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An Innovative Business Model for Cloud Providers

OneCloud gives service providers a unique platform for quickly launching cloud services, reducing risks, and capturing recurring revenues in a market that's showing no signs of cooling down.

It is no secret that cloud computing has the potential to be one of today's biggest business opportunities for service providers throughout the world. The numbers tell the story: research by leading IT analyst firms shows that the global public cloud market could grow to US$73 billion by 2015, with a compound annual growth rate (CAGR) of 33 percent. Similarly, the global private cloud market, including both hardware and software solutions, could reach US$17 billion, or a 21 percent CAGR, in the same period.

But something this disruptive to the IT market also comes with challenges. Service providers that want to capitalize on cloud opportunities must succeed in the following important areas:

- Creating unique and innovative solutions beyond traditional telecom services and differentiating their companies from competitors
- Developing effective sales capabilities, including consultative selling strategies, and forging partnerships throughout the emerging cloud ecosystem to sell these new cloud offerings

Fortunately, service providers can take a cue from a unique collaboration between two industry leaders—Cisco and the global systems integrator Dimension Data—that provides a pre-engineered cloud infrastructure and the sales and marketing resources service providers need. Known as the OneCloud Partner Program, the innovative business model is helping partners in local markets throughout the world deliver the customized IT services their customers require while shortening the time it takes for service providers to close more deals and reap recurring revenues.

"The cloud market transition is advancing rapidly in both mature and emerging markets," says Manjula Talreja, vice president, Global Cloud Practice, Cisco Consulting Services. "Cisco is innovating with partners in building new technology solutions and new business models by leveraging our strengths in technology and go-to-market expertise."

Success Is Not Certain, But Local Service Providers Have an Advantage.

The cloud market may be growing at impressive rates, but success is not guaranteed for service providers. They need an innovative model that can help them capitalize on the opportunities in the cloud market by bringing together an ecosystem of services and solutions.

Service providers, particularly those with a local or regional focus, may struggle to build a cloud solution that is competitive against large, global companies with greater resources. But these companies also have unique advantages that can foster success, if they can tap into the right resources to fill out their portfolios. Here are six fundamental considerations for succeeding with clouds and how service providers can address them:

1. **Understand the market.** Service providers must see the potential of cloud from their customers' points of view,

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including the unique value propositions for organizations of different sizes and vertical markets. Closeness to the local market also gives smaller companies an agility advantage. By being attuned to customer needs, they can tailor services and continue to refine them, as necessary, to keep pace with dynamic market forces.

2. **Develop the right cloud services.** It is essential to create differentiated cloud offerings that provide a valuable alternative to what competitors are rolling out. One way to do this is for service providers to draw on their local expertise to accommodate regional laws and regulatory requirements. This approach includes strict rules on data sovereignty that require organizations to provide auditable reports about how information is accessed and protected, as well as where it is stored. In some cases, cloud customers may be required to keep sensitive data entirely within their country's boundaries.

3. **Access an innovative technology foundation designed for service providers.** To avoid the long and risky implementation cycles of a new cloud infrastructure, service providers need ready access to a fully functioning cloud environment that is designed to give them fast time to value. The environment should be backed by a proven technology stack that is recognized throughout the industry for its high performance, flexibility, innovativeness, reliability, and security. Resources for efficiently handling the ongoing management and maintenance of the environment should be available, so the local partners can focus on level-one customer service.

4. **Develop a successful sales strategy.** To effectively sell cloud, service providers must develop a consultative selling approach backed by an optimized channel model that accommodates high-volume cloud products and service bundles. The best-selling strategies are seeded by field-level engagements with proven cloud partners who have the technical, marketing, sales, and support resources to support "white label" cloud initiatives. These types of new collaborative business models create momentum and credibility with early market wins and help the service providers establish brand recognition for adjacent IT services outside of their core telecommunications offerings.

5. **Develop a new internal business model.** Cloud services fundamentally changed the way organizations pay for and consume IT resources. Service providers must therefore develop a new internal business model to successfully track the consumption rates of customers and implement accurate billing and automation systems.

"Operational challenges are among the most difficult to solve," says Manish Pratap, general manager of Dimension Data's Asia-Pacific Cloud Business Unit. "Even if a partner has all the right IT equipment, it still needs a full-blown ops team with sophisticated tools and processes to deliver a credible cloud service. That can be a significant investment."

6. **Create a plan for the future.** Cloud is not a static service offering. Service providers must have resources for continually designing new services and rapidly bringing them to market to satisfy customer demand and sharpen their competitive advantage. Access to data centers throughout the world can give service providers opportunities to extend their reach beyond their local markets.

In short, the partnership models should help local service providers overcome the upfront investments and training required to succeed in emerging cloud environments, while also gaining the resources to capture new revenues and profits.

OneCloud in Action

The innovative OneCloud business model simplifies and accelerates the process of providing cloud solutions and reduces the risks that can derail service providers.

"We have a ready-made model that can have a service provider up and running—with metering and billing—in 90 days or less," says Bill Padfield, chief executive officer of Dimension Data Asia Pacific. "Several service providers have now embraced this strategy."

The service providers that currently participate in OneCloud are those that typically provide telecom services or shared technology services for government, healthcare, and education clients. Branding the cloud services under their company's banners, they provide level-one support to customers.

OneCloud also enables service providers to deliver cloud capabilities in ways that are most suitable for their markets and

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with the appropriate add-on services, such as resources for networking and mobility applications. Supporting these service providers is Dimension Data and its extensive data-center infrastructure, including its management software, applications, and networking resources. Dimension Data brings to these relationships the power of a global systems integrator with a strong presence in network-centric services and Microsoft technologies. Headquartered in Johannesburg, the Dimension Data staff manages locations in the Middle East and Africa, Europe, Asia Pacific, Australia, and the Americas. More than 15,000 Dimension Data employees in the field provide local language support and technical expertise.

In the October, 2012, Magic Quadrant for Cloud Information as a Service, Gartner named Dimension Data a "Leader," highlighting its global coverage, solutions for enterprises and service providers, differentiated cloud technology, and expertise in both cloud and complementary managed services. This leadership position, combined with its deep technology expertise, gives Dimension Data a unique advantage for delivering next-generation network-centric cloud services.

Cisco, a worldwide leader in IT technologies and services, reports net income of US$48 billion with 65,000 employees throughout the world. Its cloud strategy differs from that of many other large IT companies approaching this market. Rather than launching large data centers that deliver cloud services using exclusively Cisco products, the company supports cloud computing by collaborating closely with partners, systems integrators, and service providers around the world. Cisco's cloud vision also supports a large number of global and local business models for federation and localization, instead of rigid universal solutions.

OneCloud resources come to service providers as an integrated infrastructure stack

from Cisco and Dimension Data, so local service providers can quickly leverage the expertise of these two global cloud leaders. Partners can choose to have Dimension Data set up the cloud capabilities in their own data centers—or brand a front-end portal that allows their end-user customers to tap into Dimension Data's cloud facilities.

"Because service providers can have a new cloud service up and running so quickly, there's a significantly shorter time to market than the months or years required to create a cloud offering from scratch," says Ian Robertson, global cloud business development manager, Cisco WW Partner Organization.

Shortening the time to market increases the likelihood of a service provider's success and that business will not be lost to competitors. To speed implementations, OneCloud service providers have access to a cloud service that is already proven and operating globally.

But speed doesn't compromise flexibility. During the implementation process, service providers can work with customers to tailor the solution for unique needs. For example, they can differentiate themselves from competitors by combining the full OneCloud infrastructure with their own value-added services and applications that sit on top of the platform.

The solution is also flexible enough to offer end users private cloud or public cloud options for infrastructure as a service solutions that give customers scalable, on-demand access to almost limitless computing resources.

Members of OneCloud can also take advantage of the exclusive OneCloud Global Exchange, which makes it possible for service providers to serve customers who have divisions outside of their home markets. For example, if a customer in Indonesia wants to extend cloud services to a subsidiary in Hong Kong, the Indonesian service provider can connect with a OneCloud Global Exchange member in China and, together, serve the multinational customer. Gone are the limitations of capturing revenues only from customers in a specific geographic region.

The OneCloud Global Exchange is also readily available if end-user customers need to quickly ramp up new capacity—or if they want backup and recovery services in a distant geographical location to avoid regional disruptions caused by natural or man-made disasters.

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"With the OneCloud Global Exchange, these customers have access to the same infrastructure stack no matter where the individual data center is located," says Kevin Jackson, senior director, Global Cloud Practice, Cisco Consulting Services. "It's one consistent architecture and technology stack that's already been thoroughly tested, so customers know that, if their software and applications work within the core stack, they'll be able to use the same functionality all over the globe."

Key Technologies

Cisco and Dimension Data are taking advantage of their years of close collaboration to build a robust, scalable, and structured cloud platform. OneCloud deployments by Dimension Data consist of Cisco technologies in each critical layer:

- **Networking:** Cisco® Catalyst 6500 Series Switches provide comprehensive network services, performance, and scalability that is optimized for campus core and distribution networks.

- **Servers:** Cisco Unified Computing System™ and servers unify computing, networking, management, virtualization, and storage access into a single integrated architecture. This allows end-to-end server management in bare metal and virtual environments and facilitates the move to cloud computing and IT as a service.

- **Security:** The Cisco ASA 5500 Series helps organizations balance security with productivity. It combines the industry's most deployed stateful inspection firewall with comprehensive next-generation network security services.

In addition, the intelligence to orchestrate and provision the cloud resources is provided by Dimension Data's Cloud Control. For the storage infrastructure, OneCloud takes advantage of the Cisco Intelligent Automation for Cloud platform and the company's close working relationship with storage-industry leader EMC to provide the latest innovations in storage area

networks and related technologies. EMC subsidiary VMware delivers the virtualization platform that underpins the scalable, dynamic-allocation characteristics of the cloud environment.

A foundation built primarily on Cisco technology can provide a high level of reliability and help optimize performance, in contrast to the IT infrastructures provided by some other cloud providers, which are built with technologies from a variety of suppliers. Reliability is important for local service providers, because they are the main points of contact with customers, because their reputations depend on service level agreements being met. In addition, when time must be devoted to resolving problems with existing engagements, it can affect profits and divert resources that could be devoted to cultivating new business opportunities.

"Cloud is a huge market opportunity for service providers, but poses several challenges to new entrants. Together, Dimension Data and Cisco provide an end-to-end value proposition to cloud service providers, from strategy to execution," says Husein Tambawala, senior manager, Global Cloud Practice, Cisco Consulting Services. "This involves creating differentiated cloud offers based on market demand and building the required sales capabilities and ISV and channel partnerships to effectively sell them into the end customer base."

Resources for Go-to-Market Strategies

A proven technology infrastructure is not the only characteristic that makes the OneCloud business model unique.

"OneCloud is unique in terms of how far we go to enable each partner's sales and marketing operations, as well as providing the technology or managed services platform," says Keao Caindec, chief marketing officer at Dimension Data. "We have experts that understand the technology, infrastructure, and operations of clouds; we can also provide expertise in the marketing and sales of cloud services. OneCloud combines all of these areas together and does it on a global basis for partners around the world."

Service providers receive a wealth of business-engagement resources to help them close more cloud sales with Cisco and Dimension Data. This includes cloud market intelligence, as well as a series of business-enablement training sessions spanning 12 weeks that cover sales strategies, solution pricing, marketing,

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service delivery, support services, legal considerations, and expertise in building a cloud practice within the existing business operations.

In addition, the global cloud practice, Cisco Consulting Services provides go-to-market consulting for each regional market.

"It's one thing to build cloud services, it's another thing to sell cloud services," says Steven McGarr, senior director, Cisco Global and Strategic Partner Organization. "Selling cloud is different than selling data services or voice services. With OneCloud, Dimension Data and Cisco go to market along with partners."

To promote this close collaboration, Cisco compensates its field sales staff when it closes OneCloud deals with enterprises on behalf of service providers. OneCloud partners also benefit from "Tiger Teams," groups of dedicated business and technical architects in each region who facilitate sales activities by helping enterprise clients understand the business case and ROI of moving to the cloud.

Together these efforts help end users quickly understand the unique value of OneCloud and the power of partnering with local service providers and two global leaders that offer a breadth of cloud experience.

A Plan for Long-Term Success

A growing number of service providers operating throughout Asia, Europe, North America, and the Middle East are already seeing the benefits of collaborating within the OneCloud initiative. They include Indostat, a leading communications service provider in Indonesia; BSNL TeleServices in India; Hutchison Telecommunications in Hong Kong; and XO Communications in the United States.

"This is not a traditional channel approach where a company tries to engage with hundreds or even thousands of service partners," says Adam Pozniak, channel director, group cloud solutions at Dimension Data. "We are focused on fewer but higher-value engagements based on long-term commitments for succeeding in the cloud market."

With the cloud market still seeing double-digit growth rates—and some individual cloud providers recording triple-digit advances—it is easy to see how collaborations enabled by OneCloud can help service providers thrive for years to come.

"What we're seeing in cloud computing today is just the tip of the iceberg in terms of the changes it's bringing for how companies operate, how technology is consumed, and how services are delivered," adds Jeff White, president of the India and South Asian Association for Regional Cooperation and leader of India Board for Cisco. "OneCloud is a platform that will position service providers, Dimension Data, and Cisco for even greater success."

Connect with OneCloud Today

The unique OneCloud business model is helping service providers throughout the world quickly launch profitable cloud services and tap into the revenue opportunities of this transformative market. For details about the OneCloud Partner Program please visit http://nacloud.dimensiondata. com/ and http://www.dimensiondata.com/AboutUs/Partners/ OneCloudPartnerProgramme/Pages/Home.aspx