

Expert Guide

FOR INTEGRATORS AND SOLUTION PROVIDERS

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The New 'CLOUD NORMAL'

Inside

The turbulence of 2020 due to the global pandemic and economic downturn has made one thing abundantly clear: Cloud-assisted remote work could very well become a permanent part of the business landscape. For SMBs already moving to cloud and for their managed service providers adopting a cloud services delivery platform, the pace of change is now accelerated.

This Expert Guide from *ChannelPro* will provide insight into the sales process for subscription-based everything, take a look at some of the top drivers for offering cloud-based managed services, explore why creating cloud solutions is far more profitable than reselling cloud products, and highlight some issues for navigating the post-COVID cloud, particularly around safety.

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Navigating the New Technology Buyer's Journey

Cloud computing and "everything as a service" have turned the sales process into a buying journey with new milestones—and no ending point. *By Rich Freeman*

ONCE, NOT ALL THAT LONG AGO, buying technology was a fairly straightforward process. A business would identify a need, talk to some vendors about it, purchase something from one of them, and pay a reseller or solution provider to install and support it, at which point the vendor would often slip off to make the next sale.

In the age of cloud computing and subscription-based everything, however, in which deals must be won and continually re-won through seamless procurement experiences and stellar service, buying IT is no longer a process. It's a journey, and you've not reached its conclusion when a contract gets signed.

"You're in the middle of it," observes Ryan Walsh, chief channel officer at cloud distributor Pax8.

Indeed, when Walsh and other members

of the Channel Advisory Board at industry association CompTIA set out to chart the new technology buyer's journey last year, they wound up identifying 17 steps, seven of which happen *after* the sale. "Whether you're in the front of that buying journey, in the middle, or at the end of it, any one of these steps can knock a buyer out," Walsh says.

To prosper in a world remade by novel delivery and pricing models, in other words, vendors, distributors, and channel pros alike must understand not only how all those steps fit together, but how much they've changed in just a few years.

Dodging the Filters

The early steps in today's buying journey center around marketing and are typically performed by customers online on a self-serve basis.

"By the time they actually talk to [some-



RYAN WALSH

one] about a particular product category or a specific vendor's solution within that category, the customer has already educated themselves about that," Walsh notes.

Consequently, he and others say, tech companies must make themselves as visible as possible everywhere customers do research. That means investing in search engine optimization efforts aimed at sorting your company's name near the top of results lists and building a state-of-the-art website that makes finding relevant information easy.

Furthermore, as commoditized cloud economics have made cost a less important consideration than reputation among poten-

ILLUSTRATION: ALEXEY YAKIN / ISTOCK



tial clients, establishing yourself as a trustworthy authority on social media platforms like LinkedIn and Reddit is crucial too. "It's all about your following," says Juan Fernandez, vice president of managed IT services at ImageNet Consulting, a solution provider with offices in six states and headquarters in Oklahoma City.

Just make sure nothing you say, on social media or elsewhere, sounds like marketing. "Customers have, over time, become a lot more tech savvy," says Jessica Mehring, CEO of Colorado Springs, Colo.-based marketing firm Horizon Peak Consulting. "They're much smarter about filtering out the noise, and from a practical standpoint literally filtering out ads, and emails, and things that don't apply to them."

IT providers must therefore emphasize the business pains and aspirations of their would-be clients in marketing rather than their own capabilities and offerings, she continues. "That involves actually talking to your customers and finding out what it is they care about, what's keeping them up at night, what problems they're having, and then focusing your content around that. That's going to get through a lot of filters."

A Never-Ending Journey

As critical as impersonal tools like websites and search engines are in the early part of the buyer's journey, everything changes when marketing gives way to sales. With chatbots and automated emails becoming the norm, businesses ready to start speaking with IT partners increasingly crave a more human touch.

"B2B buyers have gotten wise to a lot of the automation tactics, and not just

"Negative feedback in any light will automatically start to grow if you don't stop it."



JUAN FERNANDEZ

VP, Managed IT Services, ImageNet Consulting

the automation elements but also the robotic voice that can go along with it a lot of the time," Mehring says. Channel pros with a little gray in their hair often enjoy a distinct competitive advantage as a result, she adds. "Folks that kind of come into this from that old-school way of marketing and selling, which is more relationship based, are in a better position to overcome this, because they're used to having those one-on-one conversations."

Attentiveness remains essential after the sale too. Customers today expect white-glove service during the onboarding process, white-glove support after that, and an ongoing dialogue with their IT provider indefinitely.

"There really is no end of the buyer's journey," Mehring observes. "If you're not constantly reengaging with those customers and asking them what their problems are,

what solutions they're seeking, and having those conversations, what you know about your customers is going to be wrong at some point."

The repercussions can be disastrous: 32% of consumers surveyed by consulting giant PwC in 2018 said they would walk away from a brand they love after just one bad experience. Worse yet, a business that gets vocal online about its displeasure with you can scare away future clients. Buyers who look for five-star reviews when shopping on Amazon, Fernandez notes, also watch peer opinions carefully when evaluating technology partners.

"Negative feedback in any light will automatically start to grow if you don't stop it," he says. Conversely, happy customers can win you more business, says Mehring, who recommends creating an easy process for submitting referrals and rewarding customers for using it.



Channel pros can't navigate the new technology buyer's journey alone, though, Walsh cautions. Vendors must assist by providing co-brandable marketing materials that let resellers tap into their brand recognition and know-how. "Progressive partners recognize that to put their best foot forward they need to leverage the expertise of the vendor," Walsh says.

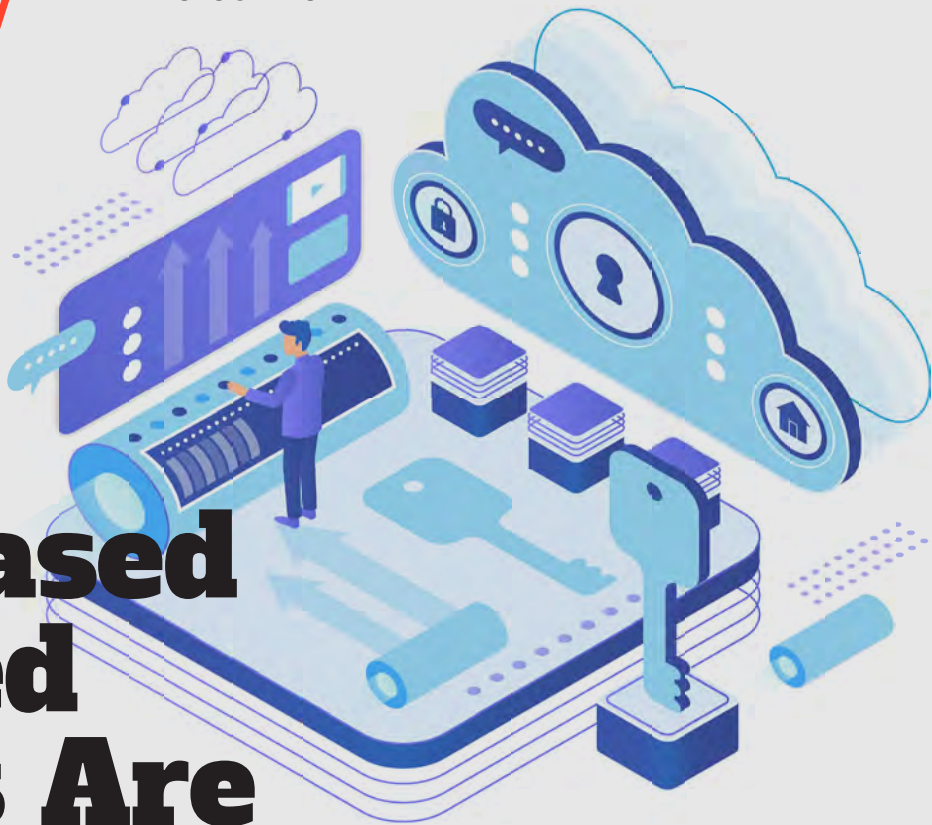
Distributors, meanwhile, must excel at helping partners turn stand-alone cloud offerings into complete, multifaceted solutions. "Now more than ever, these products have to work together with other products," Walsh observes.

That obligates players across the IT industry ecosystem to work together as well. "Everyone has to play a part," Walsh says. If they do, the complex tech buying journey can be a profitable one for everyone involved.

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- **WHAT USED TO BE A STRAIGHTFORWARD** IT sales process is now a complex technology buyer's journey.
- **SELF-SERVE RESEARCH** is the new norm among potential customers, so being visible in social media and other online marketing venues is critical.
- **PERSONAL RELATIONSHIPS** have more impact than automated tools during the sales phase of the journey.
- **DELIVERING STELLAR SERVICE** and support after the sale is more important than ever to generating repeat business and referrals.

Cloud-based Managed Services Are Here to Stay



MSPs THAT AIM TO STAY RELEVANT with customer demands are moving to deliver more cloud-based managed services, according to a new report by IT research firm Enterprise Strategy Group (ESG) and Pax8, on behalf of cloud backup provider Asigra. The *2020 Managed Services Landscape* report finds that the desire to remain a trusted adviser is the top driver for 63% of survey respondents, followed by a need to shift the business model to recurring revenue and the risk of *not* providing cloud services.

They're not wrong. In related research, *2020 Technology Spending Intentions*, ESG finds that 53% of IT decision makers consider on-premises and public cloud services equally when deciding to deploy new applications. No surprise, then, that 24 months from now, MSPs expect to have 44% of employees dedicated to delivering services via the cloud vs. 36% today.

There are some challenges for MSPs adopting this delivery model, however, which ESG puts into two buckets: designing offerings and building sales skills. For larger channel pros (10 or more employees), the challenges around designing offerings include: determining the right pricing levels for different managed services (31%), poor margins on cloud-based managed services (21%), and developing and executing successful marketing campaigns (29%). Smaller channel pros report being even more challenged in these areas.

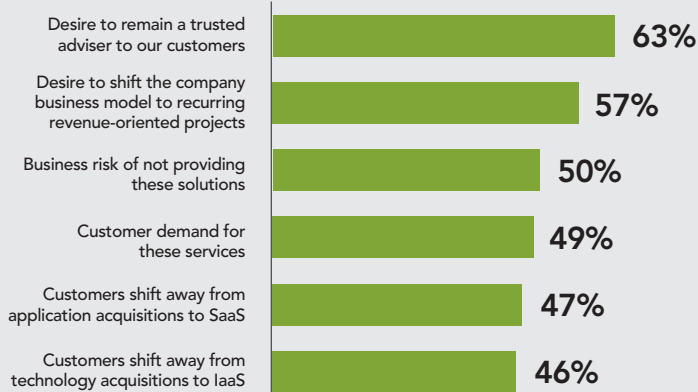
On the selling side, conversely, larger partners cite bigger challenges than small partners in adjusting business model and compensation plans to reflect an annuity model (20% vs. 11%),

retraining sales teams to sell services (19% vs. 10%), and difficulty providing self-service ordering for customers (16% vs. 8%).

To meet these challenges, channel pros are making investments to upgrade processes and expand capabilities. This includes developing or adopting a cloud services delivery platform, implementing training and education around cloud business processes, and hiring personnel with cloud skills.

Finally, ESG offers a caveat: MSPs need a "security story" for everything they sell.—Colleen Frye

Motivators to Add Cloud-based Managed Services to MSP Portfolios



SOURCE: 2020 MANAGED SERVICES LANDSCAPE, ENTERPRISE STRATEGY GROUP AND PAX8, Q4 2019 AND Q1 2020

THE CLOUD SOLUTION RECIPE FOR CYBERSPACE SUCCESS

Want to make money in the cloud? Think solutions, not products. **By Rich Freeman**

CHRIS PLOESSEL is a big-time Amazon Web Services partner who generates a lot of revenue reselling that vendor's applications and infrastructure.

Profit? Not so much.

"It's almost more of a burden than it is a benefit," says Ploessel of selling AWS licensing. "We make very low margin on it."

That hasn't stopped RedNight Consulting, the Aliso Viejo, Calif.-based cloud service pro-

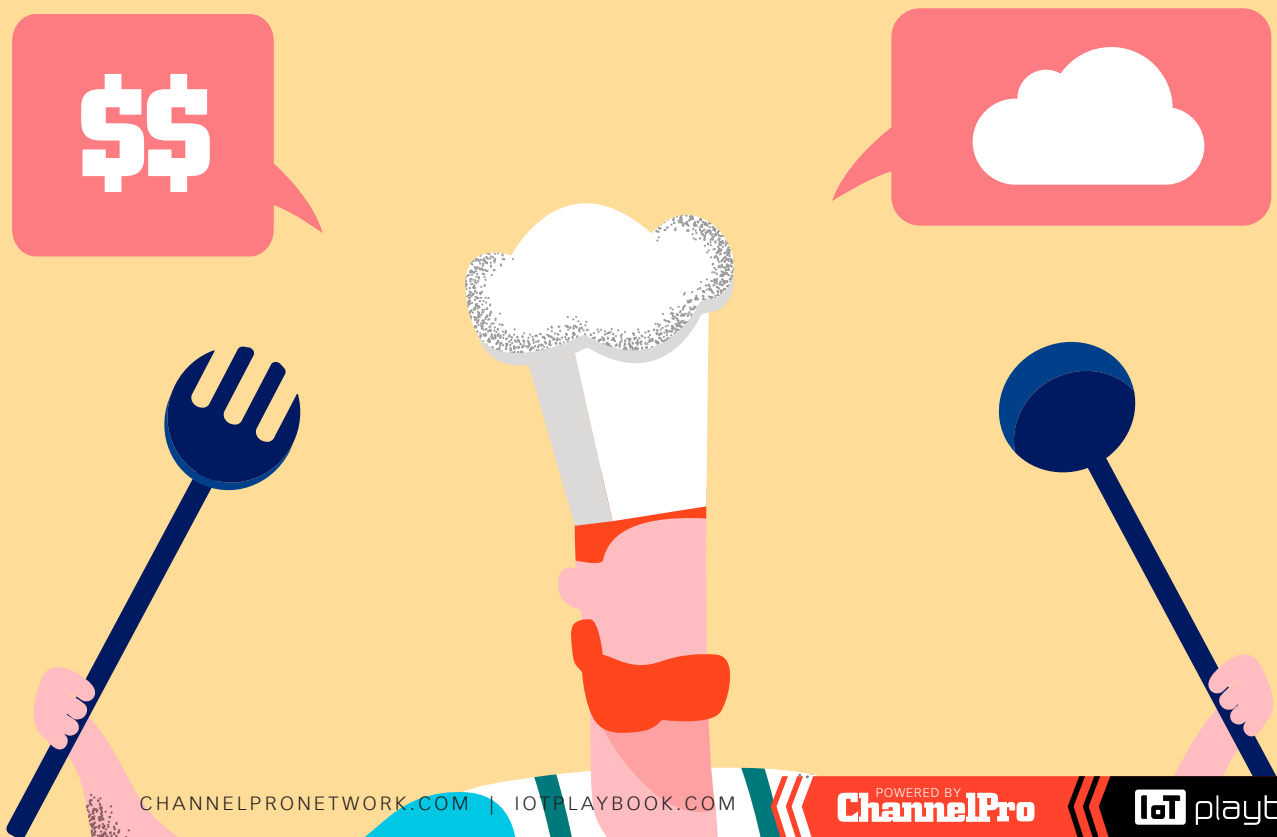
vider he heads, from making plenty of money, though. To the contrary, the company has been growing steadily since its founding in 2015 and routinely clears 30% to 40% margins on its offerings. The key is that those offerings are cloud *solutions* built on top of AWS products rather than cloud products alone.

Indeed, as many channel pros know all too well, simply selling Office 365 licenses and maybe a little Microsoft Azure capacity is a dead-end street financially. Blending

several such products and adding services to the mix, by contrast, is a recipe for durable cloud success. And you don't have to reinvent your business overnight to get started.

Cookie-Cutter Profits

Almost any kind of software product an SMB might require is available in the cloud these days. A cloud solution combines one of them with complementary systems and proprietary expertise. The simplest examples bundle an



anchor product, like Microsoft's Windows Virtual Desktop (WVD) offering, with Azure Active Directory services, security, backup, and ongoing remote management. Ploessel, who sells Amazon Workspaces to clients rather than WVD, has found a virtual desktop deal to be a good source of follow-on projects too. "Everything else just rides on its coattails," he says.

Providing SaaS migration services is another easy starter solution. Every first-time Office 365 adopter needs help configuring applications, moving data into the solution, and getting user accounts established. 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.

Migrating on-site server workloads onto infrastructure-as-a-service platforms can be even more lucrative. So-called "lift and shift" projects require a great deal of assistance with tasks like needs analysis, asset inventorying, cost planning, and security. "Every customer we talk to is interested in getting out of their on-premises stuff," Ploessel says. "The migrations themselves, if you have the right toolsets, are pretty simple."

Business process optimization (BPO) solutions are generally more demanding and therefore more profitable still. Such engagements typically address a business (as opposed to IT) problem, require knowledge of a customer's strategic goals and pain points, and involve expertise that goes well beyond installation and migration.

Kicking them off, however, can be as easy as asking clients which of their workflows cause the most headaches, according to Ro Kolakowski, founder of 6th Street Consulting, a Microsoft SharePoint Online specialist based in Redondo Beach, Calif. More often than not, the answer is an approval process of some kind involving a paper form that makes its way from one employee's desk to several others.

"Nobody knows where the piece of paper is," Kolakowski says, adding that digitizing that process in SharePoint often takes just a few hours. "It's a cookie-cutter solution for us, and that's why we end up with a very high margin." Not to mention a procession of further, potentially even more revenue-rich, workflow solutions.

"We're able to put this together in one to two hours, and they're very happy," Kolakowski says of that first effort. "They start showing the other departments, and the other departments come to us, and sometimes their needs are much more complex than one or two hours."

Eric Long, president of TeraCloud, a Dallas-based provider of managed online solutions, has had similar success with BPO projects, despite the extra effort they typically require up front. "Those are very, very long sales cycles, but we're immediately talking to the C-level people," he says.



RO KOLAKOWSKI

New Skills, Different People

Knowing how to talk to C-level executives is a critical part of delivering cloud solutions effectively. Selling cloud solutions is a consultative process best performed by people who are comfortable communicating with business leaders in nontechnical terms and good at translating business needs into language that engineers and developers understand. You'll also require engineers and developers with the know-how to build solutions that meet those needs.

"It's a totally different skillset," Long notes.

Acquiring all those people isn't easy. The quickest, but also costliest, answer is simply hiring people with an established cloud computing resume. Alternatively, you can recruit 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 undertaking, but also less expensive and more likely to produce employees who consistently follow your firm's preferred way of doing things, versus whatever they learned elsewhere.

"We're trying to train from within and find the right type of person [who] has that understanding of business automation," Long says.

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 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.

"A lot of times, VARs or MSPs are afraid to get into this," Ploessel notes. "We've had great luck partnering with folks."

Still, offering cloud solutions isn't without risk. If your team continually has projects to work on and customers to support, you can make a lot of money. If they don't, you can lose a lot of money. Moreover, 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.

"If you're doing \$20, \$30, \$40, \$50,000 with a client and they default, you're on the hook, and that's a big deal," Long warns.

That hasn't stopped him from betting his entire business on cloud solutions, though. "It's highly profitable," he says.

READER ROI

- **CREATING CLOUD SOLUTIONS** that combine multiple products with proprietary services is far more profitable than reselling cloud products.
- **SAAS MIGRATIONS**, server workload "lift and shift" projects, and business process optimization are three of many cloud solution examples.
- **SUCCESS IN CLOUD SOLUTIONS** requires salespeople who understand business needs and technologists who can translate those needs into finished deliverables.
- **CULTIVATING SUCH PEOPLE** from within is often more cost-effective than hiring outside experts.
- **PARTNERING WITH OTHER CHANNEL PROS** is also an option, provided you define clear guidelines in writing.

For more great content on the new "cloud normal" go to
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Navigating the Post-COVID Cloud

The novel coronavirus has fundamentally changed the way businesses operate. Cloud computing is at the center of this shift. **By Samuel Greengard**

COVID-19 has made one thing abundantly clear: Business as usual isn't possible. As social distancing measures have taken shape and work-from-home policies have gone mainstream, cloud computing has emerged as an indispensable tool, fueling demand for online desktops, videoconferencing services, and workload migration projects. It's a trend that isn't likely to abate anytime soon, and cloud-assisted remote work could very well become a permanent part of the business landscape.

"There's a growing recognition that organizations can and must operate differently going forward," observes Jeffrey Kaplan, managing director of THINKstrategies, a strategic business and IT consulting firm.

Operating differently doesn't just mean a heavier use of clouds, however, says Michael Goldstein, president of technology consulting firm LAN Infotech, based in Fort Lauderdale, Fla. Rather, he stresses, it's also about a more strategic use of the technology and the way it impacts everything from the devices workers use to the software that connects people and fuels e-commerce.

"We're entering a new era of business and clouds," Goldstein says.

As a result, channel pros must work with their clients to raise their digital readiness, he adds. "While some businesses have been on the vanguard, many have adopted a lackadaisical attitude and fallen behind the adoption curve. They are now being forced to face a new reality and rethink things about business operations and continuity."

Helping Businesses Make the Shift

A starting point for this new era is to understand that consumers have different expectations as a result of COVID-19, particularly surrounding safety, and businesses must address these needs. This has repercussions for remote workers, supply chains, and e-commerce, Kaplan says. Moreover, many of these changes will persist even after the pandemic ends. An April 2020 Gartner CFO survey reveals that 74% of respondents intend to shift some employees to remote work permanently.

"Many organizations will need ... cloud-based services to give them maximum flexibility," Kaplan says. Increased bandwidth to support Zoom and WebEx meetings is just the start. Organizations must now support remote teams—or an entire remote workforce.

Doing so requires a coherent strategy. Otherwise, employees may wind up using personal accounts for email, Dropbox, and Evernote to get their work done. This introduces massive inefficiencies and security risks.

To help their SMB customers safely and effectively navigate a post-pandemic business world, channel pros should focus on a few key issues. One is directing clients to platforms that support a broad array of functions for communication and collaboration. This may mean consolidating various functions on Microsoft 365 and Teams or G Suite (both of which have seen adoption spike as

the pandemic took hold), but it also extends to other cloud functions and services that deliver bandwidth and more advanced functionality, such as analytics and machine learning.

Consolidating systems, to the extent possible, has secondary benefits, Goldstein explains. It often makes it easier and less costly to adapt to ongoing changes. In addition, it can simplify security and compliance. Says Goldstein: "It's essential to create a more uniform environment across a workforce and have systems in place that support collaboration along with the customer experience."

At the same time, it's necessary to understand legacy applications and services, and how to integrate them into a cloud-centric world. Some organizations may need to make changes to existing software and systems. In other cases, a channel pro may confront the unpleasant reality that a legacy system is mission critical and cannot be updated or changed to a cloud system—at least not for a while. It's crucial to sort through cost issues but also keep an eye on the value of more advanced systems and capabilities that support digital processes—and transformation.

Sorting through these and other issues will be where channel pros can provide critical guidance for customers as they migrate to the cloud, while helping to position them to do business in the next normal.

SAMUEL GREENGARD, a business and technology writer in West Linn, Ore., is the author of *The Internet of Things* (MIT Press, 2015) and *Virtual Reality* (MIT Press, 2019).



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