



Delivering Outcomes in the Cloud and Digital Transformation Markets

What Solution Providers Need to Know to Excel in the new Digital Economy

An IDC eBook, Sponsored by TechData



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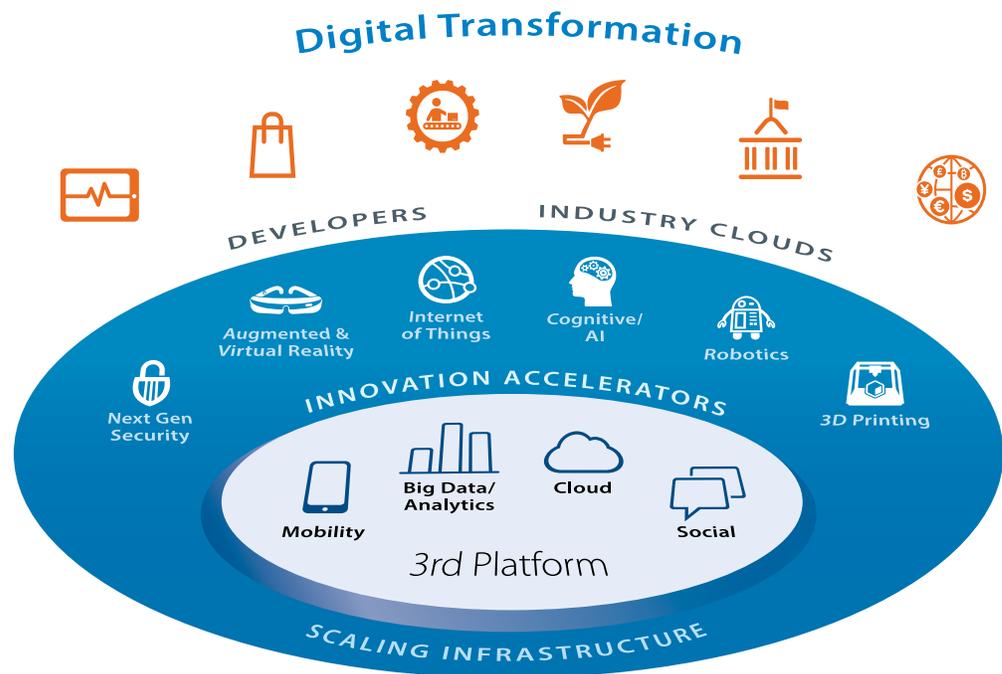
BY 2020,
60%

of all enterprises will have fully articulated an organization-wide digital platform strategy and will be in the process of implementing that strategy as the new IT core for competing in the digital economy.

Source: IDC, 2018

Introduction

The 3rd Platform (cloud, big data and analytics (BD&A), social, and mobile) continues to increase the importance of IT to all businesses and in all markets. The 3rd Platform innovation accelerators including the Internet of Things (IoT), cognitive computing, virtual reality, robotics, 3-D printing, and next-generation security allow businesses to gain better insights into their customers and their operations, allowing them to be more competitive.



Source: IDC

Collectively, the implementation of these technologies to gain business insights and advantages is referred to as digital transformation, or DX. According to the *IDC Line of 2017 Business Sentiment Study*, customers today are investing in DX for the following three reasons:

- To improve their customers' experience
- To create new business models
- To develop new partnerships with suppliers

Solution providers must digitally transform to be able to provide DX solutions to their customers. Most solution providers including value-added resellers (VARs), system integrators (SIs), global system integrators (GSIs), managed service providers (MSPs), and even independent software vendors (ISVs) are finding themselves in a rapidly changing market. To meet customer demand, solution providers must create specific solutions that address desired outcomes that enterprises and small and medium-sized businesses are looking to accomplish.

The key areas that traditional solution providers must transform to take part in DX is summarized below:

1. Moving to a cloud and 3rd Platform technology architecture
2. Changing business models to focus on recurring revenue rather than project-based revenue
3. Changing sales focus from an IT focus to the business decision makers to solve their needs
4. Rotating to a specialization/market expert focus from a generalist approach
5. Efficiently creating complete, outcome-driven solutions for the business customers. Some of the approaches solution providers are using include:
 - a. Creating their own reusable IP that extends vendor products
 - b. Creating pre-integrations for combinations of vendor(s) products
 - c. Automating manual and repetitive tasks
 - d. Tracking end customer value delivery

This eBook contains insights and best practices covering the above transformation areas, identified during solution provider interviews conducted by IDC on behalf of Tech Data. Ten solution providers were interviewed between December 2017 and February 2018 representing North America, Latin America, Europe, and Asia Pacific markets.

The insights in this eBook highlight important practices and unique approaches to the vastly changing technology marketplace. The solution providers interviewed were selected because of their expertise in cloud, digital transformation, specialization, or their unique business approach. But most of all, they have the domain expertise to help their customers in their digital transformation.

Cloud is at the Heart of Digital Transformation



Cloud is the future. Without the cloud as the foundation of your practice, you will not be able to participate in the digital transformation (DX) market.

Benefits of Transformation to the Cloud and Beyond

Cloud is the future. Without the cloud as the foundation of your practice, you will not be able to participate in the digital transformation (DX) market.

Cloud Basics

Cloud comes in many forms. There are three major service models for cloud: Infrastructure-as-a service (IaaS), platform-as-a-service (PaaS), and software-as-a-service (SaaS).

There is also public, private and hybrid deployment models for moving to the cloud. Public cloud includes offerings from Amazon Web Services (AWS), Microsoft Azure, IBM Cloud, Oracle Cloud, and others. These are often referred to in this document as hyperscalers or hyperscale cloud providers.

Other approaches to the cloud include private cloud which is often hosted at a regional, national or worldwide hosting company. Customers of all sizes are deploying multiple clouds based on specific business needs.

Hybrid cloud refers to when a customer has a combination of traditional on-premise datacenter(s) and one or more cloud deployment. This is increasingly what we see customers choosing.

Give me your business problems and we'll use technology to fix those business problems. Now, we need to be at the forefront with our customers, actually providing business solutions as opposed to there's your server, that's what it does. Now, it's actually tailoring the solution to fix the business problems. And that's why we pitch it to the CEO, because he's the one who has those business problems.

Tim Mears, managing director, Axon-It.com Ltd, UK



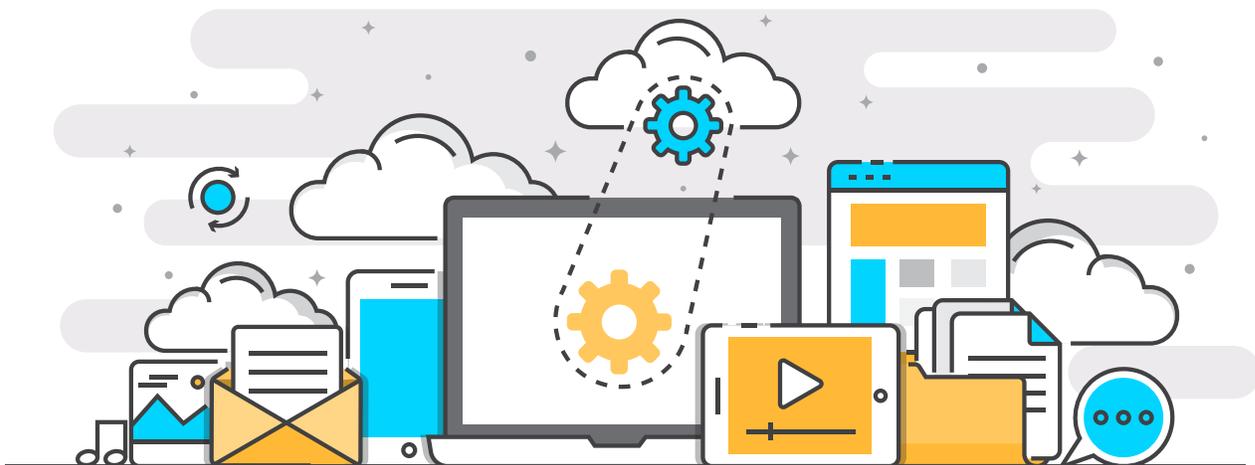
The benefits to the solution provider for investing in a new business that focuses on innovation is the opportunity to become world-class in a specific market.

Changing Customer Needs

Customers continue to favor IT solutions over individual IT products. As a result, IT spending continues to move more toward a role in business transformation and away from infrastructure building. Customers are focusing resources on their core business rather than on managing technology. This is driving much of the cloud and managed services boom we see today. IDC has found that solution providers that focus on specific end customer market needs and/or use cases grow faster and more profitably than solution providers that pursue all projects that come along. In today's market, solution providers must create complete solutions that drive value and/or outcomes for a specific market or use case.

This focusing of efforts can result in unique innovative solutions far beyond what traditional solution providers would have envisioned or set as a goal for themselves. The benefits to the solution provider for investing in a new business that focuses on innovation is the opportunity to become world-class in a specific market.

Solution providers that have already made this transformation have demonstrated that once an innovative solution is established for a customer, they can expand their footprint, leveraging their more traditional resources, while providing the customer increasing value and access to DX capabilities.



Customers are focusing resources on their core business rather than on managing technology. This is driving much of the cloud and managed services boom we see today.

Section 1: Cloud is the Future

I can't see a small company owning metal in ten years. Why would you? Many big companies will also make the switch, deploying capital and resources to IT projects more specific to their business. Why run and patch email servers? Let the guys who make the software patch the servers, and you can focus on finance, or whatever it is your business model is.

Tony Howlett, chief technical officer, Codero, USA

“The public cloud allows us to tap into enterprise companies (Fortune 500, Fortune 1000). It gives us a scale to go after enterprise opportunities.

We’re seeing larger opportunities as a result of our partnership with Tech Data.”

*Tony Howlett,
Chief Technical Officer, Codero*

“The other reason we chose Tech Data as our exclusive distributor is the enablement that they’ve given us in terms of building our practice, allowing us to look bigger than we are, and to not worry about certain operational headaches of managing some of our resale business. Overall, they allow us to focus on our core business a lot more and allow us to operate more maturely than we would if we were building out capabilities on our own.”

*Managing Director, Born in the
Cloud MSP*

The Cloud Allows You to Appear Bigger

The cloud lets you reasonably approach larger companies. The cloud, especially when coupled with Tech Data support and enablement, is an equal opportunity enabler.

No matter your size, you can sell to the smallest mom-and-pop organization or the largest enterprise company. The product is the same. You differentiate your offerings based on domain expertise in specific markets and/or extending that product to specific use cases or environments. Gone are the days when a call on a large company required a large team with massive allocatable hours. Today, many small companies that have a focus in a particular market are selling to the biggest companies that fall into their areas of expertise.

But you need to get started now. Start with something that you already know, maybe a cloud version of a product you already sell. Use that experience to begin your new recurring revenue business. There is a lot to learn about the cloud, so don’t try to do it all at once. Instead, minimize how much you change at any one time. Tech Data offers pre-architected solutions that can help you get started. Also utilize Tech Data’s pre- and post-support teams to smooth the way to your new recurring revenue business model.

KEY TAKEAWAYS

- If you have not already started building your recurring revenue business, you are behind. Start now.
- Tech Data has enablement programs to help you get started.
- Focus on your core capabilities and offer cloud-based alternatives.
- Start with a customer you know well and that you trust, so you can learn together.

Don't worry Mr. Customer about how long it's going to take us or how many hours we will bill. We offer fixed price based on the number of users you have. Because we can reuse as much as 60 percent of a solution from customer to customer. It makes us more competitive. The customer gets more value from it for less. And in the end, we make more money.

Kyle Kilback, Vice President of Technology, Graycon I.T., Canada

The Cloud Gives End- Customers More for Less

A key advantage of the cloud is that it allows end customers to focus on their main business rather than diverting resources to managing infrastructure.

The same applies to solution providers — the cloud allows them to go deeper with a solution, providing tailored customer-by-customer value at reasonable prices.

The growing sophistication of cloud platforms and tools allows a solution provider to develop a bespoke solution for a customer much more quickly than in the past. Some of the efficiency is due to the use of off-the-shelf product building blocks. Often up to 60 percent or more of a solution is off-the-shelf – only requiring light integration or configuring. The rest of the solution is typically solution provider developed, using its own intellectual property (IP).

The current trend is for solutions providers to reuse as much of the code, processes, and procedures developed in one project in the next project, then each subsequent project. This amortizes the initial development cost over more customers, reducing costs for the customer and increasing the

Often up to 60 percent or more of a solution is off-the-shelf – only requiring light integration or configuring. The rest of the solution is typically solution provider developed, using its own intellectual property (IP).

solution providers' margin. Because of this, we are seeing more solution providers sell their services on a fixed price or managed services/recurring revenue model with limited or no upfront fees. The project development cost is spread out over X months and added to the monthly recurring revenue of the associated managed service.

This reuse of off-the-shelf products and solution provider IP reduces the project risk for the customer and the solution provider, because the project is built on proven tested elements. Ultimately, this approach gives the customer bespoke solutions at a fraction of what it would have cost five years ago.

Partners that provide cloud solutions using proven tested elements help their customers be more efficient and do more with less. With this approach, solution providers can focus more on their value add and can better solve problems for clients.

KEY TAKEAWAYS

- Customers budgets may have declined, but they have more that they must accomplish with that budget.
- Leverage new tools and approaches to reduce the time line, risk, and the cost of projects.
- Consider amortizing upfront costs over time to make projects an operating expense (opex) rather than a capital expense (capex).



Partners that provide cloud solutions using proven tested elements help their customers be more efficient and do more with less.

Partners who aren't going down this cloud recurring revenue path actually are not building or generating maximum value into their business, because they've got nothing to sell when they retire.

All I'm interested in is recurring revenue, sustainable, boring recurring revenue because that's where I'll get my increase in valuation multiple of EBITDA when I sell the company down the road.

When I came into this business, we were doing about £ 250,000 worth a year of recurring revenue. I think I've got it up to about £ 1.4 million now. I know that as soon as I'm getting out of the bed in the morning, my bills are paid and I'm making money

*Tim Mears, Managing director,
Axon-It.com Ltd, UK*

Building Recurring Revenue

Recurring revenue lets solution providers more predictably plan and invest in their future.

When a large percent of a solution provider's revenue is project-based, it can be hard to manage cash flow, since project-based revenue tends to be highly variable. The stress of managing bench utilization, and covering expenses can be significant.

Increasingly, we are seeing solution providers move towards the more reliable and predictable recurring revenue business models, which allows them to better predict their cash flow and consistently allocate a percent of earnings to future development and new solutions. This predictable cash flow also allows solution providers to increase the ratio of full time employees to contract workers and to have a more balanced staff by function/discipline.

Ultimately, building predictable income increases the value of your company. An IDC study indicated that recurring revenue-focused solution providers had at least twice — and as high as ten times — the market valuation of their project-based brethren. If nothing else, this should incent you to move towards the cloud its recurring revenue model.

KEY TAKEAWAYS

- Recurring revenue is more predictable, allowing more consistent management practices.
- Once a recurring revenue stream is established and fixed expenses are covered, you can predictably invest for the future.
- Predictable revenue increases the value of your company, providing better exit strategies.

I sit in on some of our customer's board meetings, which allows us to identify problems to which we propose solutions. This allows us to be more entrenched in the business, making us really valuable. That's why our churn level is less than two percent.

*Tim Mears,
Managing Director,
Axon-It.com Ltd, UK*

Elevate Sales to Business Decision Makers

Digital transformation is a business decision and typically starts with the CEO or executive team. To tap into the DX, solution providers must elevate their discussions from IT to business decision makers.

Today, over 80 percent of IT purchases involve business decision makers. IT is involved in all but 16 percent of projects, but may not be the key decision maker. DX opportunities are business-driven and tied to specific outcomes, necessitating business relationships. But you need to speak to the business using its terminology, not techy language.

Solution providers that call on the line of business (LOB) and the C-suite are connected to their customers' overall outcome goals and become more mission critical as their understanding of the customers' business increases. This allows solution providers to proactively recommend outcome-based solutions. To get started, ask your IT department clients to introduce you to business decision makers who are initiating or working on technology projects. Your IT clients will be happy to introduce you. It helps IT to have one of its known and trusted solution providers bidding on/working on a business lead project.

We're pitching solutions with financial benefits, so those pitches tend to go higher up into the C- suite.

Tony Howlett, Chief Technical officer, Codero, USA

Deloitte Consulting in Australia is organized by executive agendas. When you think about solutions from the perspective of use cases, this becomes a good approach to organizing a consulting firm.

KEY TAKEAWAYS

- Digital transformation in a company is a business decision and typically starts at the CEO or executive level.
- Ask your IT customers to introduce you to business decision makers in their company.
- Learn to speak the language of the business decision maker; IT lingo probably will not fly. Learn about the industry/vertical you are targeting.

Within the Consulting Services framework, we align our service lines to executive agendas. For example, we have Technology Strategy and Architecture underneath the CIO agenda. While Deloitte's services are generally structured according to who the main buyer is – the executive agenda – the go-to market for Cloud and Infrastructure is a broad offering, aimed at all industry verticals.

Nathan Wheat, director cloud and infrastructure solutions, Deloitte Pty Ltd, Australia

I always say now sales is dead, everyone looks at me like I'm an idiot, so I have to quantify it. I see outbound sales as dead.

We have an inbound marketing strategy to acquire new business. It's all about providing relevant content to our target market. When they are ready to buy, they come to us as they see us as the authority. We just provide as much relevant content as we can free of charge, through our website, social media, and events.

*Tim Mears, Managing Director,
Axon-It.com Ltd, UK*

The best marketing is from your customers themselves. It's a referral approach we use. We don't have a single salesman within our company, we just don't need them (to acquire proactively).

*Georg Karner,
CEO, Founder, Owner
k2netsolutions, Austria*

Marketing is Now About Testimonials

Generating new DX and cloud customers is all about proving the value you can deliver.

Provide customer case studies, testimonials, and other content that proves your capabilities in very specific market spaces. This is done successfully by many solution providers using social media targeted to prospective customers with similar needs.

If you can prove to your target customer segment that you are an expert in its market, that customer is more likely to come to you when there is a need for your services, as Axion.It.com has experienced. To follow this path, it's important to keep your social media content relevant to your target market, original, insightful, and objective with minimal if any sales pitch. Publish blogs on your own website and then link those to relevant social media locations.

Focusing your practice on customer testimonials in specific markets where you have deep expertise can result in a referral-based business as has been experienced by K2netsolutions.

KEY TAKEAWAYS

- First, make sure you have a very specific target market(s) focus.
- Provide customer success stories and targeted market relevant content in blogs, at events, and in social media.
- Make sure your customers are happy with your services on an ongoing basis to create these critical advocates.

Online cloud reference stories always work. Our social media uses customer reference stories. When other clients read them, they can see themselves, "maybe we can also try to go to the cloud."

Mario Van de Voorde, Managing Director, IT1, Belgium

Our special sauce and differentiation is that we now do multi-cloud hybrid. We can offer AWS, or Azure, and eventually other cloud services, in addition to our own cloud, all together on the same network, and managed on the same bill, and managed through a single portal.

We bring it all together. We have interfaces that allow customer to see all clouds through a single pane of glass.

*Tony Howlett,
Chief Technical Officer,
Codero, USA*

Multi-Cloud and Hybrid Cloud are Important

Today, most customers have multi-cloud and hybrid cloud environments. This is because on-premise, private cloud, and public cloud all offer different advantages.

Multi-cloud refers to when a company has multiple cloud environments such as a private hosted cloud plus AWS and/or Microsoft Azure. Hybrid cloud typically refers to a company having both environments where it owns its own equipment in an on-premise datacenter or in a co-location facility, plus a hyperscaler such as Microsoft Azure, AWS, or IBM Cloud. However, it can also refer to on-premise and/or a co-lo datacenter plus a private cloud environment. The key is that both terms refer to a mix of infrastructure environments that typically have different management and virtualization layers.

Now that business is more likely to be the decision makers for IT solutions, those solutions tend to optimize the cloud infrastructure for the business needs, with minimal concern for other cloud environments already established within the company. One hyperscaler might be optimized for the DevOps team while another is a better fit for marketing solutions. It is not uncommon to see as many as five different IT environments in a single organization. This phenomenon is not just reserved for the largest companies. In fact, we are seeing this approach consistently in small and medium-sized companies (SMB) and enterprises.

The opportunity for solution providers is to provide managed services, tools, and integrations that allow these multiple environments to be managed together. Hybrid cloud is an essential competency to offer an end-to-end service to meet end user needs. We are even seeing born-in-the-cloud providers adding on-premise capabilities.

KEY TAKEAWAYS

- As customers embrace DX solutions, they tend to accumulate multiple clouds/datacenters.
- There is an opportunity for all solution providers to help provide management of these multiple infrastructures.

In a traditional infrastructure sale, with let's say \$100,000 margin, the rep gets paid as soon as the project is deployed. If they're selling cloud, we're only seeing \$1,600 a month in margin, how does that benefit them? So, we had to figure out a way to pay them on total contract value. Or we give them an annuity stream where they get their commission on the monthly margin every month. A whole bunch of smaller margin payouts every month adds up to a nice annuity.

*Kyle Kilback,
Vice President of Technology,
Graycon I.T., Canada*

Establish the Right Sales Team and Incentives

To succeed in the cloud, you may have to make changes to your sales team and its compensation plan.

This is not a trivial endeavor; it can take 12 to 18 months for your cloud effort to become profitable and for your sales team to get to the same contribution achieved when on a project-based model. It can also be difficult to convince your team to embrace the cloud and its recurring revenue model.

Many solution providers that have done well in the cloud have hired new cloud/recurring revenue salespeople who are incremental to the traditional team. The new salespeople are often digital natives, and may be straight out of college. When the new cloud team works with the traditional team, both groups benefit. The traditional salesperson becomes more cloud confident working with cloud experts, while the cloud salesperson gains technical expertise. Graycon has been tracking this for five years and has found success with this method.

Many solution providers that have done well in the cloud have hired new cloud/recurring revenue salespeople who are incremental to the traditional team.

Another approach is to hire cloud salespeople who are experts in a vertical or functional area you are targeting. Remember, these new salespeople are selling to business and typically don't need the deep technical expertise that traditional IT-focused salespeople often have.

Demonstrating customer demand for cloud is the best way to convince traditional salespeople to offer cloud solution alternatives. As a solution provider builds up its cloud business, and customers are having success with cloud solutions, traditional salespeople often embrace the cloud. Also, as a salesperson's recurring revenue base expands, the cloud business model begins to look more attractive, especially as a salesperson enjoys the benefits of not starting from zero at the beginning of the month.

KEY TAKEAWAYS

- Plan to make an investment as it can take 12 to 18 months to build a recurring revenue stream to the level of your previous project based business.
- Consider supplementing your sales team with cloud-focused digital natives or business domain experts.
- Encourage your cloud and traditional salespeople to work together, presenting alternatives to your customers and prospects.



Demonstrating customer demand for cloud is the best way to convince traditional salespeople to offer cloud solution alternatives.

Business Strategy

Innovation
Branding
Solution
Marketing
Analysis
Ideas
Success
Management

Section 2: Delivering Outcome- Based Digital Transformation

The more specialized you are, the more domain expertise you develop, the more of an insider you become, the harder it is for competitors to catch up, therefore the fewer competitors you will have and the higher your profit margins will be.

Managing Director, Born in the Cloud MSP

We have a large customer from the automotive industry that produces plastic molding parts for Porsche or Volkswagen. We provided interfaces to monitor the productive systems within a newly established IT monitoring system. This data can now be analyzed and it can communicate with just-in-sequence machines, just-in-time systems, and even SAP technology. One of the biggest successes was to get data into IT monitoring to show dependencies of business processes and IT.

*Georg Karner,
CEO, Founder, Owner
k2netsolutions, Austria*

Specialization is Key to a Successful DX Practice

Those solution providers that specialize and understand their customers' unique needs and goals are growing the fastest.

This could be a vertical (i.e., banking or healthcare) or functional (i.e., security or eCommerce) specialization. Specialization appears to lead to deeper relationships with customers. It also enables the solution provider to better help the customer achieve outcome goals.

Deep domain understanding and knowledge allows a solution provider to design solutions that create value. That is what most solution providers don't do and have no idea how to start doing. IDC believes it is incredibly important that the solution provider community rotates and begins to gain deep domain knowledge in selected verticals or functional areas to be able to provide solutions that create specific outcomes. If a solution provider cannot develop this domain expertise, the customer will replace it with solution providers that can.

Tech Data offers enablement resources to help solution providers develop domain expertise. One example is its new Practice Builder™, which is an enablement methodology that empowers solution providers to develop/expand practices in next-generation technology markets, including cloud,

Deep domain understanding and knowledge allows a solution provider to design solutions that create the value.

security, IoT, analytics and mobility. Practice Builder is designed in easy to achieve steps, so the solution provider can efficiently create specializations and differentiate itself in the market, while learning to offer the right combination of specialized solutions and services to develop a competitive advantage and produce better business outcomes. If you do not already know about Practice Builder, ask your account manager to tell you about it.

KEY TAKEAWAYS

- Specialization is key to developing the deep domain expertise needed to produce outcome based solutions for DX.
- Each industry and functional area has its own requirements, language and criteria.
- Tech Data has enablement to help you develop domain expertise.

We have some Cure and Care customers where there are a lot of regulations. It helps to have datacenters certified as ISO 37,000, and for local NEN regulations. These certifications help in sales to convince the customer that the data and applications are safe within. These certifications are really a requirement from our perspective.

Martijn van Deursen, chief technology officer, AnylinQ Group, Netherlands

We have customers who want the opex model instead of the capex model who say “we aren’t going to buy IT. We’re going to rent it for the period needed.” So, we offer ICT rental short-term for fairs, events, exhibitions, or a bit longer-term for companies.

Mario Van de Voorde, Managing Director, IT1, Belgium

One of the most important banks in Mexico wanted to process a huge amount of data in very short time. We devised a big data architecture with IBM Hortonworks to accomplish that goal. Originally, they couldn’t process the data after days of continuous computing. With our architecture and the technology that we provide them and our data scientists and of our algorithm designers, we’re giving them a 60-minute compute time.

Rodrigo Alonso, Founder, CEO, Root Technologies, Mexico

Create Solutions for Specific Use Cases

Solution providers that offer business outcomes for specific use cases and for targeted business customers, typically have higher margins and grow faster.

Successful solution providers are increasingly targeting customers with specific needs and are becoming domain experts in their chosen market(s). Leading sales with an outcome-based, use case focused solution, and backing it up with continuous metrics to prove performance, enables a solution provider to create a highly efficient customer referral-based business.

Solution providers often find it difficult to select specific use case(s) to focus on. IDC believes this is because historically most solution providers sold numerous horizontal solutions to IT departments – use case selling is a very different mindset. Many solution providers have found use case focuses by reviewing past project successes, finding the key elements of that success, then developing a way to replicate that success for customers with the same or similar use case needs.

IDC has found that the more specific the use case, the more value customers receive and the greater the solution provider’s referral success. Use cases are often vertically focused, but do not have to be. In the sidebar example, IT1 offers a horizontal ICT rental service for customers that would like an opex (or short term) rather than capex solution for acquiring hardware. While in the example below, Root created an industry solution based on a specific use case and outcome goal. Root delivered the outcome utilizing a combination of vendor products, its own IP (algorithm), data scientists, and its technical know-how.

KEY TAKEAWAYS

- Review your successful projects, look for what created that success and duplicate it.
- Outline your specific use case and see if there is a customer profile or profiles to focus on.
- Develop a plan to create a reusable solution for specific customer profile.

After hearing the CIO's needs, we draft a solution and then we pick the best of breed products that we can get from Cisco, IBM, CA, etc. Then, we integrate and add high value services for instance, say, we are designing a big data solution. "On top of all those servers, I will give you the algorithm that will run on that infrastructure and that will solve your marketing problem. I will give you the software and the business know-how." That is what makes us very successful.

*Rodrigo Alonso,
Founder, CEO,
Root Technologies, Mexico*

Simplify Multi-Vendor Solutions

For solution providers to meet end-customer demand, their solutions increasingly need to include products from more than one vendor, often as many as five vendors in a single solution.

This adds complexity to the solution's implementation, reusability, and to aftermarket support.

To avoid increased complexity and still provide customers optimal, best-in-class products/components, consider using pre-integrations, reference architectures, blueprints, or subassemblies provided by vendors and distributors. Tech Data's pre-integrated bundles, or subassemblies can help solution providers reduce complexities of multi-vendor solutions, allowing more optimized product selection.

Some of the hot new vendors that are simplifying databases and infrastructure, are relatively small and often do not have a proven track record when compared with an IBM or an AWS. In fact, most cutting-edge technology companies don't have the track record or product breadth to be included in multi-vendor solutions. When one of these products is included in a pre-tested bundle with other more proven products, it's going to make it easier to include it in the solution.

On each client engagement, we probably have on average of three vendors delivering the solution. The more vendors there are, the higher the complexity and the harder it is to implement. I certainly prefer to interact with as few vendors as possible – to reduce any disconnects, friction, and finger-pointing.

Nathan Wheat, Director Cloud and Infrastructure Solutions, Deloitte Consulting Pty Ltd, Australia



If a bundle is not available that you believe you could use multiple times, consider building a reusable integration yourself.

Tech Data bundles and pre-integrations are typically created for common pairings of products between two or more vendors that can be used in multiple use cases, across multiple markets. An example of such a bundle is Microsoft Office 365 with SkyKick – a product that simplifies the migration of Office from on-premise to cloud. Other examples include Azure with Veeam for hybrid cloud backup and recovery and Red Hat on Azure for an easy to manage, open source Azure solution with multi-layer security. If a bundle is not available that you believe you could use multiple times, consider building a reusable integration yourself.

KEY TAKEAWAYS

- Reduce the complexity of your multi-vendor solutions by using vendor or Tech Data pre-tested bundles.
- Consider building your own pre-tested integrations for commonly used product combinations.
- Don't leave new innovative products on the cutting room floor; use or create pre-tested bundles to enable off-the-shelf use.

If a vendor or a distributor has created higher-level bundles, they also have to validate all the components within the bundle. Especially with smaller vendors, our customers' fear is compatibility and ongoing support. A customer might be very keen to implement a new type of technology, but if the confidence in that vendor isn't coming from a history of knowledge and of being in the market for five years or more, then the bundle provider has to provide that credibility through a validated solution. Whether it's a bundle or it's a reference architecture, the provider has to prove credibility for that bundle for the customer, effectively to take the risk out of it.

Nathan Wheat, Director Cloud and Infrastructure Solutions, Deloitte Consulting Pty Ltd, Australia

We do a lot of reporting, tracking of managed services and for our workstation as a service. It is important that we can give them cost reduction, so they don't have to invest in more resources than they needed. They only pay for what they use.

*Mario Van de Voorde,
Managing Director,
IT1, Belgium*

We showed the customer numbers because they weren't sure they were getting value from the service, and we said here's the value that you're getting from the service... You haven't had a virus outbreak in the last year since you've had the service. The customer said "Holy cow, this is working. It's saving us time, it's saving us money, lowering our costs in managing our IT infrastructure."

*Kyle Kilback, Vice President
of Technology, Graycon I.T.,
Canada*

Track the Value Delivered

One of the keys to customer success and to maintaining a low customer churn is to prove that you have delivered the promised outcome.

In some cases, this may be easy and in other cases it's more complex. However, if the solution is designed around achieving a specific outcome, tracking that specific outcome should not be difficult.

Make sure customers see the value you are providing. Track value delivery and make sure customers understand the value that their investments have provided on a regular basis. Standard monthly or quarterly reports is one approach; other solution providers have used online control panels so the customers can see in real time the value they have received from a particular solution. Provide the same metrics that were agreed on in advance when the project was initiated in every report. This will make renewal easier and will help you turn a customer into an advocate.

Tech Data has created a new Customer Experience Manager role to help solution providers increase retention and adoption in their customer base. This role is part of a team that can help you find new expansion projects within a current customer and can help insure renewal by helping you provide success metrics to your customers. Leverage this new asset to launch or enhance your own customer success program.

KEY TAKEAWAYS

- When designing a solution, make sure that tracking of the customer's specific outcome goal is part of the design.
- Provide regular reporting on the status of the goal achievement.
- Analyze your customer churn to see if better customer goal reporting might have saved the account.
- Leverage the new Tech Data customer experience managers.

Most of our solutions are scalable. We have developed methods and templates, which allows us to profit daily from some investments we have done during the last or past two or three years.

*Georg Karner,
CEO, Founder, Owner
k2netsolutions, Austria*

Build It to Reuse It

As previously discussed, customers are increasingly demanding unique bespoke value from their tech investments, but they want to minimize risk and they want it now, so off the shelf or “proven” solutions are preferred.

To meet customer directives and to achieve your own profit goal, solution providers need to reuse efforts from previous implementations again and again.

Global system integrators have consistently told IDC that between 50 and 80 percent of their project work is targeted to be reusable IP. We have also seen an increase in the percent of work that is reusable for all solution providers that have gotten on the reusable IP bandwagon.

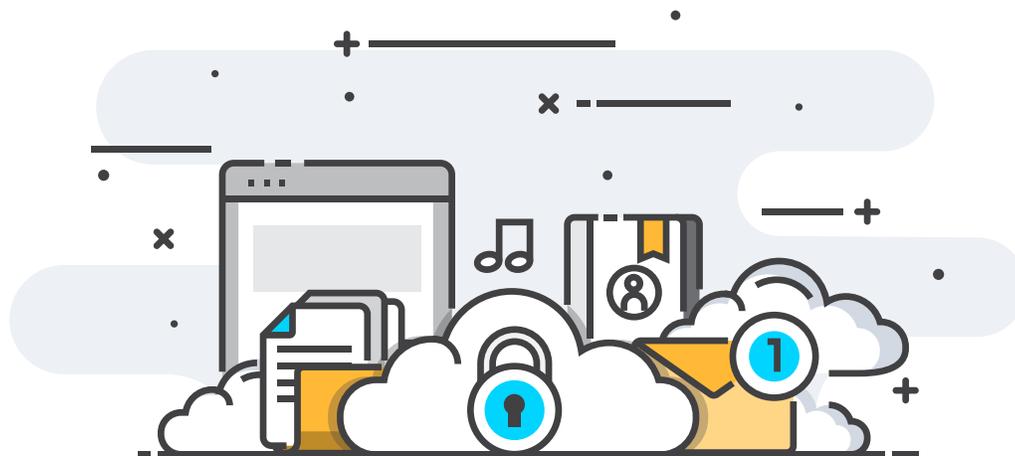
Reusable intellectual property (IP) allows us to take a differentiated solution to market without having to repeatedly reinvest the staff costs in each engagement every time. Our drive is to make as much of our services as reusable as possible. Deloitte is driving towards “decoupled revenue,” which is just a way to say we create IP once and roll it out again and again. Reusable IP is also a way for us to depart from staff-based project costing. It is a means for us to move from providing people to providing solutions, outcomes and knowledge. We can only develop reusable IP for as long as clients want similar types of outcomes.

Nathan Wheat, Director Cloud and Infrastructure Solutions, Deloitte Consulting Pty Ltd, Australia

These reusable efforts include solution providers' own IP and their integrations and extension of vendor products. Solution providers have also consistently told IDC that vendor offerings need to become modular so they can deploy elements of a product without paying for unused features. The current market will not sustain waste of any kind. When tested reusable elements are used in a solution, the customer wins because it does not have to fund a solution from the ground up and the partner increases its gross margin.

KEY TAKEAWAYS

- Find use cases that are commonly needed by your target audience and build as much of that solution in a reusable format as possible.
- Set an internal goal for percent of work that should be reusable.
- Use vendor products that add the least overhead of unused features as possible.



Solution providers have also consistently told IDC that vendor offerings need to become modular so they can deploy elements of a product without paying for unused features.

To get economies of scale, we had to automate. Now I can service more customers with the same number of employees. My costs are staying static, but my revenues are increasing. StreamOne is an element of that automation.

*Tim Mears,
Managing Director,
Axon-It.com Ltd, UK*

Automate Everything

Automate everything you can, not only internally but for your customers.

To be profitable and to scale, solution providers need to automate as many internal manual or redundant processes as possible. Every time there is a time-consuming process, analyze if it can be automated.

Profitability, accuracy, and internal control increases with automation, while day-to-day management of the business is simplified. Tech Data's digital cloud platform, StreamOne, helps solution providers automate their internal systems. It also allows you to allocate headcount to more productive tasks.

We have heard from many solution providers how laborious it can be to manually manage recurring revenue transactions. StreamOne can save you headcount by eliminating the complex, detailed, monthly manual recurring revenue calculations you may be doing today to produce monthly cloud invoices for your customers.

We migrated a lot of original notation from Anton Buckner, Mozart, etc. We provisioned the cloud-based storage and methods to keep digital records of this. Now a member of the orchestra can download or stream the score from Azure, selecting which edition of, for example, the Symphony No. 7 they want, the Zubin Mehta or Riccardo Muti edition. The customer has adopted this technology very rapidly, because it solves a major problem: how to make scores available even with low bandwidth often encountered when traveling.

Georg Karner, CEO, Founder, Owner, k2netsolutions, Austria

Automation helps your customers in similar ways. Look for manual processes that can be automated or provided as a service to save your customers time and money. Customer automation projects are some of the best use cases solution providers have leveraged. This approach will also increase your value as a trusted advisor.

KEY TAKEAWAYS

- If it is manual, see if you can automate it. If it is repetitive, automate it.
- Automation typically pays for itself quickly in staff, time saved and in accuracy.
- Add automation internally and for your clients.

We knew about three years ago that we need to change a bunch of our systems, to increase our automation, just to work smarter not harder with our tools. The new system offers a whole bunch more automation, and standardization, that is going to allow us to work smarter, as opposed to harder.

Kyle Kilback, Vice President of Technology, Graycon I.T., Canada

Section 3: Getting the Most Out of Your Tech Data Relationship

The reason we work with Tech Data is our strong relationship with operational and country management, and that it is a one-stop-shop for us. Business is about working with people. When you have built good relationships, it makes it “easy to do business.” Breadth of portfolio of products and services, automatization in processes (XML ordering), good pre-sales information, financial services, strategic insights, and correct market price are the key values of doing business with Tech Data. It makes our partnership strong, valuable, and trustworthy for the next 20 years.

Mario Van de Voorde, managing director, IT1, Belgium

One of the reasons for choosing Tech Data's StreamOne was for the option to roll up AWS, IBM Cloud, CenturyLink cloud, and Azure. The fact that they can offer a multi-cloud management platform makes it that much more valuable, since those providers are immediately available and accessible. I don't need to work through a detailed on-boarding to get another platform. They can do pretty much everything, and that makes it a really easy decision to use it. In our vendor-independent consulting, we really don't need to drive a customer down a certain path, as we can offer everything through the StreamOne platform.

Nathan Wheat,
 Director Cloud and
 Infrastructure Solutions,
 Deloitte Consulting Pty Ltd,
 Australia

Let StreamOne Simplify and Accelerate Your Cloud Business

Tech Data's digital cloud platform called StreamOne is offered at no cost to all Tech Data customers. It provides solution providers a client management and billing management platform, essentially pre-configured out of the box.

You can leverage StreamOne in multiple ways to make your cloud business more efficient and easier to grow. StreamOne simplifies the ongoing management of cloud recurring revenue transactions as previously discussed in the automation insight. Tech Data's StreamOne also works with common integration packages to connect directly into your own ERP system.



Tech Data's StreamOne also works with common integration packages to connect directly into your own ERP system.

StreamOne manages exchange rates for us, that was actually a difficult one. Being in Australia, Amazon only reflects US dollar billing, but that fluctuates. That's just another difficult process that the StreamOne platform takes away largely.

Nathan Wheat, Director Cloud and Infrastructure Solutions, Deloitte Consulting Pty Ltd, Australia

For our AWS services, we're not even logging into anything, we're using programmatic methods to let our system talk to their system and provision what we need.

Tony Howlett, Chief Technical Officer, Codero, USA

StreamOne provides you and your customers (if you choose) real time, self-service editing of cloud service provider (CSP) orders, 24x7. It offers a very easy way to activate or to purchase bundles or products 24x7, without waiting until your Tech Data representative is available. Additionally, any end customer facing store elements can be branded under your company name and logo using available templates. Another benefit, as Nathan Wheat of Deloitte Consulting Australia, points out, is that StreamOne provides currency conversions simplifying another, often complex process.

Because StreamOne is multi-vendor, it is far easier to implement multi-cloud. End customers are increasingly using more than one cloud provider for their business. The fact that Tech Data offers AWS, Microsoft Azure, IBM Cloud, Oracle Cloud and other cloud IaaS solutions and SaaS solutions in one environment simplifies ongoing multi-cloud management and billing. You can add your own products and SKUs to further simplify your billing and ongoing recurring revenue management.

KEY TAKEAWAYS

- Simplify ongoing management of recurring revenue billing with StreamOne.
- Get 24x7 access to cloud service providers for changes and updates and provide this to your customers with your own branding.
- StreamOne simplifies multi-vendor solution management helping you provide multi-cloud to your customers.

Tech Data is ahead of the other competitors for new streamlined technologies for modern technology. For example, Tech Data was the first to have the CSP portal working very well. We changed to Tech Data because the competitive system didn't work at all.

Georg Karner, CEO, Founder/ Owner , k2netsolutions, Austria

My relationship is with more senior positions. I know that if anything's going wrong, I can pick up a phone call and have that conversation and get the problem resolved. So, it's that personal touch which is the real differentiator for us.

*Tim Mears, Managing Director,
Axon-It.com Ltd, UK*

Leverage Your Account Team to Maximize Your Growth

The solution providers interviewed highlighted that their account team and other more senior relationships are key to their decision to buy through Tech Data.

Your account team can help you efficiently leverage resources available at Tech Data that will help you efficiently grow your business. Account management support can include:

- Strategic planning support that drives business transformation and helps you to profitably go to market with next-generation technologies including Cloud
- Product and solution consultations that enable partners to strategically strengthen their portfolio
- Building technical, sales, and operational competency through development of a customized enablement plan and access to training resources
- Reviewing creative financing options for partners and/or customers
- Driving operational excellence by streamlining the execution of product, software, and solution provisioning
- Accelerated growth with marketing offerings supporting new customer acquisition

Make sure you are not leaving opportunity on the table by only interacting with your account team at the time orders are placed. There's much more to what Tech Data offers its customers than order processing and provisioning/logistics.

KEY TAKEAWAYS

- Schedule a meeting with your account executive to review all he/she can help you with.
- Determine the other key contacts for your account in marketing and account management.
- Look at Tech Data's expert resources before committing to other sources.

We have been to some of Tech Data's trainings and they were great. I went to one in Dallas for Azure. We will definitely take all that we can get.

Tony Howlett, Chief Technical Officer, Codero, USA

We were part of the Velocity program in the UK and that has been beneficial to us.

Tim Mears, Managing Director, Axon-It.com Ltd, UK

Take Advantage of Tech Data Enablement

Enablement is also a key reason to work with Tech Data. The solution providers interviewed cited positive experiences working with the Tech Data team when developing their current or creating a new business.

Enablement can take many forms, one of the most recent Tech Data enablement programs is called Practice Builder, which is a methodology that helps solution providers build new practices leveraging next-generation technologies such as cloud, IoT, advanced analytics (AI/ML), and advanced security. For many technology solutions providers, entering these high-growth markets can be challenging and costly. Practice Builder eliminates the guesswork and minimizes the risk and costs associated with adding a new practice. It is a framework that encompasses all of the key components needed to help a solution provider build a new technology practice or accelerate an existing one.

Tech Data also offers education and technical certifications to help solution providers accelerate their proficiency of tools and resources and to achieve vendor requirements to resell products and solutions. Whatever your enablement needs, take a deeper look at the broad range of resources that Tech Data offers.

KEY TAKEAWAYS

- Look at your business plan for the next year or so, if you plan to add a new business get in contact with your account executive.
- Make sure you know what training and enablement is available. Enablement ranges from elementary to advanced so make sure you and your team know what is available at their level.

The cloud opportunity and digital transformation enables the expansion of the current business model and allow participants to better leverage what's critical to success in the digital era. An expanded model enables value creation across multiple members of the cloud ecosystem, uses solution aggregation as the foundation for the value expansion and creates a "network" effect, because many participants are able to provide content and many consumers can find solutions.

Sergio Farache, SVP Global Cloud Solutions Tech Data

An Expanded View of Distribution

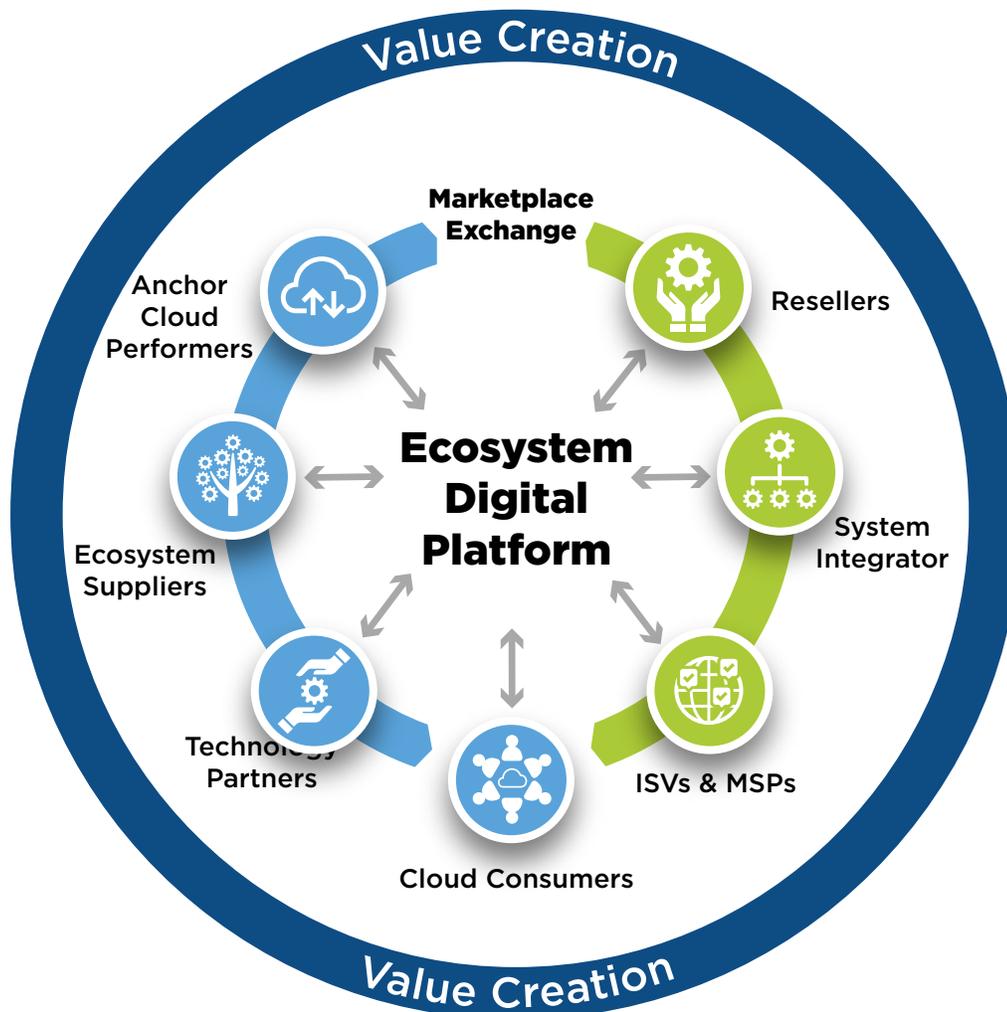
For many years, distribution has developed partnerships with resellers, system integrators and MSPs to provide end customer solutions. With DX, the partnership becomes even more critical to success due to the highly complex and transactional nature of subscription and consumption. IDC believes that this modification adds more value throughout the channel ecosystem and provides new opportunities for partners through innovative business models and services.

Sergio Farache, senior vice president of global cloud solutions at Tech Data, points out that the primary advantage of the evolution of the cloud delivery model and digital ecosystem is that it expands the value chain for all participants. DX offers an opportunity to evolve the distribution business approach from a current linear model to a circular, multi-point, multi-tier value creation model, as depicted below. This turns the distributor into a digital solutions aggregator, where multiple participants can contribute to a solution.

DX offers an opportunity to expand the distribution business approach to a circular, multi-point, multi-tier value creation model from a current linear model.

The value creation is then expanded, and a network effect is created. The advantages of this approach include the following:

- Digital model enables end-to-end ecosystem operations.
- Standardizes consumer and provider digital on-boarding.
- Yields bi-directional value replication and value creation.
- Implements digital operations framework (solution building).
- Allows for search, solution content access and quality ratings.
- Provides multi-channel access with customized white label presentation layer.
- Produces customized analytics ecosystem data, and AI support.



Key Takeaway Summary

Developing a cloud and DX business can be complex and difficult, but by working with Tech Data, you can minimize risks, simplify the most arduous tasks, and avoid many of the pitfalls that other solution providers have experienced.

Follow the key takeaways listed below and summarized at the end of each insight and you will be well on your way to becoming a cloud DX solution provider.



1. Leverage the Cloud for DX

- The cloud gives your customers more value at a lower price. **Take advantage of the new method of creating your own IP and reusing it from project to project.** This new modular approach to designing solutions will help your business grow profitably.
- To succeed in the cloud, **you need to maximize your recurring revenue.** The more recurring revenue you have the higher the valuation of your company and the easier it is to manage your business and invest for the future.
- **Build your cloud team with salespeople that are digital natives** and can talk to business people in their own language.



2. Deliver Outcome-Based Solutions

- **Specialization and deep domain expertise** are critical to developing outcome-based solutions that are central to DX.
- **Optimize solutions with best-in-class products.** To minimize complexity, leverage Tech Data and vendor pre-tested bundles and integrations. These provide low risk access to innovative products that can take your solutions to a higher level.
- To ensure that your customers understand the value they have received from your solution and to turn those customers into advocates, **make sure you track the value the customer wanted to achieve with the solution with specially designed KPI's.** This regular tracking reconfirms the value of the solution and typically leads to referral business to like companies.



3. Get the Tech Data Advantage

- **StreamOne, the Tech Data Cloud Marketplace, can help you accelerate,** simplify and streamline your cloud business. It helps automate many of the repetitive tasks associated with monthly recurring revenue.
- **Take advantage of the knowledge and expertise of your account executive.** Let them direct you to other resources within Tech Data that can help you achieve your goals.
- If you are planning to add or expand your cloud business or other next-generation technology involvement, **look to Practice Builder to help you efficiently develop that business.**

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