




# Cloud Computing as a Channel Evolutionary Catalyst

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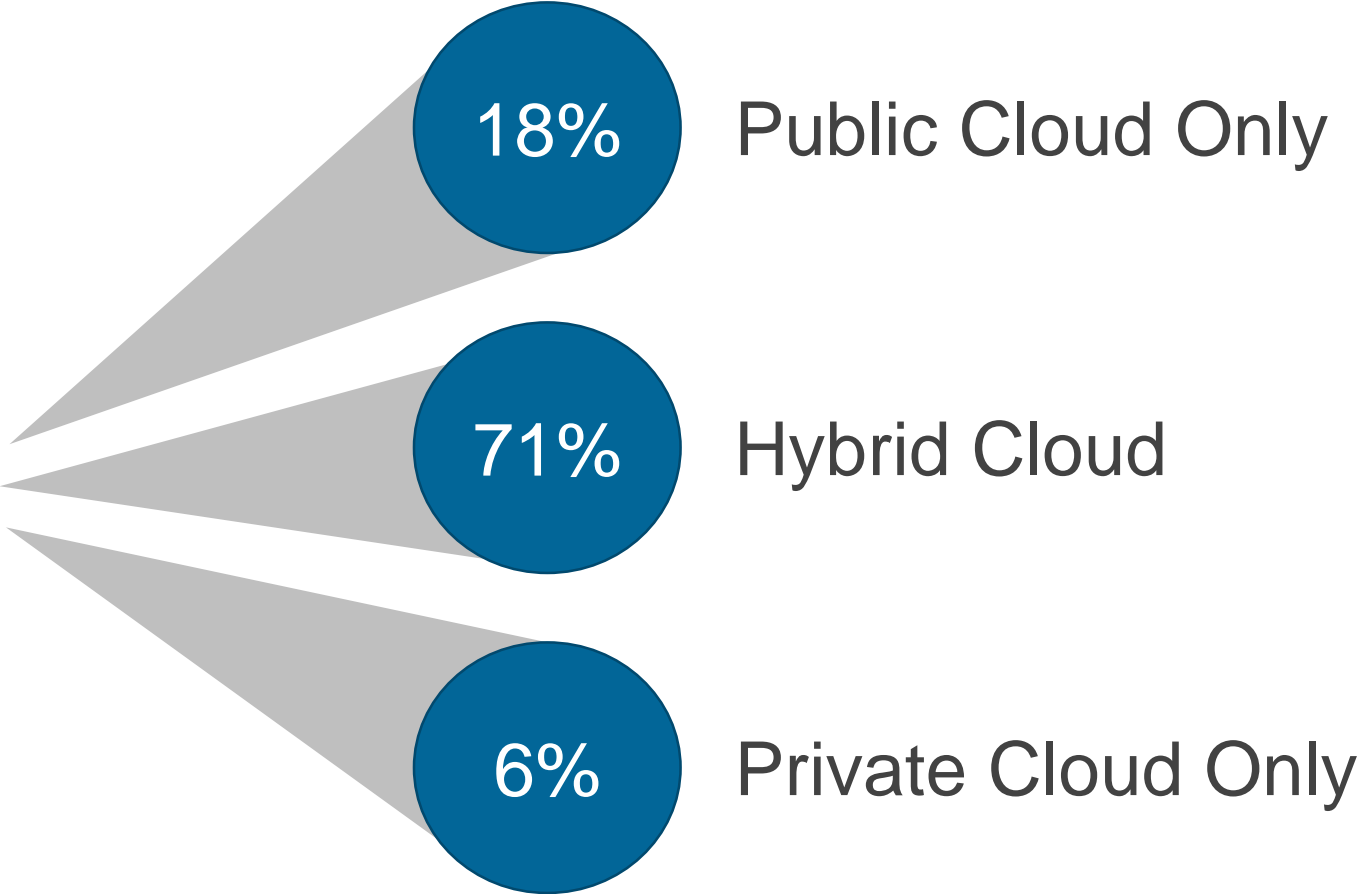
A photograph of three men sitting at a wooden table in a cafe, each with a laptop. The man on the left is resting his head on his hand, looking thoughtful. The man in the center is leaning forward with his hands clasped, looking directly at the camera. The man on the right is looking down at his laptop. The background is a blurred cafe interior with other people and large windows.

“Technology is neither good nor evil. The most we can say about it is this: *It has come.*”  
- Michael Harris, “The End of Absence: Reclaiming What We’ve Lost in a World of Constant Connection”

# Cloud Adoption is Stratospheric

95%

Enterprises Use Some Form of Cloud Computing



# Cloud Continues to Grow

**42%** of businesses say cloud computing is top 5 spending priority

**30%** Compound growth rate of infrastructure services between 2013 & 2018

**11%** shift in budget allocations away from traditional IT to cloud services

**80%** of all enterprises by 2016 invested in infrastructure services

**59%** of all cloud-based workloads will be software services by 2018

# Four Phases of Services Evolution

**PHASE I:  
Experimentation**

- ✓ Basic SaaS
- ✓ Hosted e-mail
- ✓ Dev/test hosted servers
- ✓ Backup

**Self-Service**

2008-2013

**PHASE II:  
Confident**

- ✓ Hybrid clouds
- ✓ Mission-critical hosted servers
- ✓ Cloud communications
- ✓ BYOD/mobility complement
- ✓ 3<sup>rd</sup> party business services

**Collaborative**

2011-2013

**PHASE III:  
Managed**

- ✓ Management & administration of hosted & on-prem assets
- ✓ Infrastructure auditing & optimization services
- ✓ Merging of BPO & cloud services

**Tech Services**

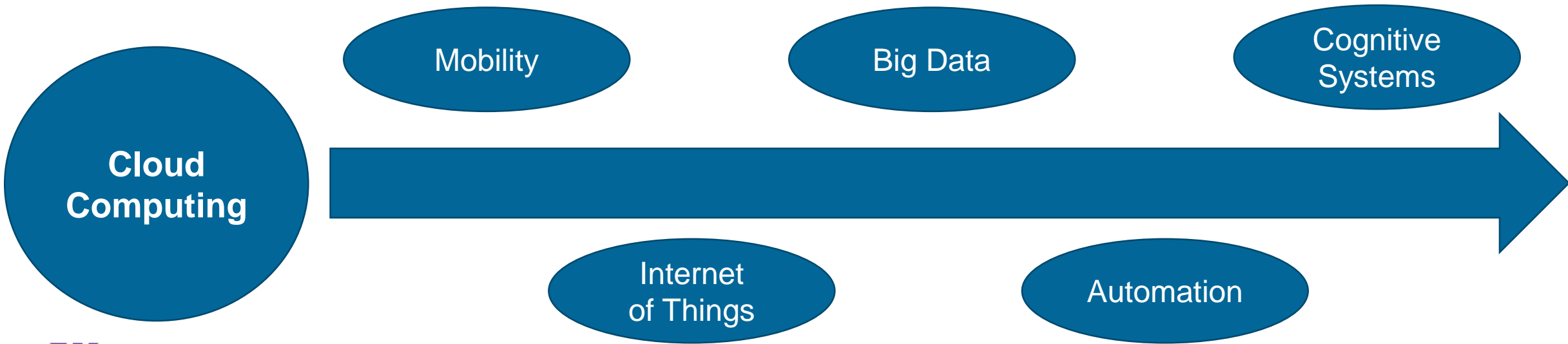
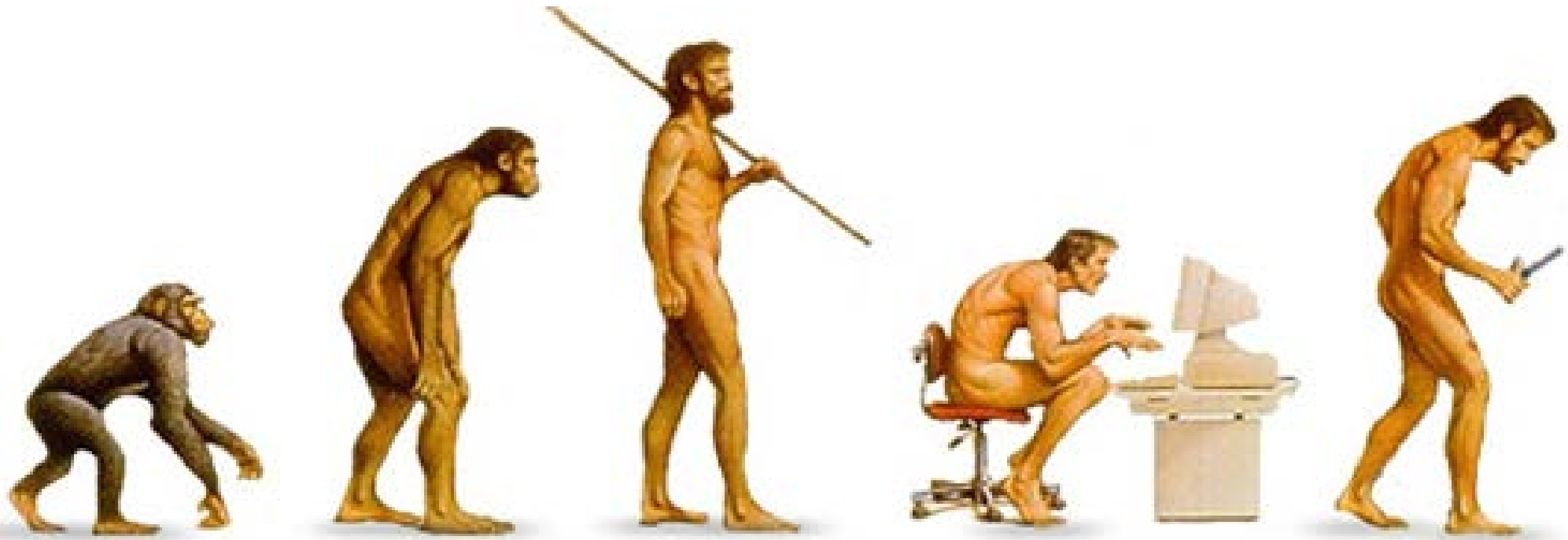
2012-2016

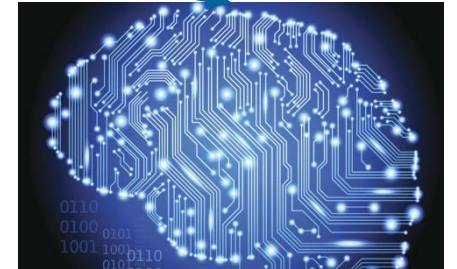
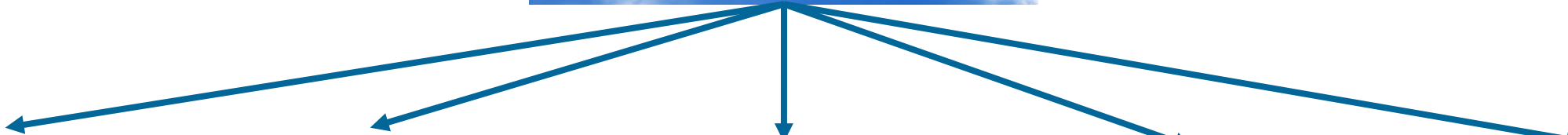
**PHASE IV:  
Automated**

- ✓ Business analytics & intelligence applications
- ✓ Big Data & storage in cloud (operationalizing non-productive data)
- ✓ Operational, workflow & logistics applications
- ✓ Outcome-based management

**Business Services**

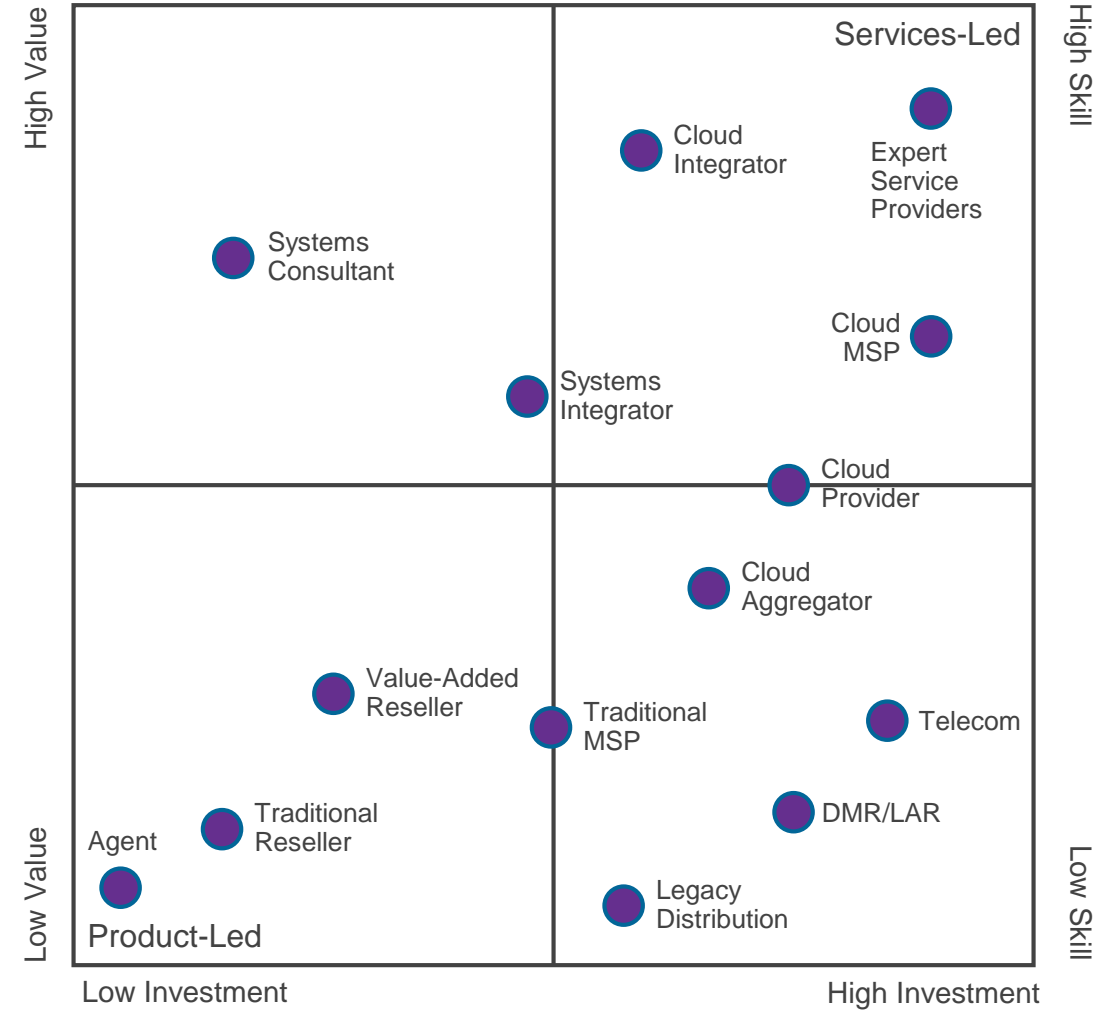
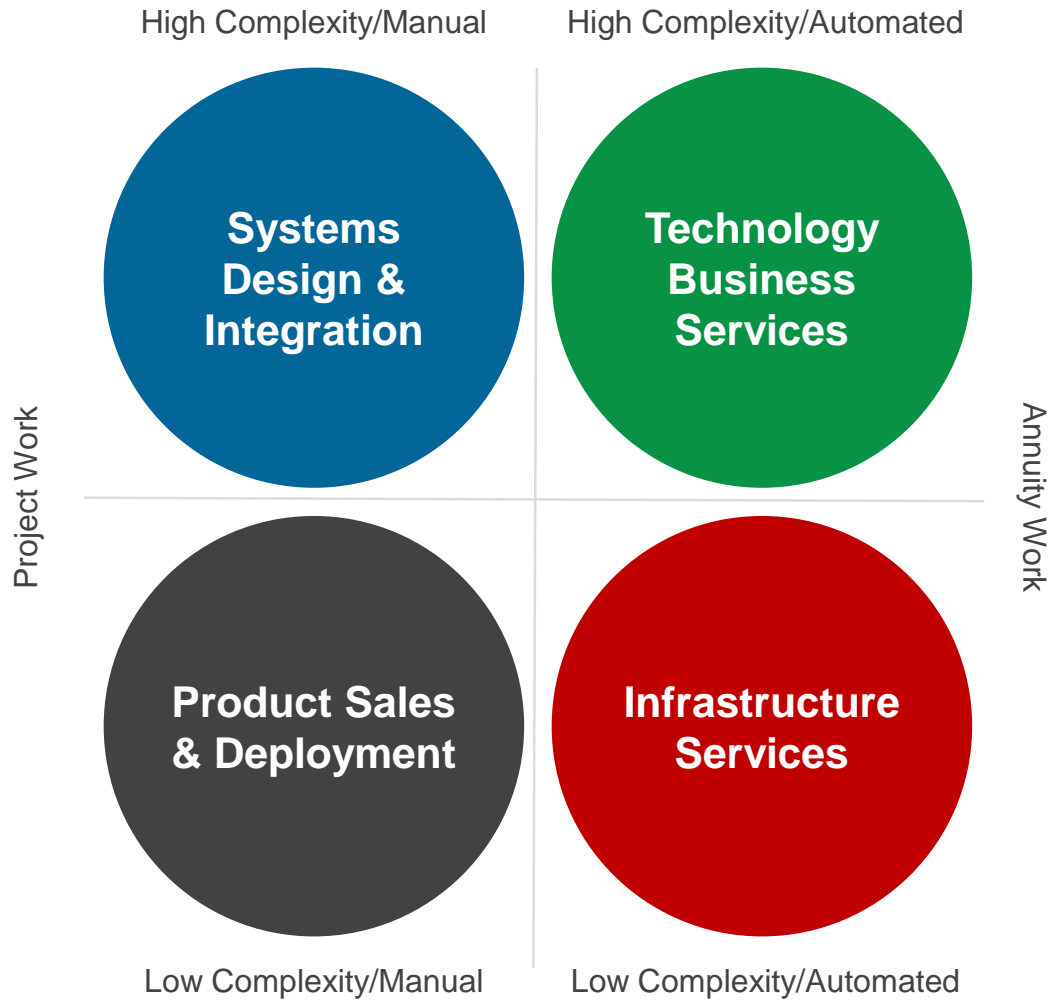
2016-





# \$2.2 Trillion

# Channel Evolution to Specialization and Outcome-Based Value





# Cloud Challenges for Customers

- Clouds are magical, but not automatic  
Customers need guidance and support
  - Selecting cloud resources
  - Tuning and tailoring cloud services
  - Operating cloud infrastructure and applications
  - Finding ROI

## Chief Reasons for Abandoning Clouds

- Unmet Expectations
- Expense/Costs
- Performance/Quality



# Cloud Challenges for Partners

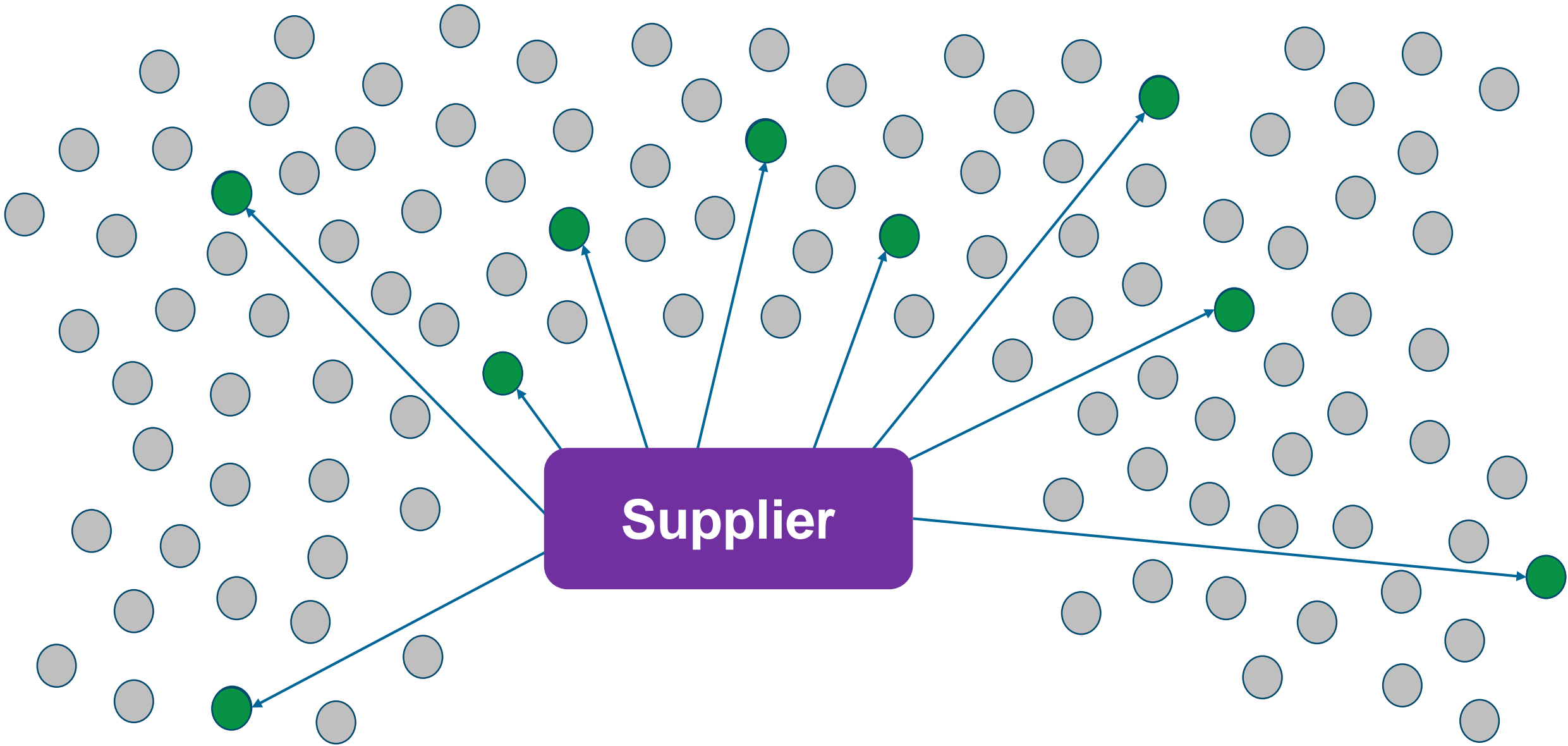
- Vendors are embracing cloud models, creating more channel conflict
  - Soon all things will be sold “as a service”
- Owners of the cloud want customer ownership
- Cloud expenses are high, margins slim
- Cloud revenue model extremely predictable, but leaves little room for incentives
- Vendors, by and large, believe partners should find their own profit path in the cloud era
- Partners cannot afford the technical, marketing and sales infrastructure to compete in the cloud



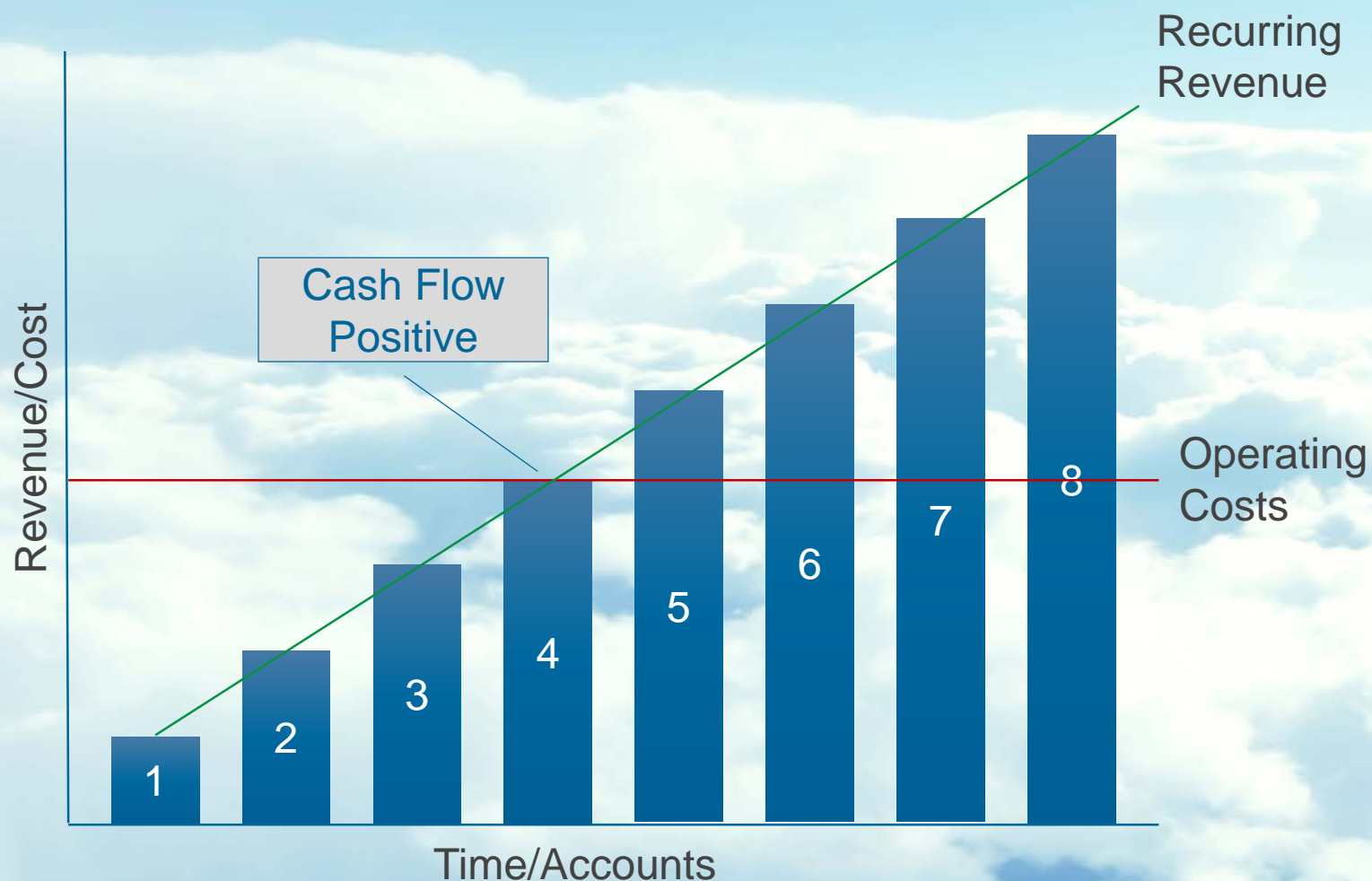
# Vendors' Cloud Challenge

- Acquire Customers, Market Share
- Maximize Utilization
- Maximize Revenue Productivity
- Retain Customers/Contract Renewals
- Expand Customer Footprint
- Block Competitors from Gaining Share



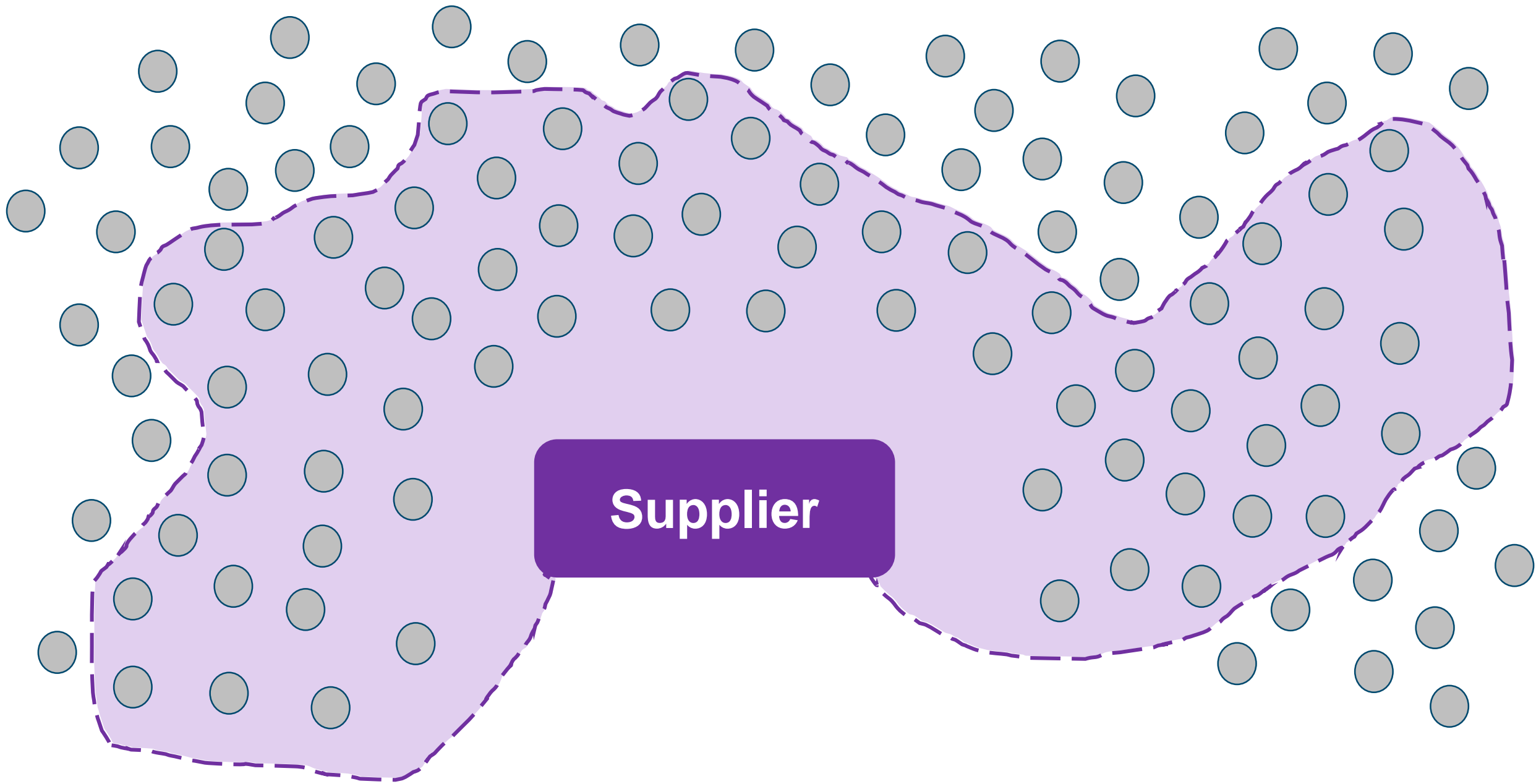


# Recurring Revenue Imperative

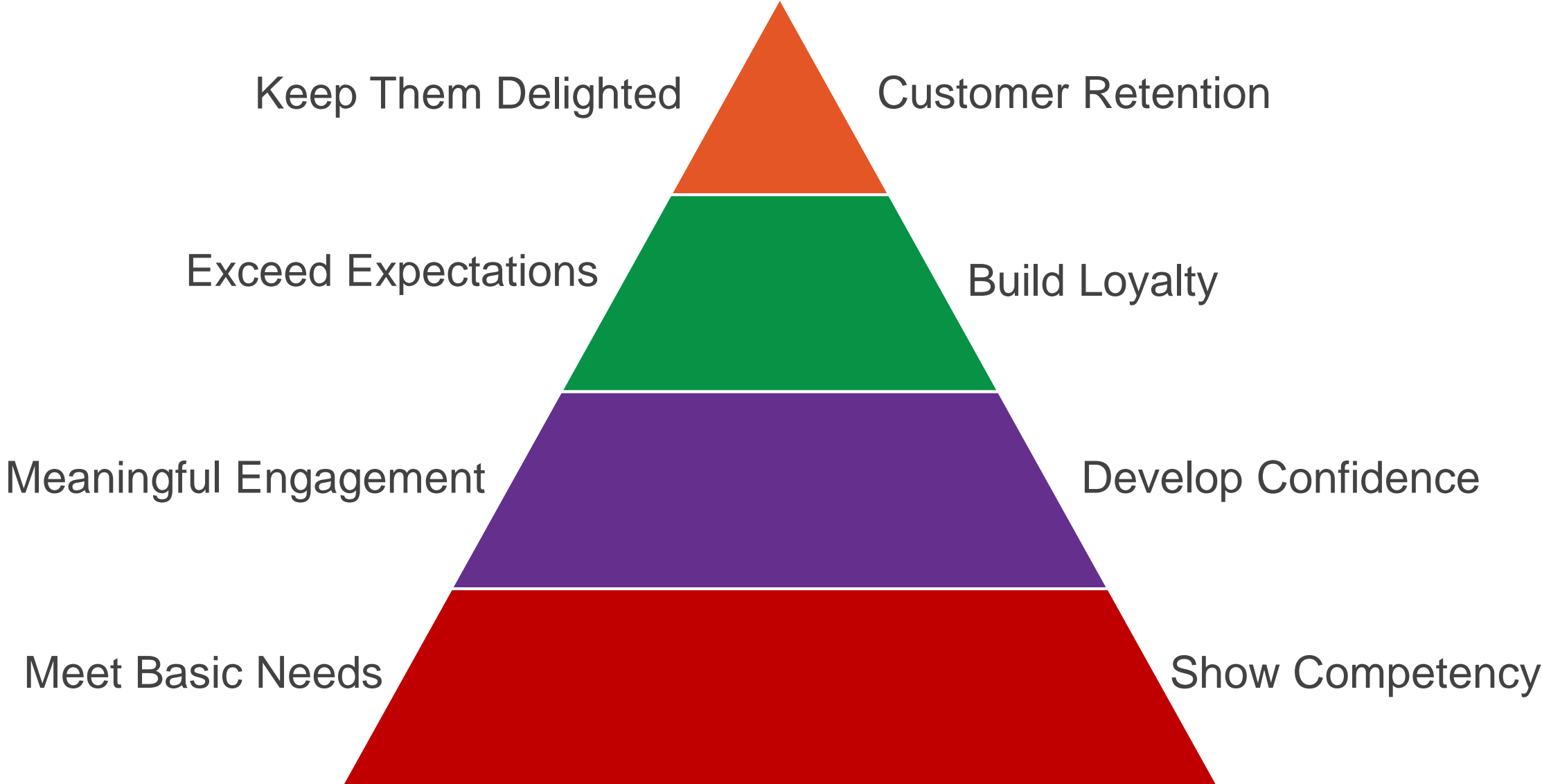


- Cash flow turns positive when recurring revenue is greater than operating expense
- Cloud service achieves ROI when revenue covers operating expenses and initial investment costs
- Profitability happens when recurring revenue generates more than investment and operating expenses



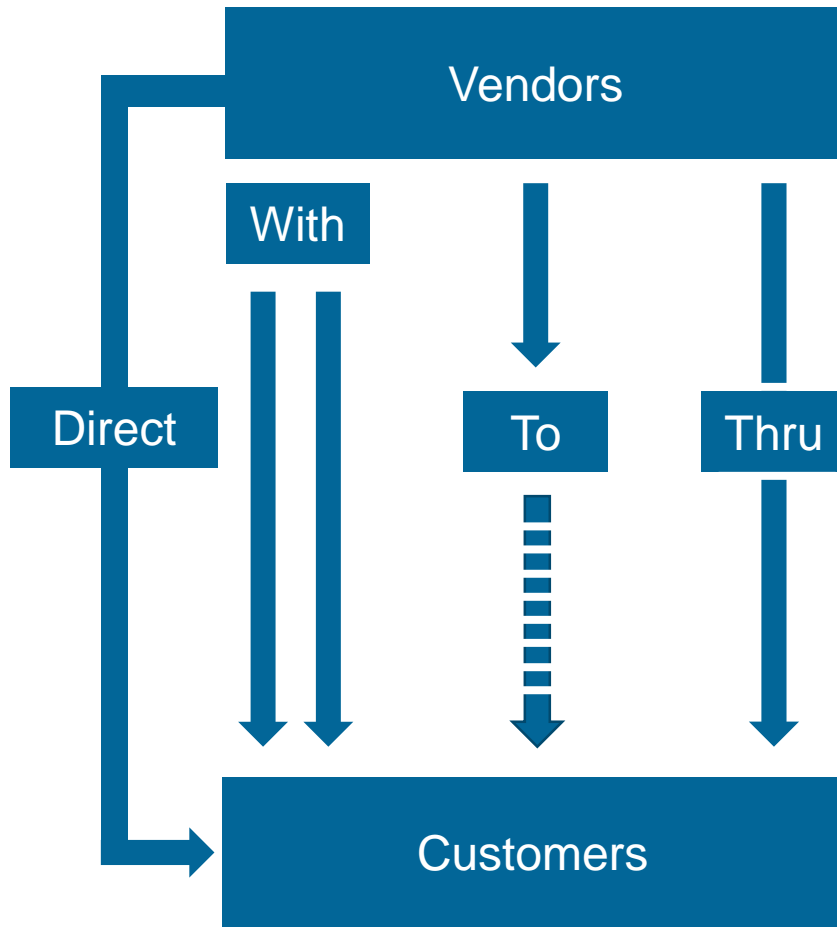


# Delighting & Retaining Customers

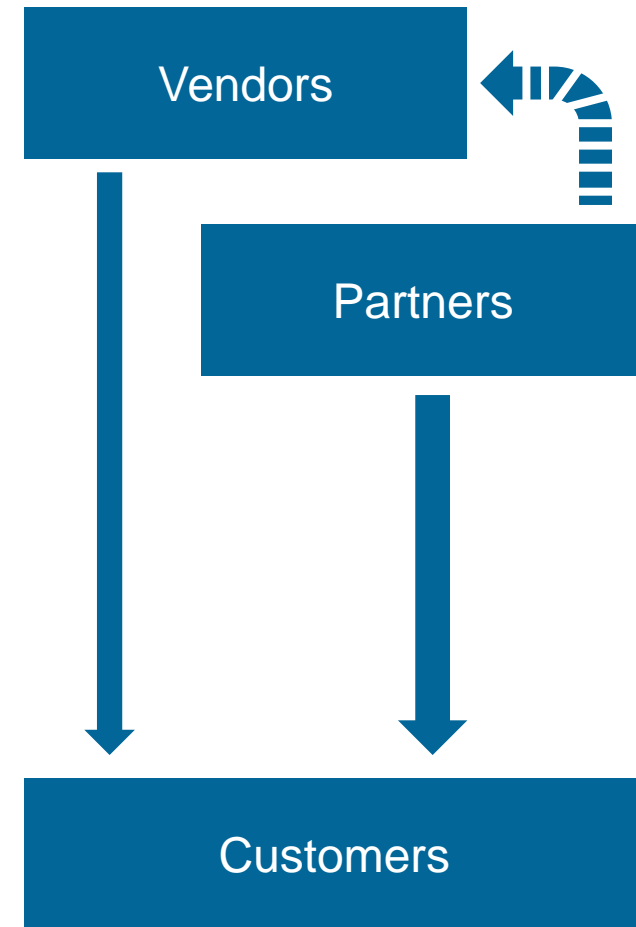


# The Evolving Cloud Channel

## Conventional Channel



## Experience Channel





# Post-Cloud Channel

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**Reselling**



**Advising & Evangelizing**

**Value-Add**



**Enabling & Experience**

**Deployment**



**Usability**

**Customer  
Acquisition**



**Customer Retention**

**Technology**



**Business Outcomes**

# Action Items

- Understand the operations and goals of your customers
- Acquire skills that support and enhance your vendors' clouds
- Develop unique methodologies for applying cloud skills and support
- Study and internalize cloud and emerging technology possibilities
- Communicate and market your value proposition
- Get close and stay engaged with customers



# Thanks

# a ton.

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