

|| Parallels™ Summit '20

Profit from the Cloud

# Service Provider Opportunities and the Multiple Dimensions of Cloud

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IDC

# Agenda

Putting Cloud in Context

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Market Trends

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Impact to Hosting

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Leveraging the Cloud

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Selling the Cloud

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Enabling the Cloud

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Recommendations

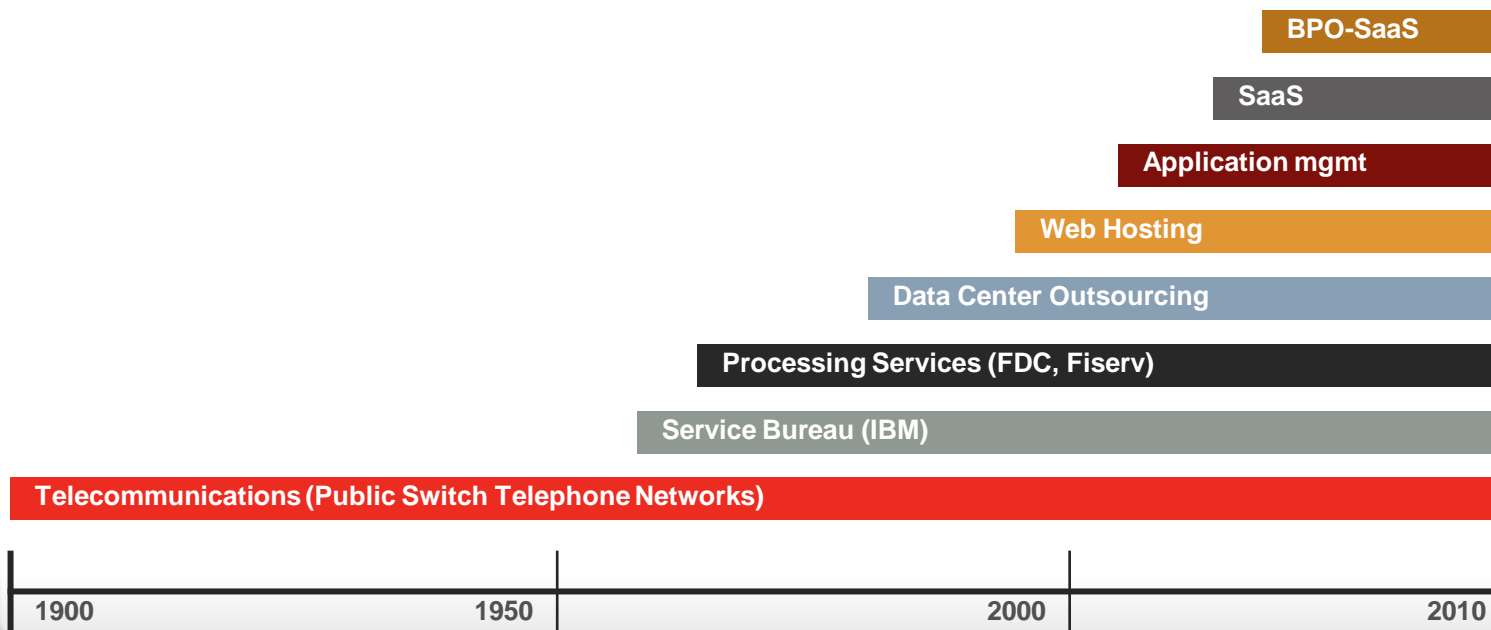


# History of “Outsourced” Models: From Time-sharing to Cloud

## Key Messages:

- Service model of “cloud” has been around for a long time, taking various names and formats
- Cloud-based services do offer unique capabilities that prior “outsourced” models could not
- Cloud: new way to provide/consume existing capabilities and a new way to develop new capabilities

## History of “Outsourced” Service Models



### Common Characteristics

- Datacenter centric
- Pricing: Pay-as-you-go; fixed fee
- Capital intensive
- SLA-driven
- Contract-based
- “Perishable” consumption
- Scalable
- Localized

### Uniqueness of “Cloud” Services

- Self-configuring and code creation
- Granularity of service
- Personalization of services
- Web-centric
- Speed of provisioning
- Device and location independence
- Magnitude of scalability

# What Are Cloud Services?

## Cloud Services

Consumer and business products, services and solutions delivered and consumed in real-time over the Internet

### Benefits/Attributes

**More efficient**  
**Simpler to adopt**  
**Faster to deploy**  
**Scalable to need**  
**Priced to use**

**Broader reach**

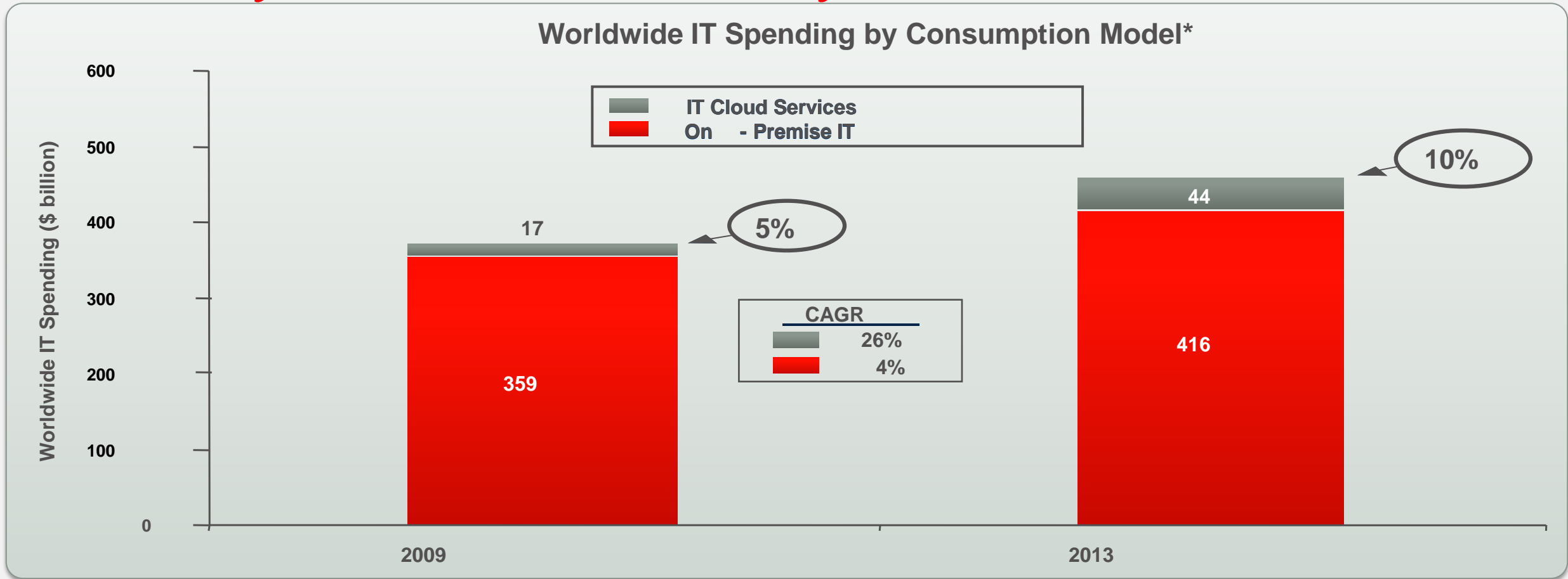
- Shared (one-to-many) service
- Solution-packaged
- Self-service provisioning
- Dynamic, and fine-grained ("elastic"), service scaling
- Usage/user-oriented pricing (and utilization and cost tracking)
- Accessible via the Internet/IP
- Standards-based UI (browser/RIA and successors)
- Published program/service interface (e.g., web services APIs)

## Deployment Models

[Note: large gray zones between these two broad categories]

- Public** — open to a largely unrestricted universe of potential users; designed for a market, not a single enterprise
- Private** — designed for/access restricted to a single enterprise (or extended enterprise); internal shared resource, not a commercial offering; IT organization the “vendor” of the shared/standard service to its users

# Delivery Model Shift in Key IT Markets

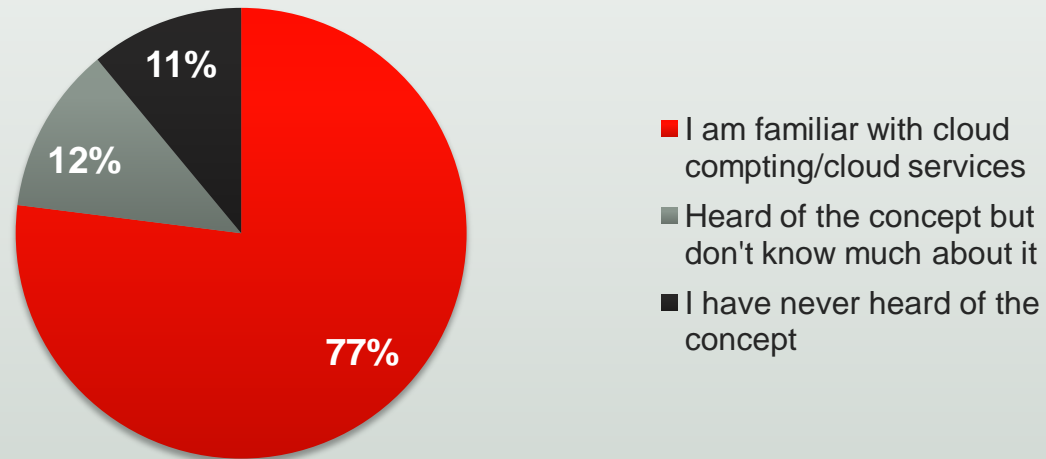


\* This is a subset of the worldwide IT market, representing business IT spending on Business Applications, Systems Infrastructure Software, Application Development & Deployment Software, Servers and Storage

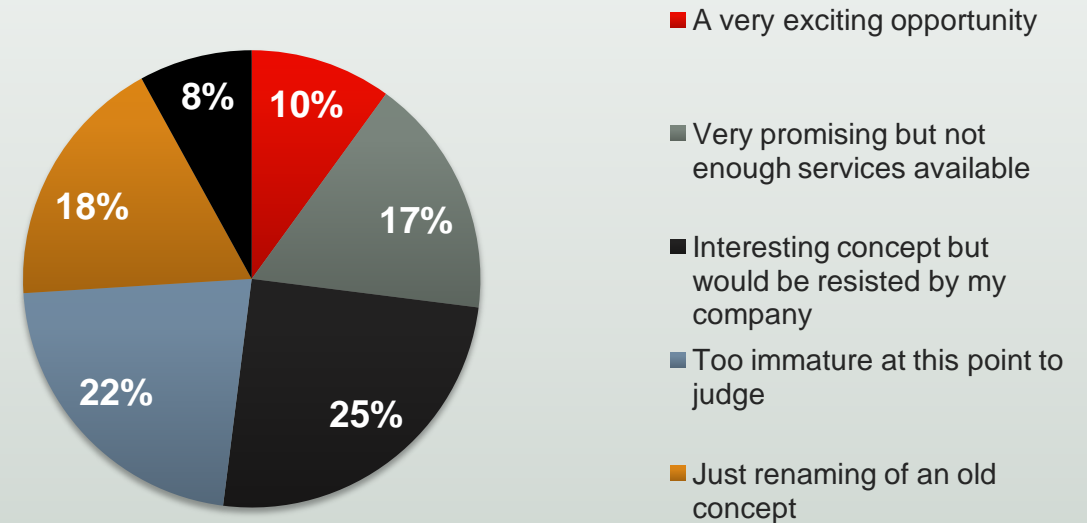
Source: IDC, 3Q09

# Cloud's Position in Asia/Pacific

How familiar are you with the concept of cloud computing?



What is your opinion of the current state of cloud computing?

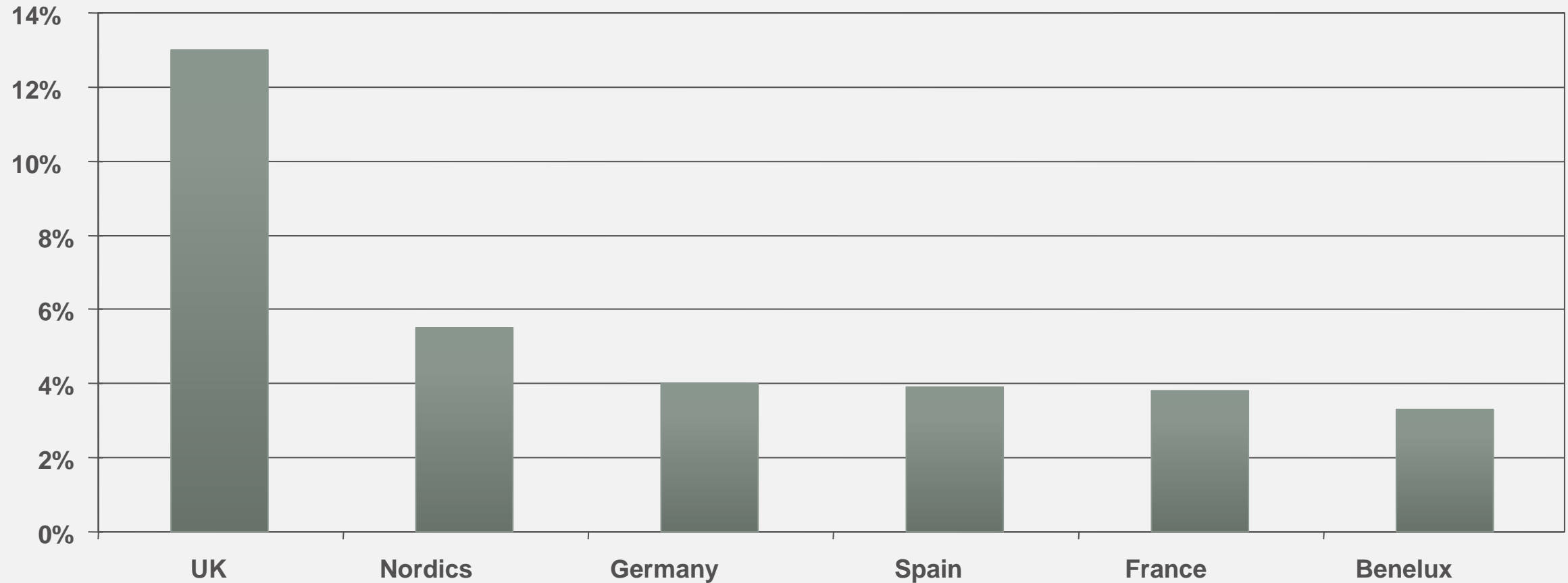


**Familiarity is high, but opinion is low!**

Source: IDC Asia/Pacific End-user Cloud Computing Survey, 2009

# Cloud's Position in Europe

% of respondents in country/region using 7 or more IT cloud services\*



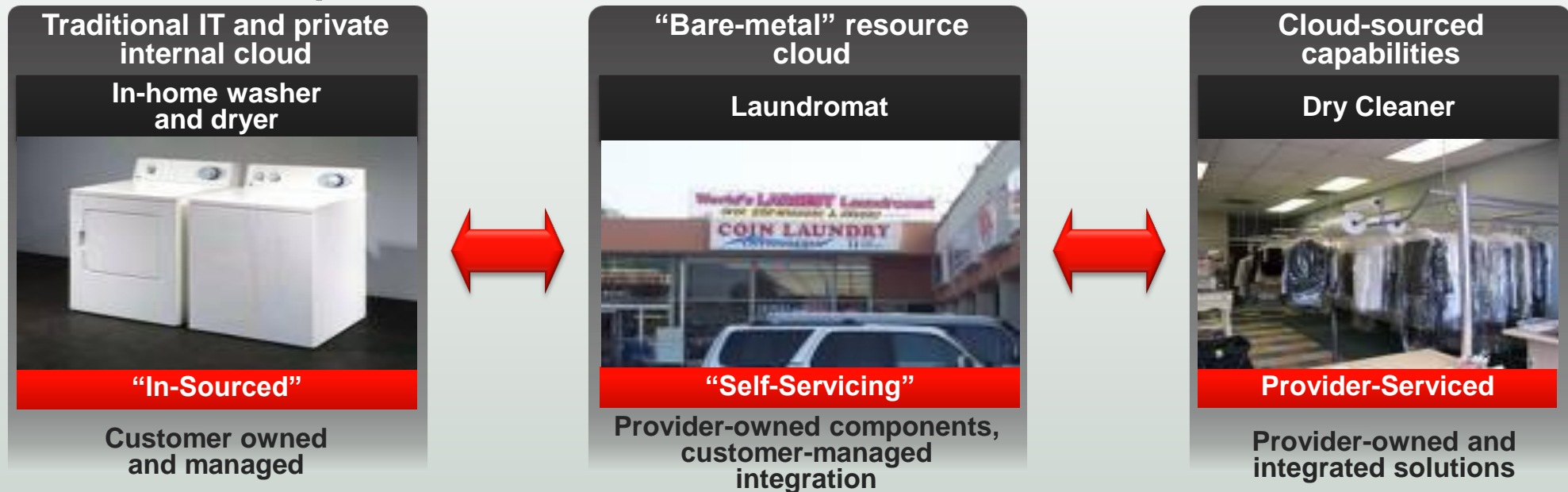
Source: IDC European Enterprise Services Survey, 2009

# Bringing Cloud Down To Earth

**Cloud services: all about providing customers with a set of third-party datacenter-delivered/hosting-centric services**

- External sourcing of IT/application requirements
- Cloud = integrated capabilities, not technology piece parts
- No equipment required: operating expense, not capital investment

## Spectrum of service options

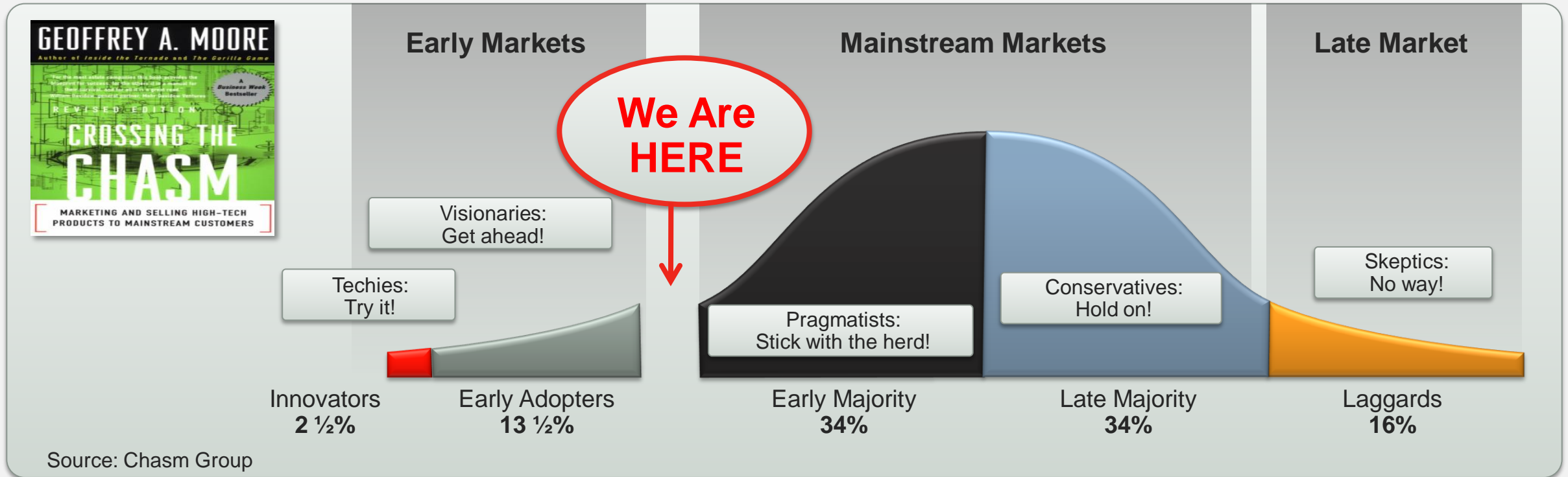




# IT Cloud Services: “Crossing the Chasm”

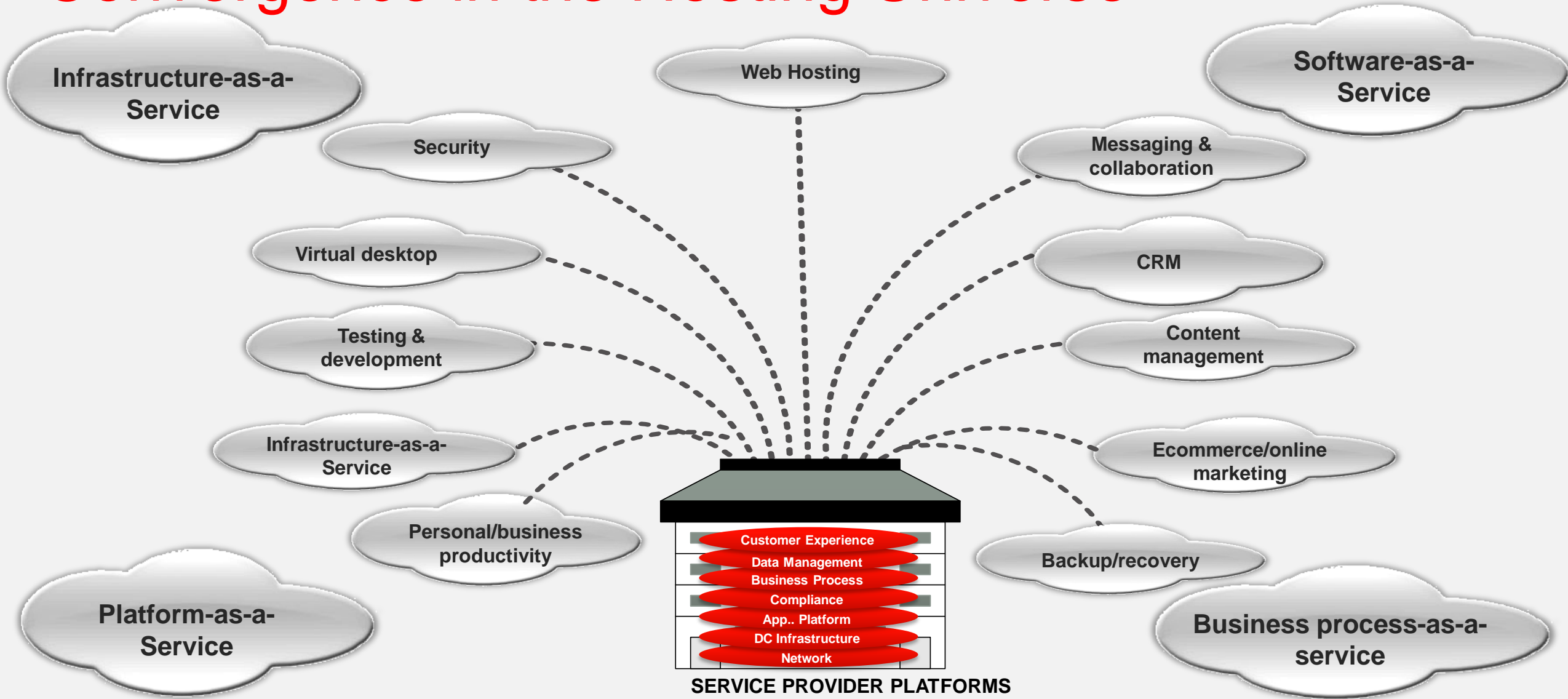
## Technology Adoption Life Cycle

Groups are distinguished from each other based on their characteristic response to discontinuous innovations created by new technology



Cloud still evolving but shift from Early Adoption to Early Mainstream is underway:  
Now is the time to begin understanding the options!

# Convergence in the Hosting Universe



# Chaotic Cloudiness in the Hosting Universe

Technology Players



Cloud Disruptors (e.g. PaaS)



Hosted App Mgmt



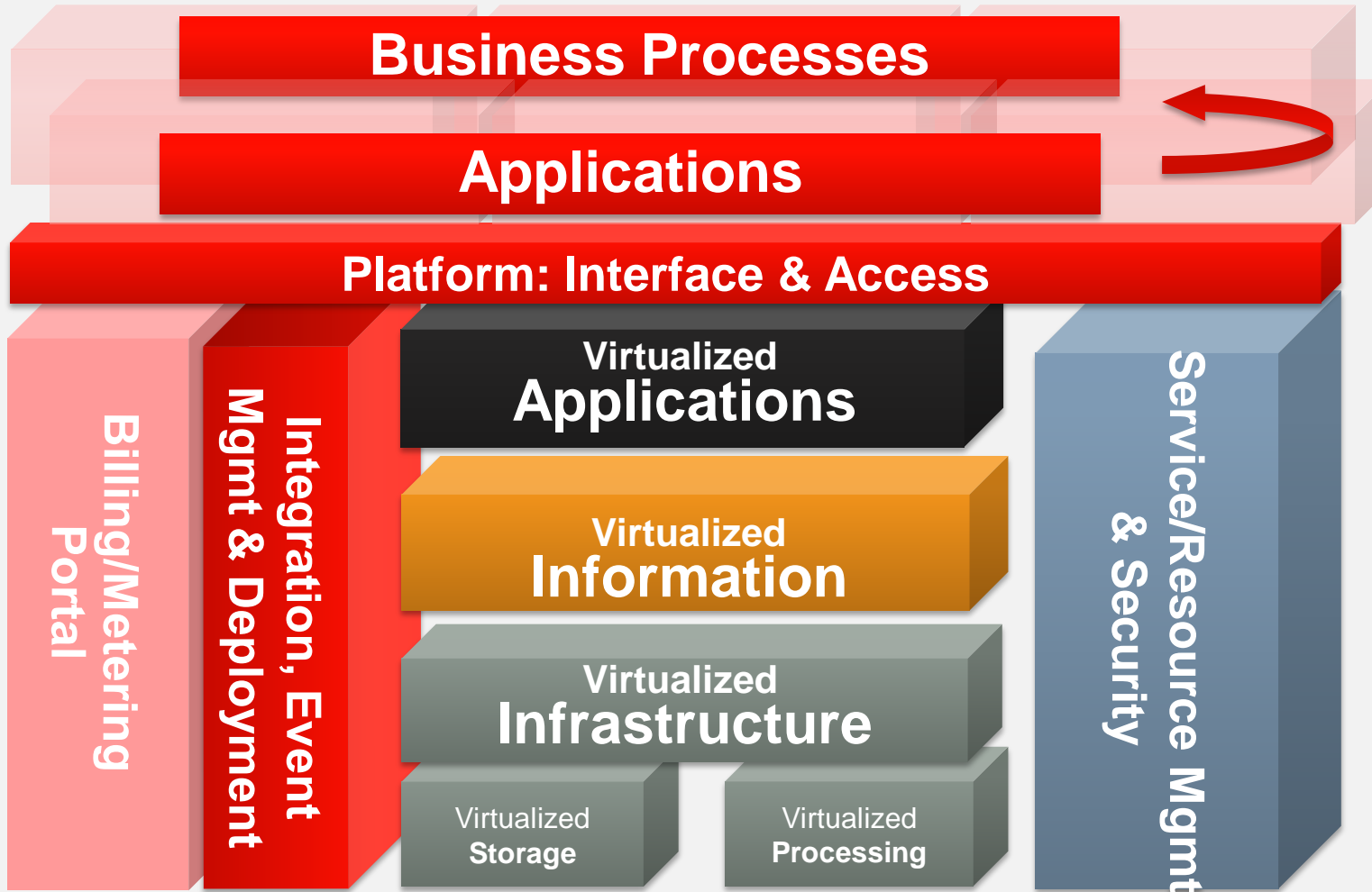
Hosting Service Providers

Cloud Disruptors (e.g. Integration, Test)

\*Sampling only\*

# Leveraging the Cloud

## Next-Generation Service Provider Architecture



### Consolidate

Standardization,  
Cost reduction, performance  
improvement

### Virtualize

Simplify access,  
improve end-to-end mgmt,  
maximize use

### Automate

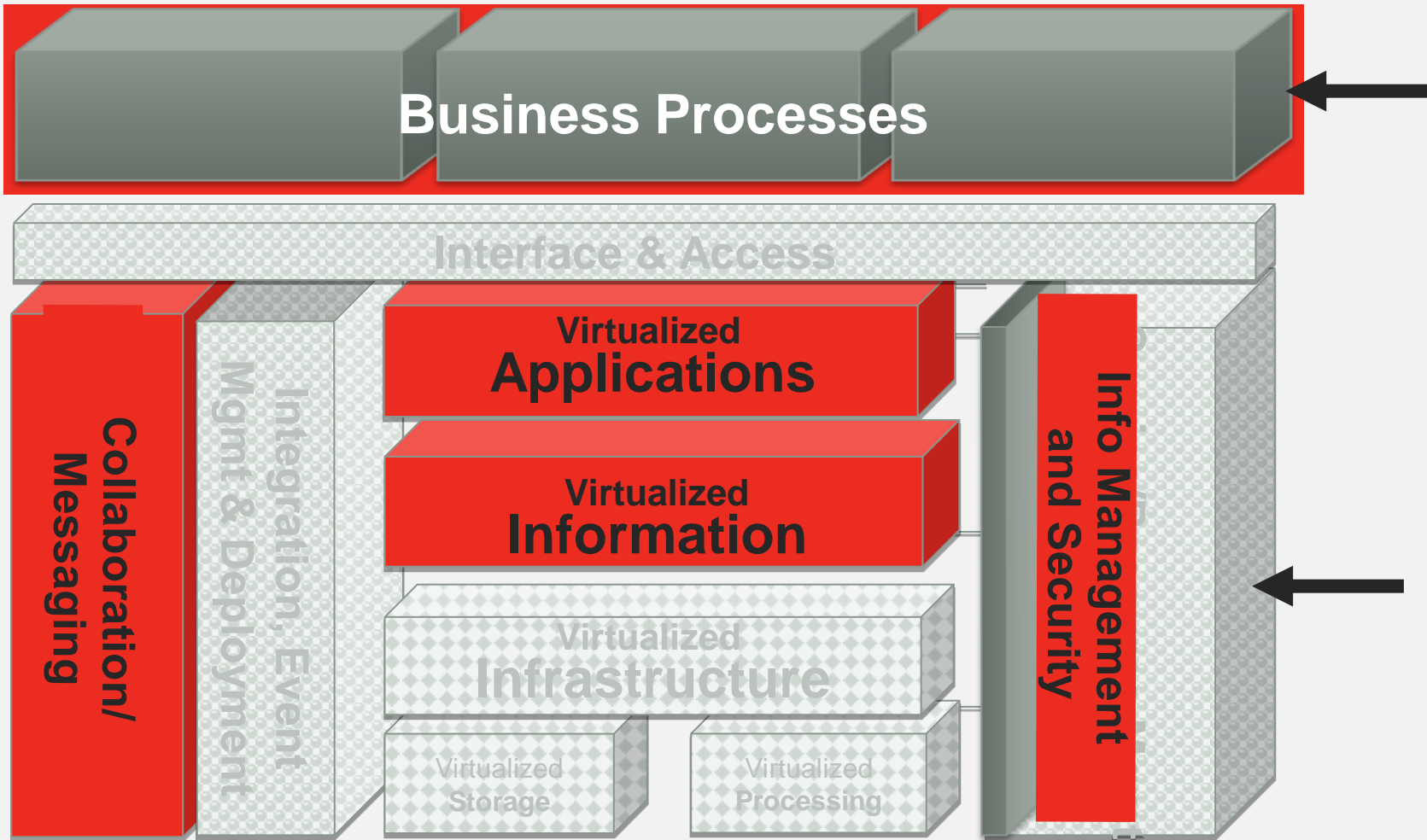
Faster provisioning,  
predictable operations,

### Orchestrate

Flexible service  
creation, ecosystem  
development

- Lower Cost
- Improved Operational Efficiency
- Rapid Service Creation

# Small Businesses May Use Public Cloud Services as *Most* of IT...



Application  
Functionality  
Consumption  
**Emerges**

IT Complexity  
**Disappears**

# Why Cloud? SMB Perceived Benefits



% of respondents 3,4, 5 on a 5-point "importance" rating scale  
Panel, 3Q09 (SMBs and large businesses)

Source: IDC Enterprise

# Why Not Cloud? SMB Challenges/Issues

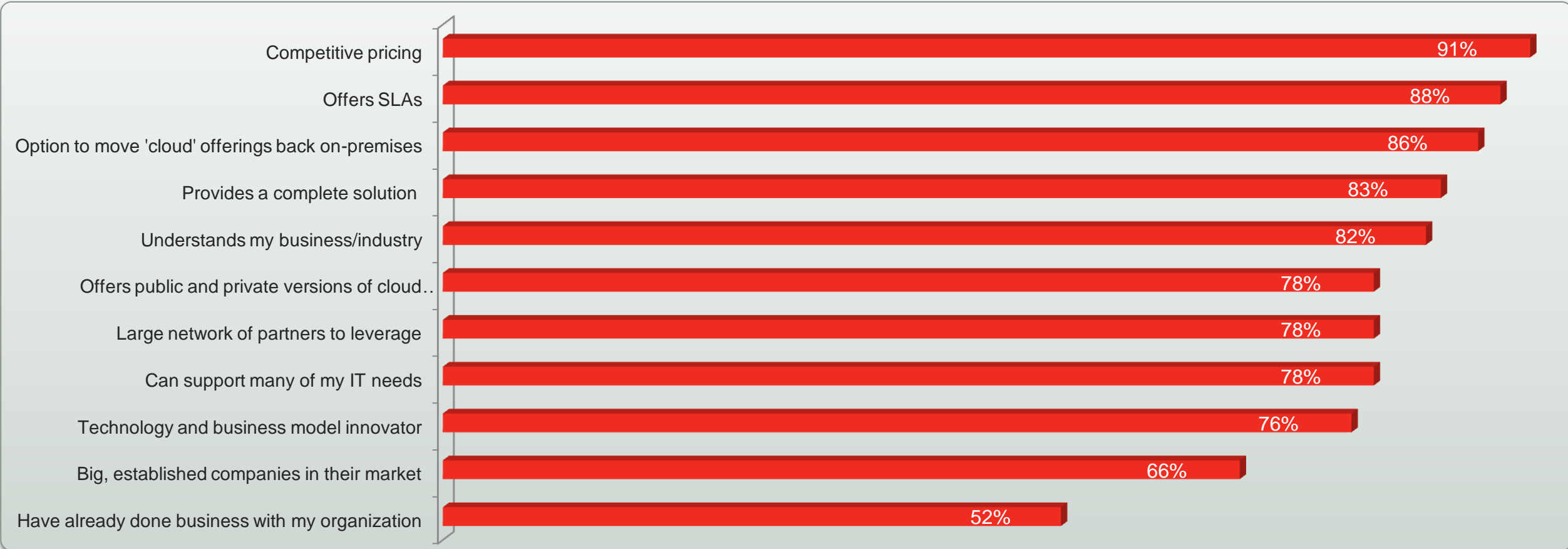


% of respondents 3,4, 5 on a 5-point "importance" rating scale  
Panel, 3Q09 (SMBs and large businesses)

Source: IDC Enterprise

# What Do SMBs Want in a Cloud Provider?

Many of the same things they want from any type of IT service provider...



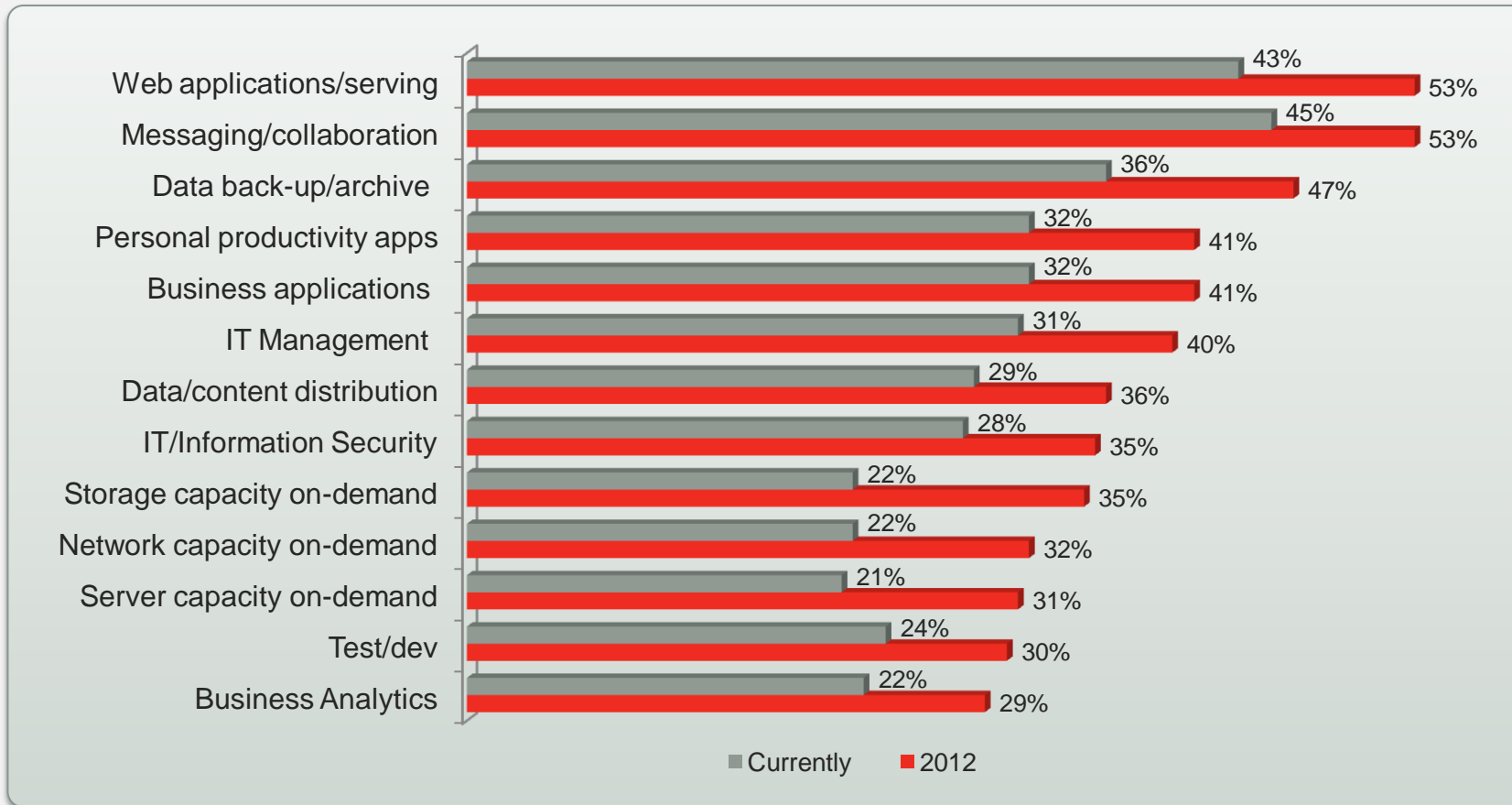
% of respondents 3,4, 5 on a 5-point "vendor requirements" rating scale  
Enterprise Panel, 3Q09 (SMBs and large businesses)

Source: IDC



# Selling the Cloud: First-Mover Offerings

Q. Rate your likelihood of pursuing the cloud model for the following...



% of respondents 3,4, 5 on a 5-point "current/planned usage" rating scale  
Enterprise Panel, 3Q09 (SMBs and large businesses)

Source: IDC

## Web hosting, email/collaboration:

- Cloud extends flexibility, interoperability

## Data storage and leverage:

- Cloud broadens reach and value proposition of storage, enabling new add-on capabilities around backup, archiving and distribution, analytics

## Business/productivity apps:

- Cloud enhances accessibility and enables consumption-based purchasing

# Selling the Cloud: Multiple Approaches

## Extend the value of existing services

- Faster provisioning/implementation
- Broader range of service plans and options

## Transform the customer experience

- Integrated 'service catalog' approach to online selling
- Self-service for deployment and moves/adds/changes

## Reinvent the service creation process

- Extensible service delivery infrastructure to easily accommodate new offerings
- Enable third party application/service integration and distribution
- Enable self-service deployment and moves/adds/changes

# Enabling the Cloud

**Cloud does not mean commoditization:  
*but thinking outside (and beyond) the box***

- Evolution toward toward new ecosystem-driven partnerships

**Connect all the elements to enable functional integration  
of partner offerings and expertise**

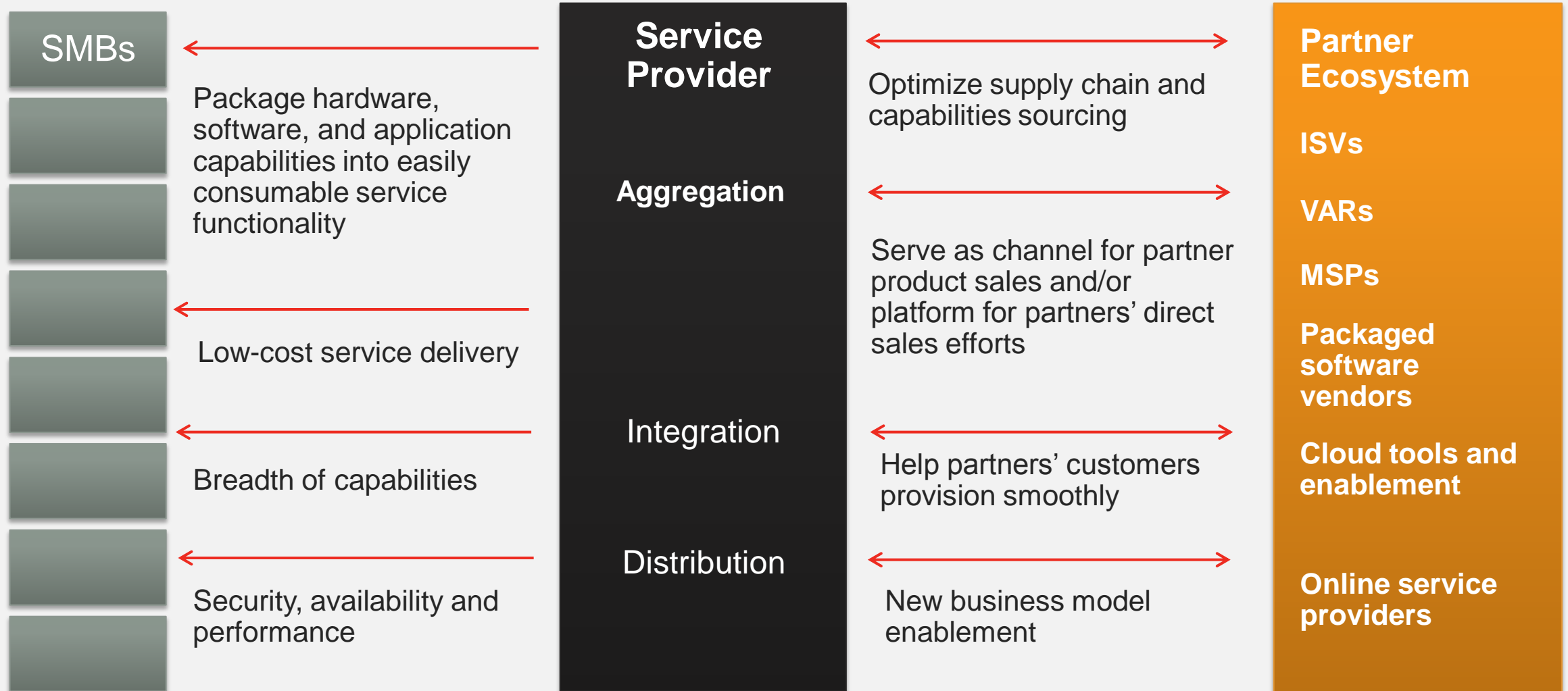
**No single entity “owns” or “dominates” the cloud**

- Federation/aggregation of cloud-based capabilities – key value chain opportunity for service providers
- Create/enable transaction-oriented framework for multiple actors

**Next-generation service provider value proposition:  
unified delivery environments for deployment,  
management, and distribution of IT-as-a-service for SMBs**



# Enabling Cloud Ecosystems



# Service Providers: Essential Guidance

## Position cloud as evolution (“next-generation hosting”) *not* revolution

- Enhanced ease of use, simplified implementation, new feature functionality, rapid provisioning

## Embrace the cloud, but make it your own

- **Access** to technology/business applications is key: not infinite scalability or usage-based component pricing

## Leverage cloud to refine your brand

- Expand marketing focus to embrace SMB IT consumers, not just developers, integrators, and IT managers

## SMBs are cautious by nature and suspicious of hype

- Position cloud as a means to an end: a sourcing strategy for unmet business needs

**Help SMBs cross the cloud chasm by taking the leap first!**

# Thank You

# Questions? Comments?

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