

RESEARCH PAPER

Dream partner: What end users need most from their channel cloud providers

September 2021

Sponsored by



CONTENTS

• Introduction	p3
• Key Findings	p4
• Cloud Present and Future	p4
• What's In and What's Out?	p6
• Where to Add Value	p10
• Conclusions - What can Resellers Do Better?	p12
• About the sponsor, OVHcloud	p15
• Appendix: The research participants	p16

Introduction

Whether they are sourcing hosted private, bare metal, or public cloud services – or a combination of all three – end users want to know they have chosen a cloud provider they can rely on across the board. But how do channel cloud providers attain and retain that trusted status? Just as the reseller network is shifting from reselling with a margin to recurring income models, the needs and motivations of end users are changing too. Their cloud infrastructure is increasingly diverse and complicated – built on hybrid or multi-cloud strategies as part of a best-of-breed approach to where they place their key workloads and databases in the optimal environment. With the benefits come significant challenges too. The proliferation of resellers competing against one another in the IaaS market has squeezed their margins, making it tricky to add value in this space.

The good news is that enterprises still see resellers as an important part of their cloud infrastructure. 74 per cent agreed either somewhat or strongly that IT resellers have a key role to play in helping customers overcome increasing cloud complexity. So how best to go about it?

This white paper, built on dedicated end user research, explores what IT leaders want in channel cloud providers. Some enterprises emphasise the ability to meet bespoke needs quickly and transparently. For others, it's the ability to provide an open cloud, that's reversible and interoperable, or the localisation options required to assuage data sovereignty concerns. Transparency of costs and security specialisations play a significant part.

It also explores how channel providers can partner with others in the channel to add value, expertise, and flexibility to their offerings. These findings help channel providers create a framework to build differentiated cloud services by addressing the key needs and priorities end users seek from their channel providers.

What does the ideal channel cloud partner look like today?

Key Findings

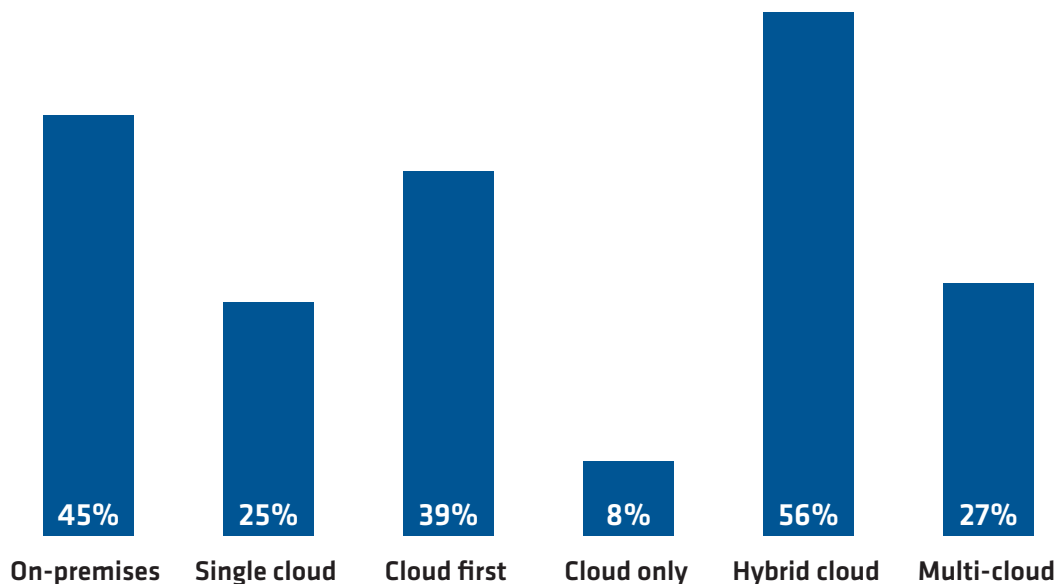
- A hybrid cloud infrastructure of public cloud/private cloud/on-premises remains the most widely deployed enterprise infrastructure.
- The proportion of organisations who have placed more than half of their data in the cloud is 32 per cent today but this is predicted to double to 64 per cent within two years.
- Database, CRM, and customer facing applications emerged as the most likely to have been migrated to cloud with ERP and other line of business applications the least likely.
- The most widely expected benefits of cloud migration were greater scalability, business agility and easier remote working.
- Cloud infrastructure is delivering well against these expectations but significantly less so when it comes to cost efficiency, Return on Investment (ROI) and data sovereignty.
- The main challenges that enterprises face deploying cloud infrastructure were cost, security/compliance, and integration.
- The areas that organisations felt that IT resellers could best assist them in were security/compliance, workload portability and management complexity.
- What those organisations wanted from reseller partners were greater simplicity and transparency of costs, a greater breadth of cloud technologies and a greater understanding of their specific requirements combined with technical support with cloud application migration and integration.

Cloud Present and Future

The logical starting point for discussion is to establish what cloud strategies enterprises are architecting now and how they expect the pattern to evolve over the next two years. We asked survey respondents to choose up to three terms that best describe their strategy and we can see that a hybrid of public and private cloud infrastructure is still the most widely cited strategy.

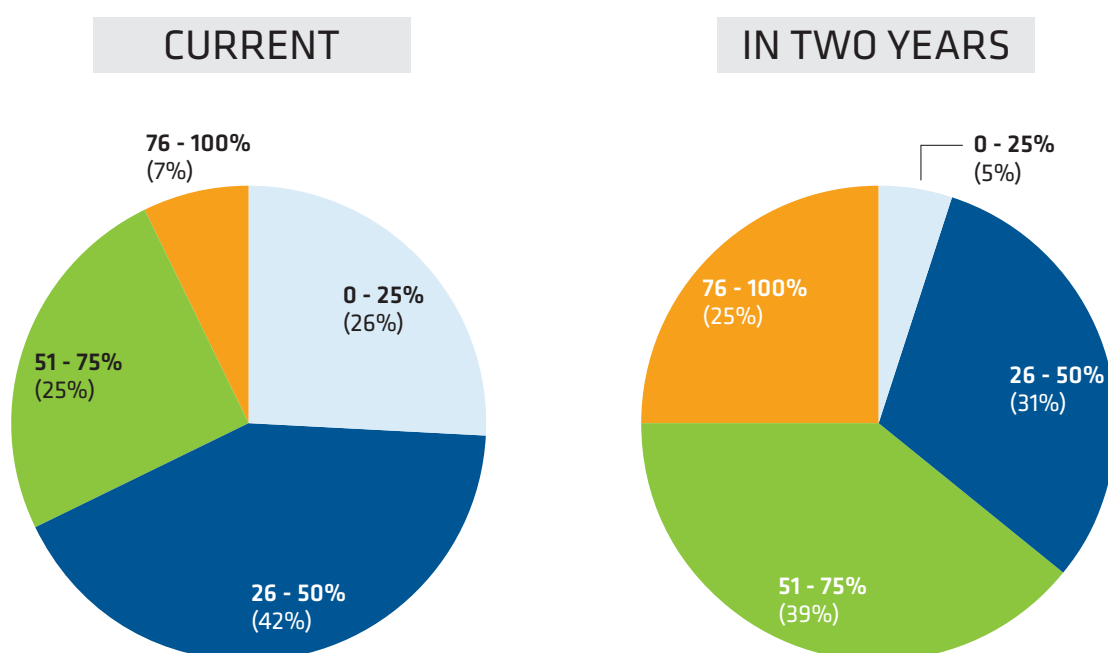
It is not difficult to see why hybrid cloud strategy remains the most popular. Building applications and placing data and workloads onto hyperscale platforms, or subscribing to SaaS applications provides a level of agility which cannot feasibly be replicated on-premises. Public cloud services have also been marketed on the basis of cost reduction although, as we will see later on, this is very much a point of debate. Private cloud infrastructure provides a degree of control and security which public cloud will never be able to offer – primarily because access to it is via the very public internet. Above all, enterprises want flexibility from their cloud infrastructure, and this points to a blend of public cloud infrastructure-as-a-service and platform-as-a-service combined with the extra control of bare metal cloud and hosted private cloud.

Fig. 1 : Which terms best describe your current cloud infrastructure approach?



47 per cent of enterprises are pursuing a cloud first and/or cloud only strategy. When this finding is combined with that in the table below, which indicates a substantial increase in the quantity of data being migrated to cloud infrastructure in the next two years, it paints an overall picture of an acceleration in the pace of cloud migration in the short and medium term.

Fig. 2 : What proportion of your organisation's data is currently using cloud-based infrastructure? And in two years?



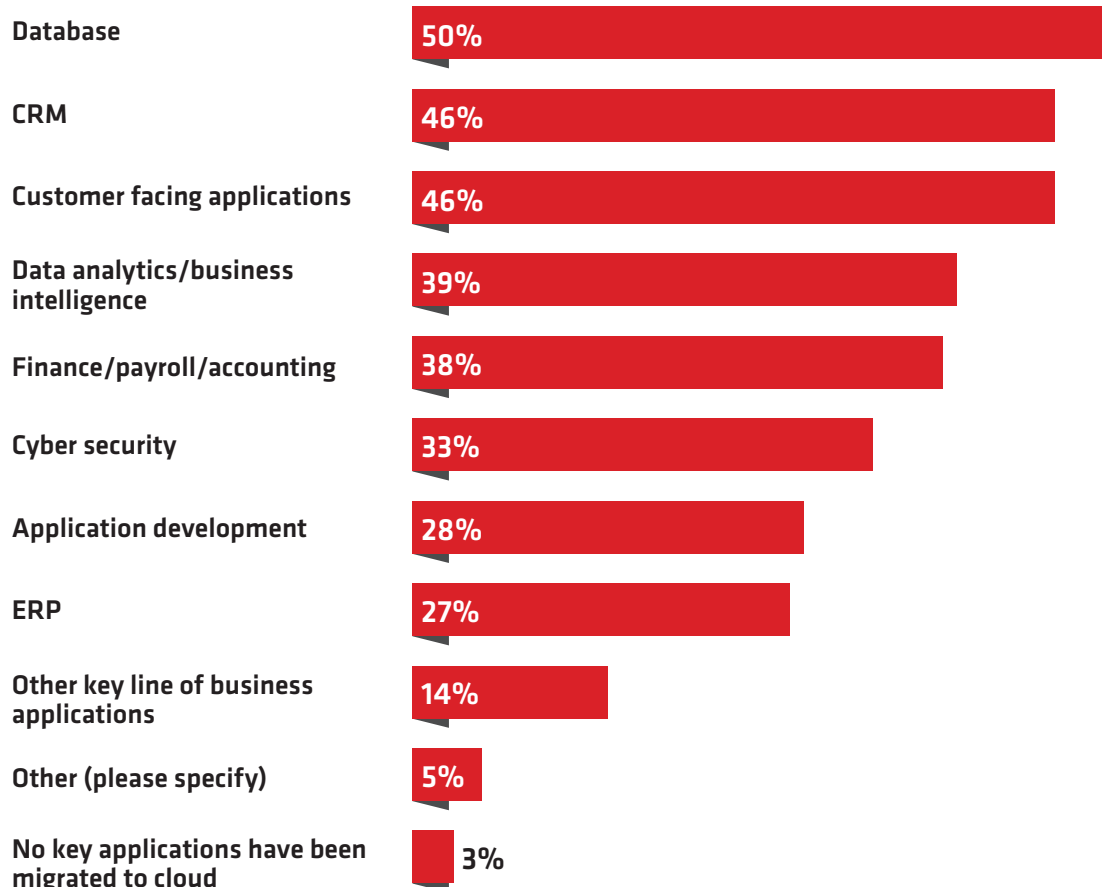
What's In and What's Out?

There are certain areas of enterprise architecture which organisations are generally quicker to migrate to the cloud. According to our results, databases are the most likely to be in the cloud, either on an IaaS platform or migrated to a DBaaS or both. However, while DBaaS is quick to set up, it may not be suitable for all enterprises because there are hard storage restrictions and limited control of infrastructure. This makes it a less attractive option for highly regulated enterprises, such as those in the financial services industry. There may also be integration and compatibility issues.

Opting for cloud database/data warehouse either on a bare metal, public or hosted private cloud means enterprises have a degree of scalability, the ability to crunch huge datasets, greater control, and most importantly an easier way of moving data and workloads into their optimal environments than with hybrid architectures.

Customer-facing applications and CRM also highly likely to be cloud-based. The latter might well reflect the huge install base of a certain SaaS CRM. The former may indicate that many enterprises are looking for third parties like MSPs to run platforms for them while they get on with developing applications - which hints strongly at where cloud margin can be found. Enterprises are developing customer-facing applications (and to a lesser extent enterprise applications) using DevOps and Agile on microservices platforms. Cloud architecture with open standards and interoperability across clouds is the best way to facilitate this.

Fig. 3 : Which of these applications have you moved into the cloud?



Dream partner: What end users need most from their channel cloud providers

It's also worth looking at what is less likely to be in the cloud – namely ERP and other key LOB applications. Application modernisation is an area that enterprises often struggle with due to skills gaps in microservices, containerisation and Kubernetes, and the fact that these applications tend to be at the core of the enterprise, making migration difficult. Resellers who can help businesses run the platforms by partnering with cloud service providers and filling skills gaps enables customers to rearchitect these legacy applications. Furthermore, it is important for cloud providers to emphasise the collaborative and personal support they can offer when compared with larger providers.

Figures four and five (*see pages 8 and 9*) set out the perceived benefits that cloud offers, along with how well cloud infrastructure has performed against these expectations. Scalability and business agility are the two most widely cited benefits of cloud, and the infrastructures of our customers had performed pretty strongly in this respect, with average scores out of ten coming in at 7.8 and 7.3, respectively.

The degree of scalability and agility offered by the different types of cloud varies, and this is reflected in the strategies that enterprises choose. What businesses increasingly need is test environments which can be provisioned almost instantly and infrastructure which can be “burst” into for short periods of time as and when extra compute is required. Public cloud infrastructure is ideal for this but there are downsides, which on closer inspection is visible in our research. Scores for cost efficiency, ROI and data sovereignty were all at the bottom end of the table.

Many enterprises who have bought hyperscale IaaS directly have found that costs can end up being higher than billed. It tends to be sold in fixed bundles and if these limits are exceeded, costs can be bracing. There is also the question of data transfer charges. Unlimited data ingress is often highlighted during the sales process, but the whole point of hybrid and multi-cloud is agility and the ability to move workloads and data to optimal environments. Data egress is as important as ingress – and that's where hidden costs can lurk. Visibility of cloud infrastructure is also crucial. Enterprises need a centralised management console with cross-cloud visibility and real-time as well as historical billing data in order to be able to identify idle and/or underutilised infrastructure.

Enterprises seeking the agility of public cloud without the unpredictability of costs and the impact on data sovereignty should consider public cloud built on open standards as part of their hybrid architecture. Building on open standards ensures interoperability and portability of data with other cloud services and infrastructures. The technical and commercial barriers to portability are removed.

Fig. 4 : What do you perceive as the main benefits of cloud migration? (3 maximum)

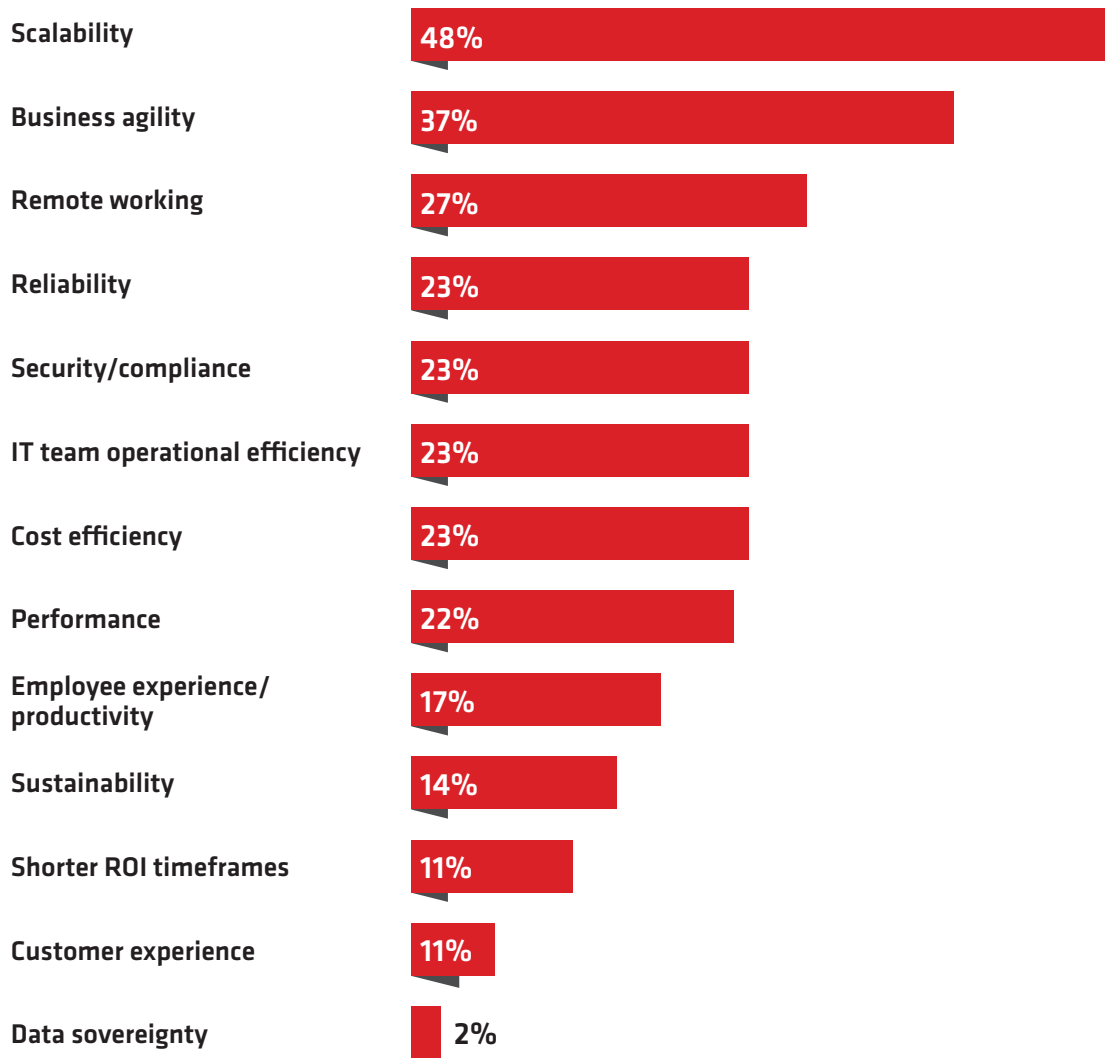
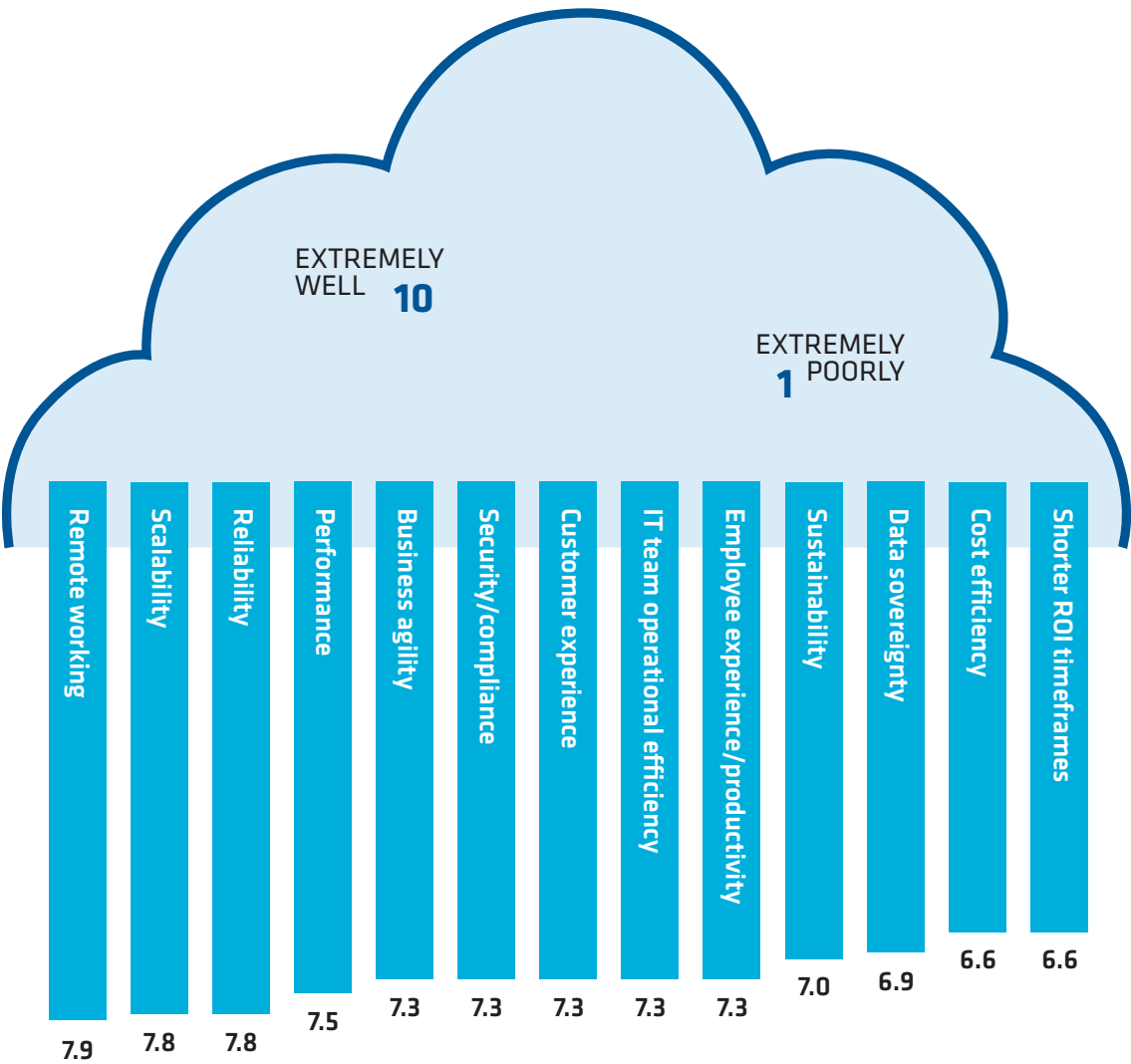


Fig. 5 : On a scale of 1 (extremely poorly) to 10 (extremely well), how has your cloud infrastructure strategy performed in the following areas?



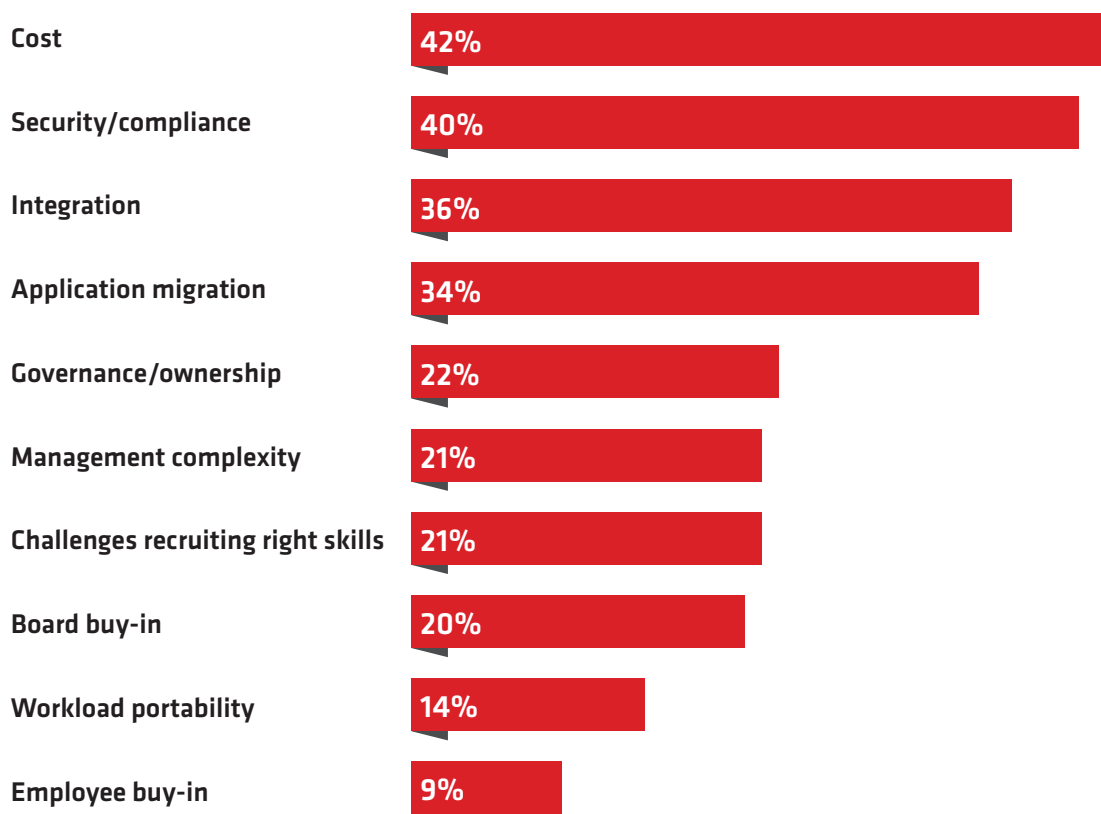
Bare metal cloud can also play an important role in hybrid cloud by combining the full self-service agility of public cloud without being quite so public. Single tenant, non-virtualised infrastructure allows enterprises to optimise their physical hardware use with the speed of provisioning that enterprises have come to expect from hyperscale IaaS. Predictable, pay-per-use billing makes bare metal cloud a highly useful part of an agile, scalable and elastic hybrid cloud.

Data sovereignty and wider security concerns often lie behind the continued part that private clouds play within hybrid architecture. Private clouds enable greater control for enterprises but this infrastructure is typically slower to provision, hampering the agility that businesses seek. Partners seeking to add value to hosted private cloud services should seek out vendors who build their own infrastructure built on open standards to enable much speedier provisioning of infrastructure without the accompanying loss of control.

Where to Add Value

It is by viewing the challenges that enterprises face with the construction and management of their hybrid clouds that reseller partners can determine how they can best add value in what appears to be a race to the bottom in terms of cloud pricing by the internet giants. When asked for the main barriers to deploying cloud infrastructure, our research participants singled out cost, security/compliance and integration.

Fig. 6 : What are/were the main barriers to deploying cloud infrastructure at your organisation? You may select up to 3 options from the list below



Part of the reason that cloud costs, even up front, often come in significantly higher than billed despite the reduction in capital costs is the issue of vendor lock-in. The vendors dominating the cloud market talk a good talk about multi-cloud but the lack of open standards across public cloud vendors can make hybrid and multi-cloud orchestration challenging. Costs need to be both transparent and predictable. Both of these are facilitated by an open standard cloud architecture which enables interoperability. Inherently, this ensures the portability of workloads which can have an impact on data egress as well as ingress charges. Centralised management of multiple cloud services is also crucial for performance monitoring, diagnostics and remediation, resource capacity planning and control of costs.

Security and compliance were raised as issues by almost as many participants as cost. The shared responsibility for security model can catch enterprises out when configuring cloud services. We asked

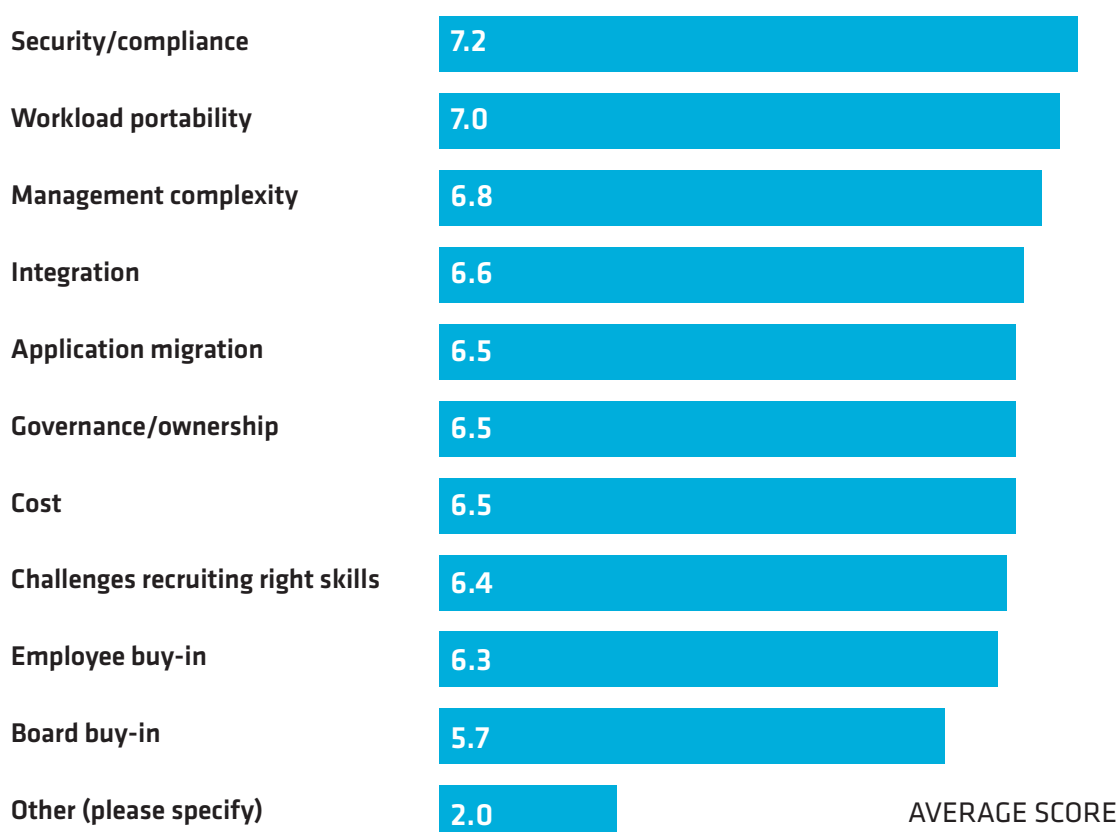
Dream partner: What end users need most from their channel cloud providers

the extent to which research participants agreed that their organisation is unsure what its cloud security responsibilities are versus the CSP(s). Whilst only 34 per cent agreed with that statement, the majority of those responding placed themselves in the neutral category – which doesn't suggest vast reserves of confidence when it comes to knowing what their responsibilities are.

However, open standards also make security and compliance as well as interoperability and portability – a little less problematic. Like cost control, security and compliance also demand centrality of management as you can't secure what you can't see.

The good news for resellers is that when asked where they believed resellers could add value to their cloud infrastructures (see Figure seven), security and compliance was the most highly ranked answer – an opportunity to meet their customers' most pressing needs. Many enterprises, even large ones, are struggling with security because of the perfect storm of greater levels of remote working, device proliferation, a blizzard of threats, a sprawling security stack and an acute shortage of cybersecurity professionals. Partners can add considerable value in this area, but data sovereignty should be one of their foremost considerations when choosing cloud vendors to partner with. Data flows have become far more complex of late – particularly between the US and Europe. Cloud infrastructure providers should be fully committed to GDPR standards of data privacy and sovereignty and should be able to guarantee that data does not leave a particular jurisdiction. While data localisation is an important principle, end users and channel providers alike must account for the location of their cloud providers' head office. For example, if it's located in the US, it is governed by US laws too, regardless of where the data itself is stored or processed.

Fig. 7 : On a scale of 1 (not at all) to 10 (a great extent), to what extent do you do feel that IT resellers could assist you in the following areas?



The other areas where our research participants think resellers are most likely to be able to help them are related to the importance of open standards across cloud architecture. Portability, management complexity, application integration and migration are all made less challenging across an open cloud ecosystem where open, closed and proprietary technologies can be combined.

Conclusions - What can Resellers Do Better?

Hybrid and multi-cloud infrastructure continue to dominate the enterprise technology landscape, and increasing quantities of data, workloads and applications will be migrated to cloud environments in the next two years.

There are certain areas of enterprise architecture which are far more likely to have been migrated to cloud. Database, customer facing applications and CRM are the most likely to have been migrated to either cloud infrastructure or SaaS. On the whole, cloud infrastructure is performing well against expectations in terms of scalability and business agility. There was more likely to be a gap between cloud expectations and reality in the areas of cost efficiency, ROI and data sovereignty. In parallel, cost, security/compliance and integration were named by enterprises as their biggest barriers to further cloud migration. There is a clear opportunity for partners who are subject matter experts to demonstrate the value that they can add. For example, resellers that offer auditing and consultancy services alongside their cloud solutions will be best placed to help customers overcome these hurdles.

Resellers are having to counter a perception that they can't always contribute a great deal of value to the service offerings of the likes of AWS when it comes to IaaS. 81 per cent agreed either a little or strongly that IT resellers need to clearly demonstrate the value they add to cloud solutions. For resellers to be perceived by their customers as a strategic cloud solutions advisor, customer choice is paramount. Firstly, resellers need to have a broader range of cloud providers in their portfolio. Secondly, resellers need to cover all customer needs and choices across public, private, and bare metal, as well as including non-US providers.

Figure eight shows both how well resellers are performing in certain key areas and how important these areas are for those participating in our research. The good news is that findings for the two questions are well aligned. Security features highly in both sets of answers. However, there is one notable mismatch. Cost transparency and overall costs feature highly in selection criteria but ranks much lower down the table in the performance table.

Fig. 8 : On a scale of 1 (extremely poorly) to 10 (extremely well), how are your IT resellers performing in the following areas?

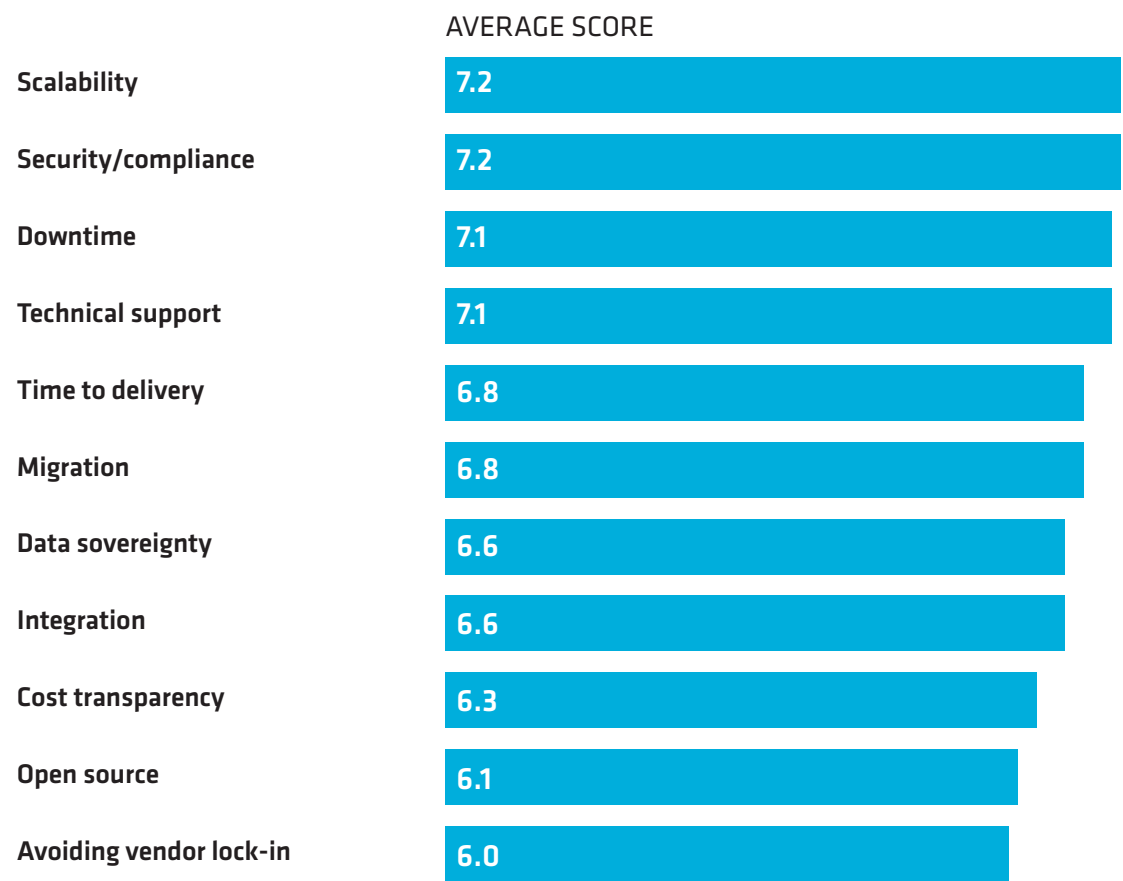
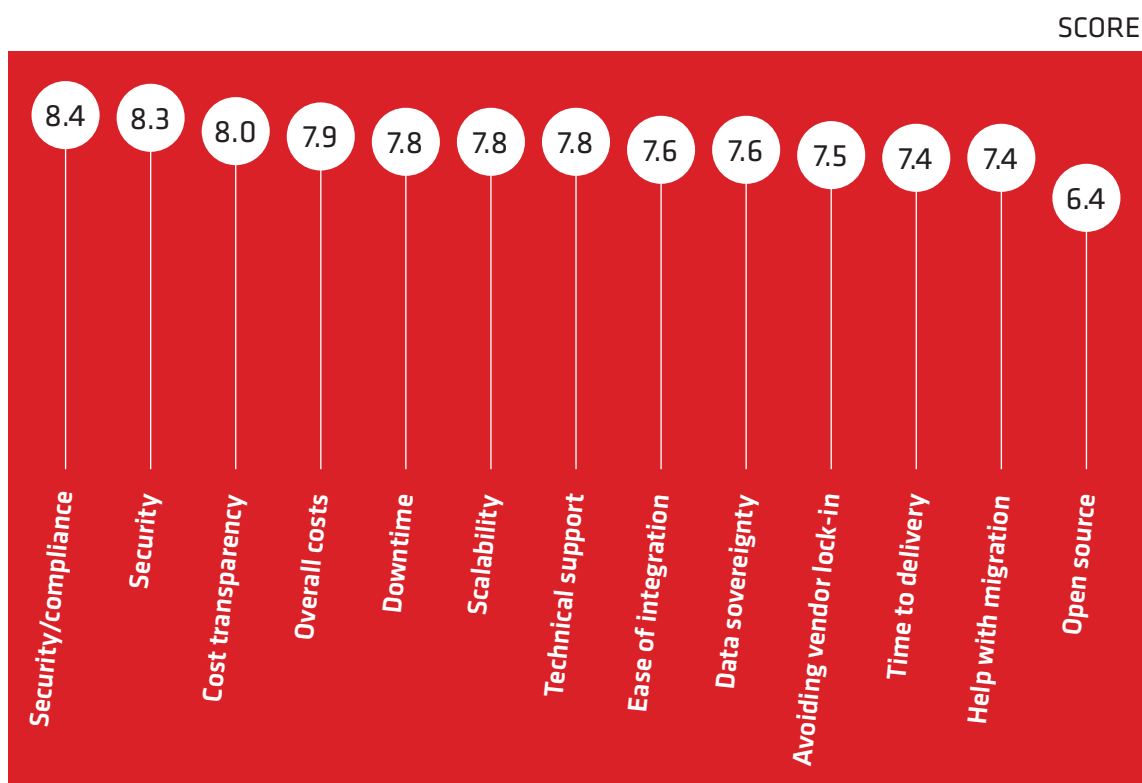


Fig. 9 : On a scale of 1 (not at all important) to 10 (extremely important), how important are the following areas when it comes to selecting an IT reseller?



Responses overall suggest that enterprises want and need help to optimise their cloud infrastructures, but that the issues of simplicity and transparency of costs, freedom of cloud technologies and service providers, and avoiding vendor lock-in are key, as are technical support with data and application migration and integration. It is also clear that what enterprises really value is an in-depth understanding of their specific business needs and solutions which solve the problems they face. Being able to reliably deliver this – meeting all your customers’ needs across all workloads – means offering them choice. The right cloud for the right workload and the ability to demonstrate how each cloud provider can perform against your customers’ key criteria.

Partnering with an open cloud provider that can combine flexibility and open standards with transparency of costs allows resellers to help their customers to build both open-source platforms for the management of a necessarily complex hybrid, multi-cloud infrastructure and also platforms for the modernisation and management of legacy applications. This helps resellers to sidestep the competition in the race to the bottom for margin with hyperscale providers and facilitates both resellers and their customers to develop their service offerings into ones best suited to the post pandemic digital economy.

About the sponsor, OVHcloud

OVHcloud is a global player and the leading European cloud provider operating 400,000 servers within 33 data centres across 4 continents. For 20 years, the Group has relied on an integrated model that provides complete control of its value chain, from the design of its servers to the construction and management of its data centres, including the orchestration of its fibre-optic network. This unique approach allows it to independently cover all the use cases of its 1.6 million customers in more than 140 countries.

The OVHcloud Partner Program enables VARs, integrators, MSPs, web agencies and consulting/training companies to become part of its global partner ecosystem. Providing an opportunity to be part of a new generation of cloud solutions that combine high performance, predictable pricing and full data sovereignty.

Partners enjoy the freedom to focus on their core competencies and differentiate their offering to meet the demands of customers and expand into new markets, whilst OVHcloud focus on delivering the core infrastructure.

For more information:

Visit: www.ovhcloud.com



Appendix: The research participants

The survey respondents were made up of 150 IT decision-makers involved in cloud strategy or implementation at their organisation, across a range of industries and company sizes.

Fig. 10 : Job roles

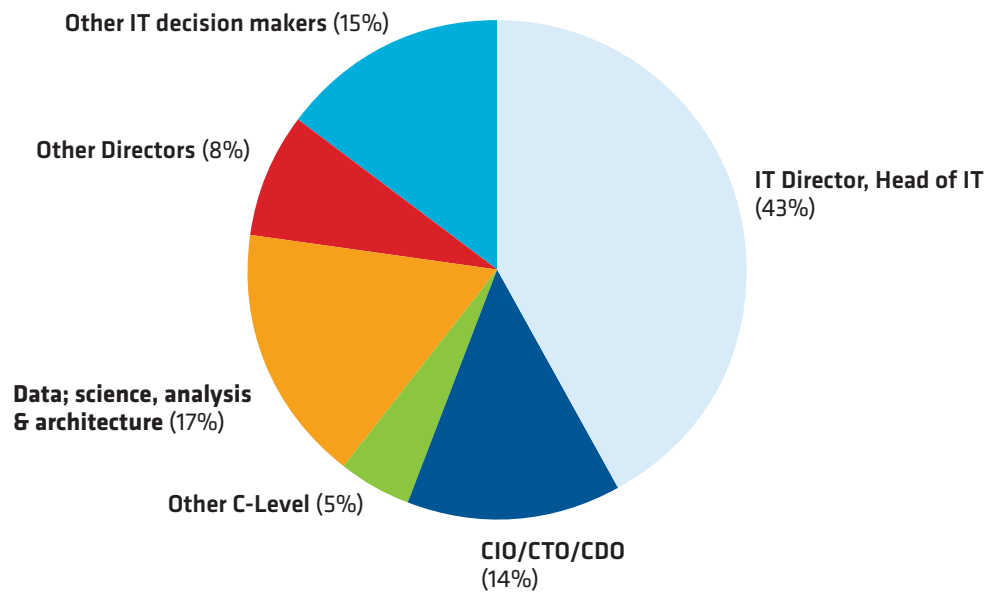


Fig. 11 : Vertical sector

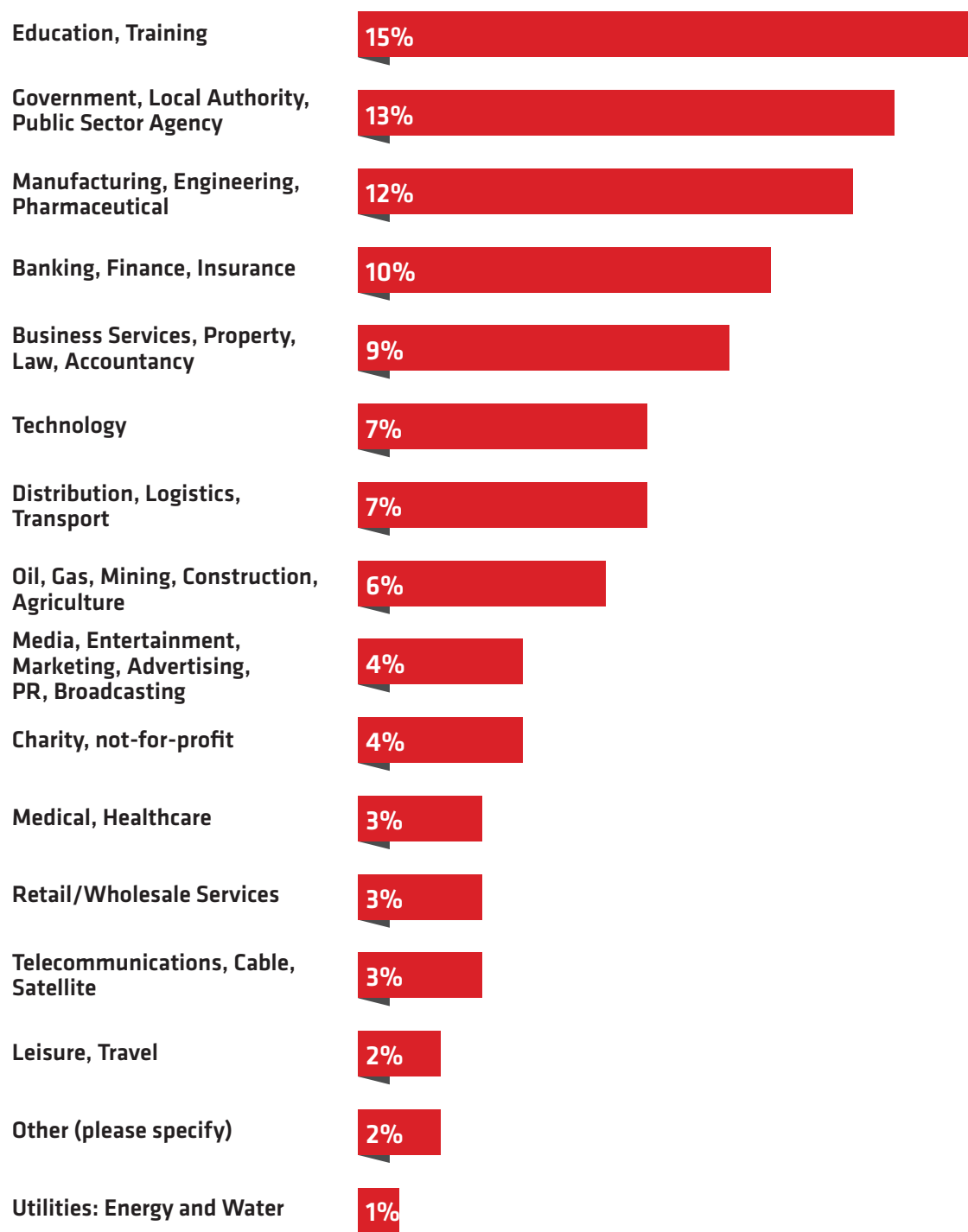


Fig. 12 : Number of employees

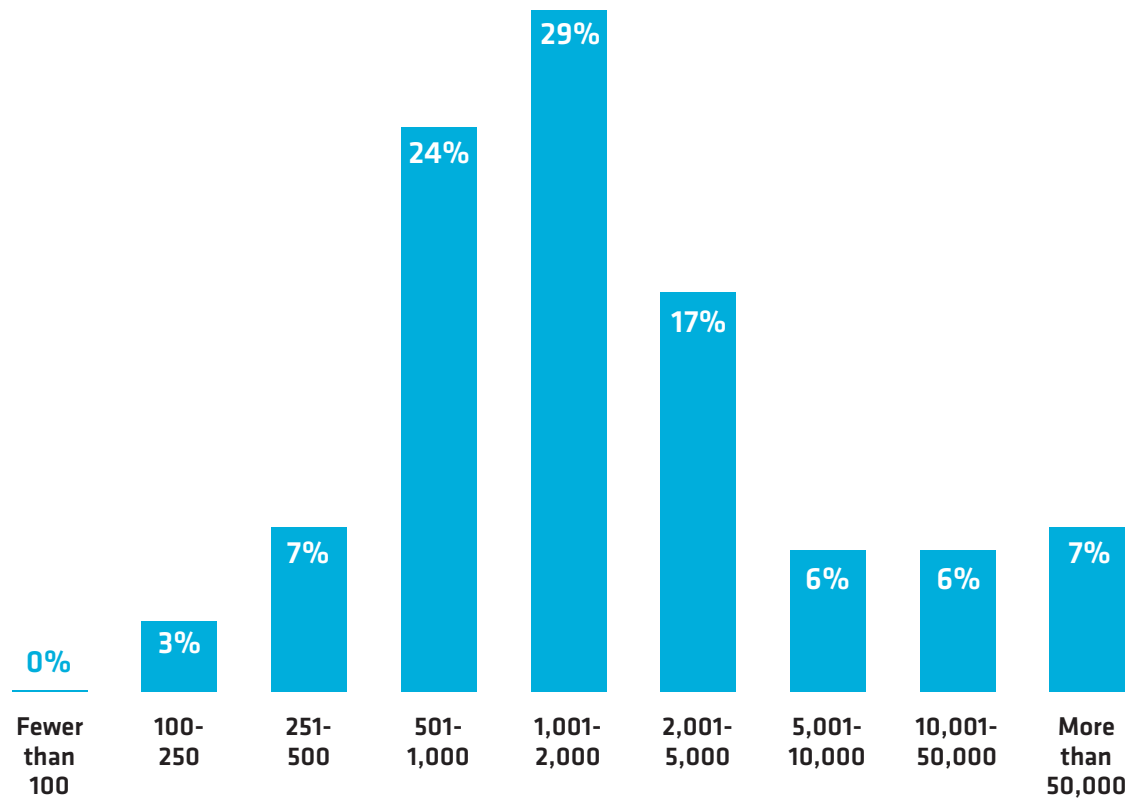


Fig. 13 : Location

