

# Going Google: Understanding the Market for Selling G Suite



INDUSTRY BRIEF

## Introduction

More than 5 million businesses have already “gone Google,” the tech giant’s term for adopting G Suite solutions. Formerly called Google Apps for Work, the suite of popular Google applications—including Gmail, Google Drive, Google Hangouts, Google Calendar, Google Docs (as well as Sheets, Forms, Slides, and Sites), Google+, and Google Vault—helps companies increase productivity, enhance collaboration, and save time.

Like other software developers, Google relies on partners to help market and sell high volumes of the G Suite applications, a fact that makes it an ideal fit for service providers and other resellers of cloud services. G Suite can drive a lucrative, recurring revenue stream—one that helps open the door for selling providers’ own core offerings, as well as other third-party cloud services.

This industry brief highlights cloud collaboration and productivity trends to help resellers understand the opportunity and make an informed decision about selling G Suite as part of their cloud services offering.

## Cloud-Based Email And Productivity App Use On The Rise

A recent report that looks at cloud services adoption across a wide range of businesses found that the number of off-the-shelf cloud apps in use has risen by about 20 percent in the 12-month period ending in March 2016. In fact, these



businesses are using multiple cloud services, with the sweet spot falling anywhere 10 and 16 apps. Email and other core solutions show high adoption among the same customers across industries and geographies.<sup>2</sup>

A different survey found that nearly half (48 percent) of businesses rely on cloud-based email and productivity tools. The same report also shows that the current percentage of companies using G Suite is 16 percent, the same percentage as Microsoft Office 365 usage. The only app with a wider current deployment is Salesforce, with 22 percent.<sup>3</sup>

*It pays to use G Suite: In a study by Forrester, G Suite generated a risk-adjusted return on investment of 304 percent over three years. In other words, customers see a net benefit of more than \$3 for every \$1 of cost.<sup>1</sup>*



Nikos Drakos, research vice president at Gartner, believes that “companies considering cloud email should question assumptions that public cloud email is not appropriate in their region, size, or industry. Our findings suggest that many varied organizations are already using cloud email, and the number is growing rapidly.” Drakos further states that “both Microsoft and Google have achieved significant traction among enterprises of different sizes, industries, and geographies.”

## The Organizations That Use G Suite

G Suite is used by 50 percent of Internet-centric companies and is the preferred suite in marketing and advertising, as well as education. Gartner cites the software publishing, retail, advertising, media, education, food and beverage, and travel industries as the most popular industries that choose G Suite, compared to Microsoft Office 365.

Interestingly, the choice between Google and Microsoft is not always an either / or proposition; a significant number of organizations use both Office 365 and G Suite. The most common reason for the overlap was that different departments use different apps. However, more than 30 percent of “overlappers” said they use Office 365 purely for desktop licensing purposes. The industries reporting the largest percentage of organizations that use both suites were software, Internet, marketing and advertising, and education.

## The SMB Market Is A Sweet Spot, But Enterprises Use Google, Too

Small and medium-sized businesses (SMBs) represent a definite sweet spot for G Suite. SMBs prefer the suite because it’s cost-effective, can be deployed rapidly, is

<sup>1</sup> Sean McCormicj, Reggie Lau, “The Total Economic Impact™ of G Suite,” Forrester Research, Inc., June 2015.

<sup>2</sup> “Businesses @ Work, March 2016,” Okta, March 2016.

<sup>3</sup> “Bitglass Research: 2015 Cloud Security Spotlight Report,” March 2015.



easy to learn and use, and as a cloud-based solution provides device independence and mobility. Gartner reports that Google is approaching 50 percent market share of companies with revenue less than \$50 million.

While the SMB market is clearly going Google, the company does count quite a few large companies as G Suite customers as well, including:

- > Roche, with more than 90,000 employees across 140 countries
- > Shaw Industries, with 25,000 employees across 200 locations
- > All Nippon Airways, with 33,000 staff across 40 divisions
- > Design Within Reach, which has 44 retail locations across the U.S. and Canada



## Bundling A Key Strategy To Add Even More Value

Many resellers are finding new ways to differentiate their Google offerings by bundling them with other relevant business apps. In fact, a small survey recently conducted by AppDirect found that every Google CSP sold cloud services in bundles. Many sold two apps in an average sale (45 percent), while just as many sold three apps (45 percent). What makes a successful bundle? In the survey, 82 percent of Google CSPs offer G Suite with security and / or backup applications, which indicates the value and popularity of these types of complimentary cloud services.

## Why Organizations Go Google

While companies may have a long list of criteria for selecting the right email and productivity apps for their specific needs, here are some of the top reasons why G Suite gets the nod:

- > **PEOPLE UNDERSTAND IT.** Designed to be simple and user friendly, employees can be proficient in G Suite in a short amount of time. With little to no superfluous features that make usage overly complex, the apps help employees get their work done more efficiently.
- > **IT MAKES COLLABORATION EASY AND INSTANT.** Collaboration is intuitive and happens in real time, with users able to view and edit a shared document (or sheet, form, slide, etc.) simultaneously. Built-in chat lets users resolve discrepancies without emailing back and forth. And of course, because it's in the cloud, users can collaborate wherever and whenever they want.
- > **IT'S PURE CLOUD.** A big advantage of cloud-only software is the savings in time and effort for IT departments. No need to maintain desktop software, push out configurations to desktops, or install security fixes. This makes G Suite ideal for many start-ups, as well as for organizations with minimal IT resources.



- > **ANYONE CAN USE IT ON ANY DEVICE.** Cloud-based apps provide freedom of device, operating system, and browser, so users get an easy, seamless experience no matter what device they're using or where they are.

## Reselling G Suite

G Suite provides an attractive opportunity for resellers to leverage Google's strong brand identity and significant market share to generate predictable, recurring revenue. And by owning and managing the customer relationship, resellers can create opportunities for selling other products and services.



INDUSTRY BRIEF

While resellers can choose to partner directly with Google through the G Suite Partner Program, many cloud service providers, value-added resellers, managed service providers, and others are choosing to take advantage of AppDirect's powerful G Suite integration to start selling Google's full suite of apps through the AppDirect platform.

*G Suite is one of top three cloud apps: Based on survey conducted by Bitglass, a cloud access security company, the use of G Suite in March 2016 was 16 percent, the same percentage as Microsoft Office 365 usage. The only app with a wider current deployment was Salesforce with 22 percent.*

SOURCE: "BITGLASS RESEARCH: 2015 CLOUD SECURITY SPOTLIGHT REPORT," MARCH 2015.

As the leading platform for selling cloud services with marketplace, billing, reseller, and distribution solutions, AppDirect enables companies reselling G Suite to:

- > Offer new Google Apps subscriptions
- > Import existing Google Apps subscriptions to give customers self-serve management capabilities
- > Allow customers to self-serve and buy G Suite apps through resellers
- > Provide 24/7 support with AppDirect's white-labeled technical support services
- > Easily bundle additional applications from AppDirect's catalog of 270+ fully integrated cloud-based business solutions

## ABOUT APPDIRECT

AppDirect is the leader in cloud service commerce making software accessible globally. The AppDirect Cloud Service Commerce Platform unites providers, developers and consumers of cloud services into a single ecosystem. This makes it easy for businesses to find, buy, and manage cloud services from a central location and delivers new opportunities to distribute, sell, and market cloud services.

AppDirect-powered marketplaces, billing and distribution, and reselling services help providers—including Telstra, ADP, Vodafone, Deutsche Telekom, Cloud Foundry, Rackspace, and others—connect millions of businesses to solutions from Google, Box, DocuSign, Intel Security, and more.

For more information contact [info@appdirect.com](mailto:info@appdirect.com) or visit [www.appdirect.com](http://www.appdirect.com).

650 California Street, 25th Floor  
San Francisco, CA 94108  
(877) 404-2777

Copyright © 2016 AppDirect Inc.