# APS Partner Go-to-Market Handbook

White Paper

**‖ Parallels**®

# Table of Contents

## Welcome, Certified Parallels APS Partner

Welcome to the Parallels APS Go-to-Market (GTM) handbook. This handbook explains how to bring your APS product to market within the Parallels APS ecosystem. It will help you:

- Raise awareness of your offering among the Parallels sales force, and start joint engagements with them.
- Raise awareness of your offering among Parallels Automation and Parallels Plesk Panel partners, and gain resellers for your solution.
- Educate our partners on how to effectively sell your offerings through their distribution activities.

It will also help you understand the diverse and rich ecosystem of Parallels partners. Knowing who our partners are and how they sell will help you customize your GTM strategy.

Note that packaging your application in APS is a prerequisite for bringing your APS product to market within the Parallels APS ecosystem. More information about packaging your offer in APS can be found at www.APSstandard.org.

# Introduction

The Parallels Automation partner ecosystem includes more than 5,000 partners, who can distribute your APS package in over 125 countries. Our partners serve some 12 million small and medium businesses (SMBs), with tens of millions of e-mail boxes and more than 50 million websites. Understanding how this distribution ecosystem works will help you determine how to best market and achieve productive distribution of your APS package.

Once your solution is APS certified, Parallels will assist you in promoting your offering to a variety of distribution channels with online and print catalogs, via marketing events and other mechanisms discussed later in this document. Your APS certified package can be accessed via several Parallels products or distributed via several Parallels enabled marketplaces:

- **Parallels Automation:** A Parallels APS-compatible cloud enablement platform for hundreds of large hosters who typically serve thousands to millions of customers each.
- **Parallels Plesk Panel:** A Parallels APS-compatible cloud enablement platform for thousands of smaller hosters who serve dozens to thousands of customers each.
- **Parallels Partner Storefront and Parallels Automation Cloud Marketplace (PACM):** Two turnkey marketplaces in which Parallels can resell your offering via hosters that use Parallels Automation and Parallels Plesk Panel.
- **Third-party, white-label marketplaces:** White-label marketplaces created by companies that use Parallels Automation, which enable downstream resellers to promote and sell your offering.
- **Parallels Key Administrator:** A Parallels platform that enables the resale of Parallels product licenses through PA partners.

The remainder of the document goes into more detail about each of these routes to market; discusses the SMB cloud services market opportunity; and provides guidance on partnering with both Parallels and Parallels partners in reselling your offering.

## PARALLELS AUTOMATION

Parallels Automation is the leading hosting and cloud services delivery system used by hundreds of service providers worldwide, from the largest telecom operators in the world to top hosters and providers of vertical solutions. Parallels automation delivers a combination of great software, hundreds of SaaS services, and the expertise to help build a highly profitable business.

When selling through a PA partner, you typically have a direct reseller relationship with the PA partner, who in turn resells your solution to the end customer.

To reach this channel you will have to sell the Parallels Automation Partner on the value of selling your solution.

## PARALLELS PLESK PANEL

Parallels Plesk Panel is the most complete Web hosting control panel available today. In fact, it's the only Web hosting panel that includes integrated Web design tools, a SaaS storefront, and fully automated billing and provisioning. Plus it delivers maximum profits for growing service providers; provides key tools for Web designers; and includes an easy-to-use server control panel for IT professionals (and small businesses without IT staff).

A key difference from competitive products is that all Plesk components —including the panel itself, Web design tools, billing, and storefront—are part of a fully integrated package. Parallels Plesk Panel is designed for hosters, with anywhere from a few dozen to several thousand customers or individual company users. In aggregate, this platform has thousands of mailboxes under management—so while individual hosters are small, their aggregate market reach is significant.

Plesk Panel is designed to run on a single server and it supports APS packages that can either work in that single server's environment or connect to off-server multitenant services. APS packages running in Plesk Panel must be designed to work within the design intentions and scope of a Plesk Panel environment, so the environment won't support all APS packages. In fact, some ISVs have developed different APS packages specifically for Plesk Panel environments.

The users of the Parallels Plesk Panel must purchase your application either directly from you or via a reseller. They have easy access to your APS package, as they and can import your APS package directly from the catalog imbedded within Plesk Panel.

**PARALLELS PARTNER STOREFRONT AND PARALLELS AUTOMATION FOR CLOUD MARKETPLACE**

These are two turnkey marketplaces for our Parallels Plesk Panel and Parallels Automation partners. When you sell through either of these channels, Parallels has a direct reseller relationship with you and promotes and resells your offering in a marketplace that is either embedded within the Parallels Plesk Panel or run by a Parallels Automation partner.

**THIRD-PARTY WHITE-LABEL MARKETPLACES**

Several of Parallels partners, such as LuxCloud and SoftCloud, specialize in selling white-labeled Parallels Automation products to downstream partners who resell cloud services. If you sell your products through this channel, you would work directly with our partners, who would resell your offerings through their downstream resellers.

To reach this channel you will have to sell the 3-rd party white label providers of the value in reselling your offering.

**PARALLELS KEY ADMINISTRATOR**

The Parallels Key Administrator platform facilitates the reselling and distribution of license keys to PA partners. When you sell through this channel, Parallels has a direct relationship with you, and PA partners purchase licenses from us.

Using the Parallels Key Administrator platform requires additional integration above and beyond APS packaging to automate the management of license keys and the processing of payments from the partner to you via Parallels. The PA partner then uses PA to sell your offering. As with the Parallels Partner Storefront and Parallels Automation for Cloud Marketplace, only the most popular and proven cloud offerings are typically considered for this model.

## SMB Cloud Services Global Market Opportunity: $34B and forecasts to expand by 26% CAGR to $68 billion by 2014

Let's begin with some background, both on the opportunity that's available to you from selling your solutions within the Parallels APS partner ecosystem and the nature of the Parallels partners who will help you sell your products.

In February of 2012, Parallels released the latest updates of Parallels SMB Cloud Insights™, its series of research that profiles the cloud buying behavior of small and medium businesses (SMBs), the fastest growing segment for cloud services. The survey results continues to confirm why Parallels – and service providers – should remain laser-beam focused on meeting the demand for SMB cloud services, as most SMBs plan to double their purchase of cloud applications over the next three years

Services covered by the study included hosted infrastructure, web presence, hosted communication and collaboration (e-mail and PBX), and business applications. The research clearly demon¬strates that significant market opportunities exist for service providers who offer these value-added services to SMBs.

Given the rapid growth the cloud services market is experiencing, Parallels predicts that the market opportunity will reach $68 billion in 2014.

Some of Parallels SMB Cloud Insights™ research findings include:
- SMBs continue to lead the adoption of cloud services, as the U.S. market experienced a 25% increase in 2011, growing to $15.1 billion USD.
- SMB cloud adoption is a global phenomenon not limited to North America, as the worldwide SMB cloud market is expected to expand at a 26% CAGR to $68 billion by 2014.
- SMBs with less than 20 employees are at least three times more likely to choose cloud services over on-premises services.
- SMBs are rapidly moving beyond basic web presence, with 45% of SMBs in the U.S. now managing a Facebook page to promote their business.
- SMBs plan to double the amount of paid cloud applications they purchase in the next three years, with size of SMB determining which applications are critical (micro and small SMBs seek apps like backup, file sharing and accounting and e-mail achieving; while medium businesses are seeking and phone conferencing services).

For the full text of this report, as well the results of Parallels research conducted in other parts of the world, go to www.parallels.com/SMBreport .

# Business Model Considerations

There are several different business models to consider when offering your APS-ready solution:
- Direct: In this model, you have a direct relationship with one or more Parallels partners.
- Referral: In this model, Parallels refers customers to you, and you share your revenue with Parallels.
- Reseller: In this model, Parallels resells and manages licenses on your behalf.

It's important for you to understand both how the money flows to you in each scenario and how Parallels makes money so that motivations are very clear.  Each of these models is discussed in more detail below.

### DIRECT MODEL

The direct model, which is the most common APS partner model, is also the simplest. In this model:
- You have a direct relationship with the PA or Parallels Plesk Panel partners, using your standard reseller agreement.
- Parallels has a direct relationship with the PA or Parallels Plesk Panel partners, independent of your relationship with them.

There is no formal financial relationship between you and Parallels.

With this model, your revenue comes directly from the sales activities of the Parallels partners, in accordance with the terms of your agreement with them.

The way that Parallels earns revenue from this model depends on the type of partner:
- In the case of PA partners, Parallels obtains a small transaction fee from the partner for each product the partner sells. The amount of the transaction fee depends on the product, but most typically is a

small percentage of the end-user price. There is no financial arrangement directly between Parallels and you. Parallels Sales teams are motivated to support your sales efforts with PA partners since they will see revenue as you grow your revenue.

- In the case of Parallels Plesk Panel partners, Parallels collects no revenue from the sale of your product: our revenue comes from the sale of Parallels Plesk Panel itself.   Parallels sales people are motivated in representing the overall value of the APS ecosystem in supporting Plesk Panel sales.

In the direct model, Parallels supports the joint go-to-market activities of our APS partners through a number of programmatic activities:

- Listing your APS package in our print and online APS catalog (See www.apsstandard.org)
- Joint webinars to promote the availability of your APS package
- Invitations to participate in numerous Parallels-sponsored events around the world, such as our global and regional summits and industry events
- Specific targeted marketing campaigns to promote your APS package
- Education of the Parallels sales team about the details of your offer

The bill of materials you'll need to provide to support these activities is provided at the end of this handbook.

**REFERRAL MODEL**

In the referral model, you and Parallels have an agreement to collaborate more closely on the sale of your offering. In this case, Parallels receives a percentage of the wholesale price of every sale you make to the Parallels PA or Plesk Panel partner. This model increases the interest level of our sales team to drive joint sales activities.

With the referral model:

- You share a percentage of the wholesale revenue with Parallels.
- You continue to have a direct relationship with the PA or Plesk Panel partners, via your standard reseller agreement.
- Parallels and you have an agreement to engage in a joint GTM program specific to this opportunity, in addition to the programmatic GTM activities outlined in the direct model.
- Parallels assigns a business development resource to work with you to build a joint GTM plan and coordinate the engagement with both your and our sales teams.

This model creates a stronger relationship between you and Parallels and increases both partners' financial interest through revenue sharing and a joint GTM investment.

**RESELLER MODEL**

In the reseller model, Parallels directly resells your licenses—either to the end customer or to our PA and Parallels Plesk Partners. You can choose between two types of reseller relationships:

- Parallels Partner Storefront Resale
- Parallels Key Administrator License Resale

Parallels can include your APS package in the storefront embedded within the Parallels Plesk Panel. In this business model, Parallels sells your offering directly to the purchaser via an e commerce (credit card) experience.

In considering the storefront resale model, be aware that:

- The product has to have a proven track record of sales to SMB customers to be considered for a Parallels storefront.

- You and Parallels will need to agree on the wholesale price you will receive from each sale.
- Parallels will sell your product at market prices and split the profits with the reseller who provides the embedded storefront by paying the reseller a commission on all sales.

Remember, too, that Parallels Plesk Panel resellers have to opt in to have the storefront enabled in the resale of their Plesk licenses, and they also have to explicitly specify the applications they want to be listed in their storefront. Therefore, in pricing your product for this model, you'll want to make sure that your margins are 50% or more, to provide enough profit to motivate both Parallels and the reseller to support the sale of your product.

### PARALLELS KEY ADMINISTRATOR LICENSE RESALE

Parallels has a Key Administrator (KA) tool that facilitates the distribution of your products to our PA and Parallels Plesk Panel partners. When a service provider requests a license from the Parallels Key Administrator, Parallels charges the partner for the use of that license, collects the license fee, and pays you a wholesale fee.

In considering the Parallels Key Administrator License Resale model, be aware that:

- You have to have a proven track record of sales with Parallels partners to be considered for inclusion into the KA resale program.
- Parallels must agree to your use of the KA resale model.
- You and Parallels will enter into a two-tier wholesale reseller arrangement, in which Parallels sells your license(s) to our Parallels Automation and Plesk Panel partner and pays you a wholesale price.

With this model, both you and Parallels are motivated to sign up Parallels Automation and Parallels Plesk Panel resellers, as their resale of your licenses will generate revenue for both parties.

## How Parallels Supports Our SMB Cloud Services Providers

With more than 5,000 partners in 125 countries, we estimate that our geographic reach extends to 90% of the world's SMB market (see Figure 1). Our partners primarily target SMBs with a customer size of less than 50 users, although some target larger enterprise customers. As a member of the Parallels APS ecosystem, you have an opportunity to reach a diverse set of partners who, in turn, will bring your APS package to their end customers.

The following sections discuss how we support each category of partners—PA partners; Parallels Plesk Panel partners; partners who operate storefronts using Parallels Plesk Panel or Parallels Automation for Cloud Marketplace; partners who operate third-party, white-label websites; and partners who use the Parallels Key Administrator platform.
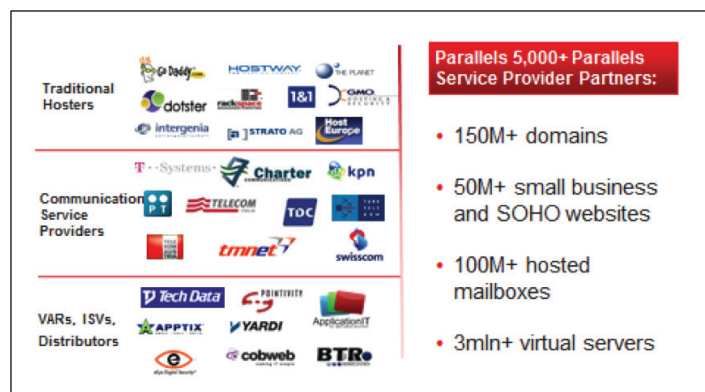


*Figure 1. Parallels partners penetrate into 90% of the world's largest SMB clouds.*

**PARALLELS AUTOMATION PARTNERS**

We have several hundred PA partners, including such firms as KPN, Portugal Telekom, Sprint, and Apptix. Worldwide, these are among the largest firms across all categories of hosted service providers, including Web and application hosters, telecoms and other commu¬nications service providers, Distributors, and large VARs. Our PA partners typically have from hundreds of thousands to millions of SMB customers each. APS solutions offered through our PA partners fall into one of three deployment categories, as shown in Table 1:

- **APS Webspace application:** This type of application, which involves a partition inside a Web server, is designed to work in a shared hosting setting and requires a Web stack (http, https, php/python, etc.).
- **Example Web servers:** Apache, IIS, CloudLinux LVE, Azure (Web)
- **Installer type:** file copy + configuration
- **APS dedicated application:** This type of application, which involves a standalone operating system image, requires a non-shared environment.
- **Example environments:** Physical, VZwin, VZlin, PSBM, ESX, Hyper-V, etc.
- **Installer type:** file copy + configuration; native installer (RPM, MSI)
- **APS connector application:** This type of application, which interfaces to an external service, gives users a way to programmatically control a remote service.
- **Example environments:** Externally hosted services
- **Installer Type:** Set of files or native package

| PA Partner Deployment Categories | | | |
|---|---|---|---|
| **Type of Application** | **Webspace** | **Dedicated** | **Connector** |
| **Description** | • Capable of running in a shared hosting environment<br>• No support for services running in background | • Broadest compatibility<br>• Requires dedicated OS instance<br>• Supports services running in background | • Access to externally deployed services through API<br>• Supports multitenant applications |
| **Examples** | • Wordpress<br>• Joomia<br>• Sugar CRM | • VDI Desktop<br>• 1C Server<br>• Plesk Panel | • Open-Xchange<br>• Hosted Exchange<br>• Office 365<br>• Live Office |

## APS Package Application Types
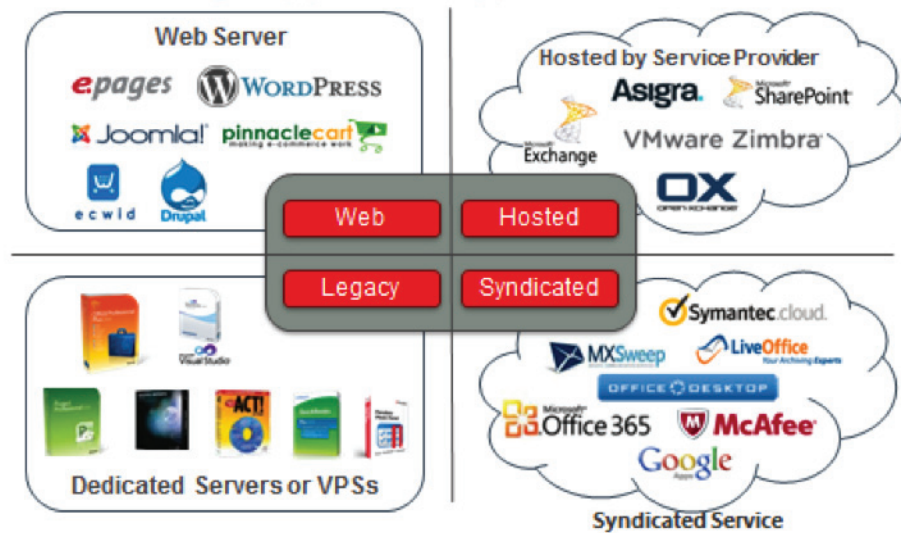
**PARALLELS PLESK PANEL PARTNERS**

When you market your APS package to Parallels Plesk Panel partners, you have an opportunity to reach all of these user types.

1. **Small Hosters**:  Providing shared hosting services (100+ domains) typically using a web-based control panel system managed on top of a dedicated or virtual server.  This group of partners reaches a very large number of end customers since a single Plesk Panel Partner can serve thousands of SMB customers.

2. **Cloud Service Provider:** Delivering a web-based control panel system to small hosters, web designers, and small business IT professionals.   This group will often re-sell Parallels Plesk Panel as part of their IaaS offering

3. **Web Designers:** Providing web design services (10+ domains) supported with a web-based control panel system managed on top of a dedicated or virtual server.

4. **IT Professionals:** Small Business IT professional managing basic business needs of the organization (mail, website) with a web-based control panel system managed on top of a dedicated or virtual server leased from a large service provider or installed on an on-premises server.  These Parallels Plesk Panel users are also good targets for direct consumption of ISV offerings.

**MEETING PARALLELS PLESK PANEL APS CRITERIA**

APS packages marketed through Parallels Plesk Panel partners fall into the same three categories described in the PA partners section: APS Webspace applications, APS dedicated applications, and APS connector applications. However, in the case of Plesk Panel partners, these applications must also meet specific Parallels Plesk Panel criteria:

• APS Web space applications must be capable of being installed onto the single server managed by Parallels Plesk Panel.

---

- APS dedicated applications must be capable of running within a single server, with or without virtualization. (Note, however, that while Parallels Plesk Panel cannot manage a farm of multiple servers directly, it can connect to an independently managed set of multi-server applications via the "APS Connector" model.)
- APS connector applications must be capable of connecting to other cloud offerings.

**PARALLELS PARTNER STOREFRONT AND PARALLELS AUTOMATION FOR CLOUD MARKETPLACE**

Parallels has two turnkey storefronts, Parallels Partner Storefront and Parallels Automation for Cloud Marketplace.

Parallels Partner Storefront is a key component of the Parallels Plesk Panel that enables cloud services providers to quickly and easily monetize their customers through the sale of commercial applications. Providers can offer their Panel customers a wide variety of applications, without development effort, by partnering with Parallels in a revenue-share business model.

With Parallels Automation for Cloud Marketplace, service providers have the ability to instantly launch a customized storefront with a set of applications that come complete with pre-negotiated licensing terms and white label support, which dramatically improves both time-to-market and time-to-profitability.

To have your application included in a Parallels storefront, you must enter into a separate agreement directly with Parallels for the resale of your application. Parallels will then resell the application to the end customer via an e-commerce transaction in which:
- Parallels collects the payment from the purchaser.
- Parallels pays you a wholesale fee.
- In the case of Parallels Plesk Panel resellers (such as SoftLayer), Parallels divides the margin with the resellers to motivate them to promote these Software-as-a-Service (SaaS) applications.

*Note that Parallels Plesk Panel resellers have to opt in to enable the storefront in the resale of their Plesk Panel licenses, and they also have to explicitly specify which applications will be available in their storefronts. That's because many Plesk Panel resellers do not want to offer products in their storefront that compete with their own products.*

At the time of printing, more than 60 Parallels Plesk Panel resellers have agreed to enable a Parallels storefront in their resale of Plesk Panel licenses and we're currently signing the first wave of PACM storefront partners.

**THIRD-PARTY WHITE-LABEL MARKETPLACES**

We have a growing number of partners—such as Luxcloud and Softec-Internet—who are help-ing downstream resellers sell SaaS services under their own brand without the resellers having to invest in the Parallels Automation system themselves. In this model, the white-label partner hosts Parallels Automation and uses it to create storefronts for downstream resellers, using each reseller's unique branding and personal selection of SaaS applications to resell. Raising the awareness of your application among these types of partners will also help you reach their downstream SaaS resellers.

# Going To Market

While APS packaging does not in and of itself guarantee sales, it does significantly increase your visibility, both with Parallels partners and with the Parallels global sales teams. We will inform and educate our sales teams about the basics of your offer, but you are the expert on your products, and it's up to you to take any leads generated with our reseller partners and close the business directly. Over the years, we've found that our most successful APS partners are those that have built strong relationships with our local sales teams throughout the world and actively manage reciprocal introductions into new resale opportunities.

In short, Parallels can help you kick-start your engagement with our partners and sales teams, as well as continuously expose you to our partner ecosystem, but in the end, your success will depend on the level of investment your company puts into building relationships and closing business with our reseller partners.

Parallels will use the following avenues to help launch your product and maintain awareness of it:

- **Press releases:** We will provide you with quotes for press releases announcing the availability of your APS package or the launch of a new update—as well as for momentum releases highlighting several recent reseller wins. But any mention or inclusion of the Parallels name or logo in your PR, marketing, advertising, and related materials must be approved by Parallels in advance.

- **Monthly webinars:** Every  second Tuesday of the month, Parallels hosts an hour-long webinar in which new APS partners gets 10 minutes apiece to present their value proposition to other Parallels partners. We record these webinars for ongoing marketing and promotion of your offering.  See Parallels Cloud Services Webinar Series for Service Providers for webinar examples.

- **Online cloud services catalog:** We will list you in our online catalog of APS partners and actively promote the catalog to our partners.

- **Parallels print catalog:** We will include you in the hard-copy version of the APS catalog, which we print twice a year. This catalog is used by sales people and at trade shows.

- **Parallels APS Partner Engagement Manager (PEM):** We will assign you a PEM to help coordinate engagements between your sales teams and ours.  If you have qualified a potential reseller opportunity, the PEM will also load that lead into Salesforce.com to drive awareness and help you track the opportunity to closure.

- **Joint collateral and sales tools:** We would like to receive a set of collateral material that our sales teams can use to introduce your product to potential prospects. We would also like to receive material that will help us educate our sales teams, providing basic information about your product, your value proposition for service providers, and your competitive advantages. These materials need to be high-level enough to be digestible in a short time, yet meaningful enough to represent your core value proposition to a reseller. Although our sales teams will not be closing reseller sales for you, the collateral you provide will help us stimulate interest in your product. It will then be up to you to respond to leads we provide for further joint engagement.

- **Introduction to the local sales teams:** Your Parallels PEM will help you connect with the sales teams in your area to build local relationships.  As with all channel sales, building relationships at the local level is key to success.  We've found that the best approach is to achieve some quick mutual wins and let momentum build. Again, don't expect our sales teams to close your reseller business: lead generation needs to be reciprocal and developed over time. The success of the initial engagements will play a key role in getting the field behind you quickly and building momentum.

- **Education of your sales teams:** We can conduct field briefings for your sales teams to familiarize them with the Parallels portfolio of offerings, so they can see how your APS package fits into our partners' cloud strategies.

- **Case studies:** We can work with you to develop joint case studies highlighting your successful reseller relationships, which can be used to promote your GTM activities.  Click here to see a sample case study.

- **Promotions:** We are happy to present any promotions you would like to extend to our Parallels partners, to stimulate their interest in your product.

# Bill of Materials

The following is a checklist of the GTM materials discussed above. These items will support our joint GTM activities, regardless of which business model you choose. The asterisked items are particularly recommended as the minimum set of baseline GTM materials:

- Business decision maker customer presentation: This PPT deck consists of:
- A one-slide summary, to be included in Parallels customer presentations
- A three-slide summary going into a bit more detail on the benefits.
- Technical decision maker customer presentation: This is also a PPT deck.
- *Reference architecture: a PPT deck or Word document describing the technical requirements for launching the service.
- A sales training PPT deck to train Parallels on the value proposition of your product
- A field training webinar
- Sales FAQs: A Word doc covering common questions, objection handling, competitive issues, etc.
- Battle cards: A one-page summary of how to sell your product
- A 10-minute speaking slot in an hour-long APS webinar
- A posting of your product in our cloud service catalog
- A launch plan, including:
  - A press release that you issue, with a Parallels quote that we provide
  - Target date/event
  - Any launch promotions
  - Social network activity at time of launch
- Management of joint funnel – discuss process
- Light house account
- Development of a case study
- Other optional materials

## Contac Us

For more information about Parallels virtualization solutions, please contact:

**Parallels, Inc.**
**500 SW 39th St. Suite 200**
**Renton, WA 98057**
**+1 425 282 6448**
**www.parallels.com**