to handle workflow optimization projects are usually good candidates for performing CRM and ERP implementations as well. Users of such products need help not just deploying the software but customizing it to their business needs and training employees to use it.

Better yet, demand for providers of CRM and ERP services far outstrips the supply at present, which allows companies in that market to earn margins ranging from 40-75%. And the sales process for these projects, while longer than many channel pros may be used to, can put you in touch with C-level business leaders at larger, more mature organizations.

On the other hand, learning the ins and outs of products like Salesforce, Oracle NetSuite, and Microsoft Dynamics 365 takes time. Partnering with an existing CRM/ERP specialist can be a good way to jump-start a practice while your technicians gain experience and certifications.

What Are the Best Ongoing Cloud Solution Services to Offer?

Cloud projects are profitable but temporary. Cloud services, while sometimes less profitable, deliver significantly better margins than the single-digit licensing commissions most vendors pay, and do so on a recurring basis. Here are two examples of cloud solution services you can offer your clients:

Managed Services

Many cloud solution providers treat applications like Office 365 and Google G Suite as little more than loss leaders for attracting net-new managed service clients. MSPs who bundle stand-alone cloud productivity systems with cloud-based security and backup products plus monthly remote management and help desk support can supplement the meager amounts they make on licensing with a steady stream of profit-rich annuity income without first acquiring new skills or hiring new people.

Channel pros can pocket additional fees for handling cloud application management tasks such as adding and removing users or training new employees.

Consultative Support

More advanced cloud solution providers can sell subscription plans that entitle customers to brief consulting engagements two, four, or six times a year. Microsoft SharePoint or Teams partners, for example, can use that time to adjust workflows in response to changing business requirements, make sure the client's data governance policies remain adequate, teach users about new features, and more.

Where Should YOU Begin?

Channel pros ready to make the move to cloud solutions should keep these basic guidelines in mind before getting started:

Choose a vendor to specialize in: Becoming expert in one vendor's products—and then staying abreast of their latest features—is hard enough. Trying to do it for more than one vendor is usually a mistake.

Choose a product or discipline to specialize in: Even providers who are all-in on Microsoft or Amazon Web Services can't go deep on everything available from those companies. Cultivating a niche in one or a few specific areas is more practical and can help you earn recognition as an authority on that technology.

Lean heavily on vendor training programs: They're generally the deepest and most authoritative learning resources available and are often free of charge to partners.

Develop standard processes from day one: As is so often true in IT services, productivity is the key to profitability in cloud solutions. Standard (and thoroughly documented) operating procedures, in turn, are the key to productivity.

Tip: Be on the lookout for special programs and offers from your cloud vendor of choice. Microsoft partners who join the Cloud Solution Provider program and pay close attention to the latest sales incentives, for example, can collect thousands of extra dollars a month.

This white paper is based on input from:

- **MALIK KHAN,** CEO, PointClick Technologies, **pointclick.net**
- **RO KOLAKOWSKI**, Founder, 6th Street Consulting, **6sc.com**
- **ERIC LONG,** President, TeraCloud, **teracloud.us**
- **CHRIS PLOESSEL,** President, RedNight Consulting, **rednightconsulting.com**
- **RAJASHREE VARMA,** CEO, Arth Systems, and Vice President of Alliances, Xoriant **arthsystems.com**, **xoriant.com**