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SPECIAL REPORT

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Embracing the cloud

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editorial Sara Yirrell

A cloudy issue on the horizon

As the economic weather brightens, customers and the channel are turning hopefully to face the cloud

It is difficult to go anywhere these days without coming up against the cloud.

Vendor summits, general meetings, phone calls, somewhere along the line cloud computing will be mentioned.

But while those in the know talk about the cloud, those on the outside of the cloud inner circle are wondering what it is and what it means for their business.

Some channel players have already thrown their weight behind it and have invested in their cloud offerings. As we see in this special report, they are already reaping the benefits.

But many still see it as a threat to their

traditional reseller business, because they feel the recurring revenue streams set up through software licensing deals will disappear and they will lose control of their customer accounts.

“Those on the outside of the cloud inner circle are asking what it is and what it means for their business”

Others worry that their customers will be turned off by the cloud and will be concerned about the security of their sensitive data out there in the ether.

But in fact the cloud is not something to be feared. It is something to be embraced as it can bring even greater return on investment for the channel, and untold

benefits for customers, not least in terms of cost savings.

The major vendors such as IBM are throwing their full weight behind cloud computing – and already have several initiatives in place that they are hoping the channel will embrace.

These same vendors are also keen to engage with resellers and provide them with the support and training they need to be properly engaged with the cloud.

But it was also refreshing to hear IBM say in the web seminar on which this special report is based, that the cloud is not for everyone and you cannot shoehorn your customers into the cloud if it does not truly fit their requirements.

That kind of honesty is always welcome. Whatever your view is on the famous cloud, it is here and it is here to stay. The rest, as they say, is up to you.

Sara Yirrell is editor of CRN

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Embracing the cloud



Channel players need to look at their business models to take advantage of evolving opportunities

Cloud computing is here to stay as businesses seek improved functionality and service provision while reducing their costs.

But understanding what role to play is critical. There are several paths channel players can take towards cloud delivery.

Cloud component resellers and builders may work with transaction-based deals, helping develop on-premise private clouds. That role may involve resales of servers, storage, networking, middleware and appliances to build cloud infrastructures, private and hybrid clouds.

So what is the cloud? The US National Institute of Standards and Technology defines it as “a pay-per-use model enabling available, convenient, on-

demand network access to a shared pool of configurable computing resources that can be rapidly provisioned and released with minimal management effort or service provider interaction”.

Whether this definition is universally accepted remains to be seen – but it offers a plethora of potential for the channel.

“Understanding what role to play is critical. There are several paths players can take towards delivery”

Those focused on providing consulting and cloud delivery services will be sought out to advise on cloud strategy and implementation – as well as building, integrating and managing cloud services.

Other opportunities exist for SaaS providers, computer services resellers and

public cloud operators to see revenue streams develop from off-premise shared public cloud offerings and offer pay-for-use services around general computing.

IBM has an active business partner ecosystem for the cloud which we expect to expand rapidly as we mature our offerings. For IBM Business Partners, training, education, enablement and certification for cloud are easily accessible and available.

To overcome the perceived cost of entry, IBM Business Partners can add to their portfolios by building in pre-packaged IBM cloud-based offerings such as IBM CloudBurst, Tivoli Provisioning Manager and services such as Elastic Cloud Compute (EC2) and LotusLive Engage.

All this will enable VARs to take advantage of cloud opportunities, providing advice, strategy, planning and implementation for their clients.

Jacqui Davey is BPO vice president at IBM UK and Ireland

Life among the clouds

How does the channel survive cloud computing and even thrive – using it to make a profit? **Fleur Doidge** finds out

While the cloud will not be a panacea for all IT issues, the opportunity for the channel will be about figuring out where the sweet spot is for every VAR as well as every customer. A recent *CRN* web seminar explored how the channel might evolve towards and with the cloud, and came up with some answers.

Tony Lock, programme director at Freeform Dynamics, says not many, with some justice, see the transition to cloud as a threat to their business models and profits. But that always happens in times of change – people, and businesses, are creatures of habit.

“However, it is the usual issue – that it is a change,” Lock says. “When things change, people get worried. When it is new, what do you have to do? All the uncertainty leads people into a position where they are worried.”

Jacqui Davey, vice president for the UK and Ireland Business Partner Organisation at IBM, says the impact of the cloud will be profound but the diversity that it heralds provides a plethora of paths for VARs and other third-party technology and IT services providers.

“There is a perception that the only role you can play in the cloud is as a cloud service provider, and I don’t think we believe that,” she says.

“There will be cloud components suppliers, cloud consulting, software as a service (SaaS) and infrastructure as a service (IaaS), for example.”

“It is a complex model, and it depends which role you wish to

take. So, if you are comfortable in your role as a reseller with value-add, there will be a significant amount of spend over the next 10-20 years on traditional IT forms.”

It really is about choice, and it is down to each channel partner to work out what they want to do, and where they want to fit. It is about, as ever, moving with the times – so in a sense, it is simply business as usual.

John McGuire, chief executive of FreshTL, whose company has already got involved in cloud in part through its partner relationship with IBM, agrees that there are a number of opportunities in and around the cloud.

People should not overlook the hybrid private/public and on-premise models either, many of which may better suit customer needs, depending on their specific circumstances, or at least function as a transitional model – enabling customers as well as the channel to keep a foot in both camps as the situation progresses.

“I don’t think people should see [the cloud] as a threat at all; people should see it as an opportunity,” McGuire says. “Customers are actually looking at and demanding cloud solutions for a whole number of reasons. So we as resellers have to really look at what our customers are doing, and then react and adapt.”

Lock says what people want is something that not only works but adds value, and also, primarily they want not to have to put it all together themselves. Those points should provide the overarching direction of travel for resellers and services providers leaping into the clouds.

McGuire agrees. As a reseller, it is important to investigate the changes in the market, and follow them, but without losing your grip on your goals and priorities. Any changes in your own business should be informed by what is



A bright future: Will channel players be looking forward

going on in the market but without following them slavishly, he suggests.

“Customers are actually demanding and looking at cloud solutions for a whole number of reasons – for cost reduction, and [access to] wider scalable applications,” he says. “It comes down to us to find the right model that we can adapt to, and build into our business model, to mix and match the possible scenarios.”

McGuire notes that many customers do not have much in the way of on-premise solutions to new questions, and are also restricted in their budget for IT. This makes the need for channel services and ‘in-between’ cloud offerings even more pressing.

“I think a lot of people are looking at the so-called ‘hybrid’ model,” he says. “They are looking at ways to optimise their existing [infrastructure] but also take advantage of cloud applications, so there’s a real opportunity for resellers.”

Lock cautions, though, that resellers should be wary of marketing and promoting it primarily as cloud. Few, if any, customers want to get into cloud *per se* – they do not really care in the slightest about the technology or the method of



“We as resellers have to look at what our customers are doing, and then react and adapt”

John McGuire, FreshTL



to fine weather ahead, or will some players get caught out in the storm?

delivery. They only care about the results. So channel players have to approach it carefully, ensuring they lead with the real business benefits rather than the notion of cloud computing.

Cloud then becomes secondary. The conversation becomes about 'we can achieve this and this and this for you; how we are going to do that is using a comprehensive solution'. Then you can explain how cloud fits into that vision – if indeed it does.

"End customers don't want to call it 'cloud' anyway," says Lock. "They want to know what they are going to get – not how it is delivered."

Davey says the cloud offering as far as resellers are concerned may include elements from IBM's Tivoli portfolio which can help end-user businesses transition their consumption models to pay-per-use. That is one really simple way that VARs can become involved in cloud, and it is easy to sell because it is about helping the customer making that move of the IT spend from capex to opex.

"It's about changing your commercial models," she says.

And then part of it is about virtualisation

as well, so that is a chance to offer boosts to customer efficiencies across the datacentre and beyond.

All this must be done case-by-case, as the solution is likely to be quite different for each customer. This makes the channel player with true value-adding and consultancy skills even more crucial to the customer, Davey notes.

McGuire agrees: "Customers are requiring cloud applications, so I think the resellers should embrace it. And I think we are more than capable of doing it."

Davey says that although the cost of entry to set yourself up as a cloud provider can be quite high – but for many resellers it will be about adding one or more new elements to their portfolio, rather than changing horses in mid-stream. The market is changing slowly, and so are customer needs, so resellers can easily keep pace without making wild changes of direction and massive investments. And of course vendors like IBM are there to help.

"IBM has a portfolio of training, and education, and enablement for partners, so they can work out how to exploit the technology that's available – how to become certified, and add it to your

portfolio. That's a good first step," she says.

"You could look to see a gap in your portfolio and resell somebody else's off-shore or off-premise thing, like our LotusLive collaboration or the Tivoli platform. And we also have, [for example], a bunch of stuff that sits on the Amazon P2 web for ISVs to use.

"You could look at your customers, and for some of them, you could look at offering something in a different way, perhaps in a pay-per-use model. And IBM offers workshops to help partners do that," Davey adds.

Lock adds: "As we all know, it takes time. And time is money, so it's hard to find the time to make a new change."

McGuire emphasises that no company can make such changes overnight. So VARs are in the perfect position to hold their hands, offer support and governance, and those things in themselves are opportunities. FreshTL recently moved to a cloud business model, and McGuire knows only too well as a result that it is all about what the customers want, and learning to address what they want. And what they want, he says, is often high-impact solutions that really have an effect.

"At the end of the day, we are all in the business of providing value-added services, and we are all independent businesses and we want to make profit. And if we don't react quickly, working with our partners, then other players in the cloud, whether they be Google or Microsoft are absolutely going to get into our customers," he says.

"So it is about looking after your customers."

Gone are the days, says McGuire, when a provider could spend many days or weeks doing consultancy to get an application working. Today, many apps can be delivered very quickly indeed, and be dynamically scaleable using a utility-computing, cloud-based model – and that is what customers want and often expect to happen.

Lock says that when Freeform Dynamics has surveyed the end-user community on what interests them about cloud or hosted-type solutions, the primary factor is not cost reduction. Instead, customers and potential customers are saying that it is about getting access to advanced functionality, then perhaps reduction in overheads, and then more reliable service delivery.

"Some things are deemed to be much more important than just simply cutting costs," Lock says. "As long as the budgets are there to take account of that different way of buying IT – and that's really important. It is very difficult for people to

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change [to that], because that's changing internally something that has been done for a very long time."

Davey adds that we are in many respects living in a 'smarter' world. Everything is a lot more integrated, complex and connected. This makes for 'peaks' of opportunity – in customers' businesses as well as resellers' – and IBM's customers are really seeking ways of becoming more agile themselves, in order to take advantage of those temporary waves and crests as they happen. Like surfers, if they linger too long on the shore, they miss their chance.

"If they need a burst in capacity, or to connect to some people, who they didn't need to connect to previously, to attack a new opportunity, you need to enable them to do it," she says.

A mix of public and private cloud offerings is really about enabling them to do that, so it does represent a great opportunity for the channel. It is about advanced function and innovation, rather than simply saving money, Davey agrees.

And because there is still a lot of confusion around cloud – not just with customers but in the channel as well – there is a lot of potential for the channel as well as vendors to be involved in educating the market on just what can be achieved and the routes that will best get the end-user business there.

"It is about getting back to being the best

Customers want to know what they are going to get – not how it is delivered

Tony Lock, Freeform Dynamics

partner, advisor or counsellor for the customer.

"That is really important as a role that is possibly growing in visibility, because of the complexity of the IT offerings that is growing day by day, you need help understanding them," says Lock. "Cloud is just another component to that."

McGuire predicts that cloud will change the whole reseller ecosystem – yet again – and in some respects is likely to be as important as the arrival of mass PC adoption. It will be about collaboration, and everyone will have to learn new and different ways to collaborate.

Security in collaboration will definitely be important, "especially for potential customers, and that is something that the channel can really help with advice on what's appropriate to move where," says Lock.

Davey says cloud security is indeed critical but for the most part, it is a soluble issue. Technologies are available to prevent hacking and do the whole-data protection



that is important to customers, and the channel can provide those answers for the worried well, as it were.

"What services I think our customers are going to be looking for include advice, planning, strategy, implementation and evolution models. I think they will need all those things, just as they have done in other transitions," she says.

"It is similar [to what we have done before], but different types of technology with a different framework. My customers and business partners are asking me for training and education on that, and elements of our portfolio that will help with that, such as our pre-packaged Tivoli, and CloudBurst, where we put together things that will help them build an infrastructure."

And in the meantime, while you're moving customers and yourself to the cloud, says McGuire, you still want to "make those on-premise assets sweat".

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It is a complex model, and it depends which role you wish to take

Jacqui Davey, IBM

