



Top Six Must-Haves to Succeed in Cloud Service Commerce

Given the flexibility and cost-effectiveness of the cloud, it is no surprise that an increasing number of companies are turning to cloud-based services. In fact, Bain & Company predicts that global cloud IT market revenue will increase to \$390 billion in 2020, which represents a CAGR of 17 percent. The growth of SaaS-based applications is predicted to be just as strong, with an 18 percent CAGR over the same time period.¹

The rapid adoption of cloud services—including productivity, email, CRM, backup, and other applications—presents an ideal opportunity for providers to become the cloud solutions partner of choice for their customers. Indeed, a recent AppDirect survey found that 66 percent of small and

medium-sized businesses (SMBs) want one source for all of the SaaS applications they use across their companies.²

To successfully offer cloud services, however, providers need several key elements that ensure a seamless experience for both their customers and their internal teams. Here are the top six must-haves to sell, distribute, and support cloud services.



1. A Clear Business Case

Before getting into technology platforms and applications, providers must take the time to create a clear business case. What problem are you solving for your customers? What problem are you solving for your business? Who are the internal stakeholders that will need to be involved in decision making? What are the key performance indicators that you will use to measure success and identify areas for improvement?

Aligning on the answers to questions like these well before you get involved in technology discussions will help you avoid early pitfalls that can stop any cloud commerce initiative in its tracks. It can be hard to know where to start, so AppDirect has put together two quick worksheets to help start the process: [Jumpstart Your Cloud Service Commerce Plan](#) and [Building a Cloud Service Commerce Business Case](#).

2. A Compelling, Curated Application Catalog

Offer your customers what they want, and they will buy. It seems simple, but when it comes to cloud services the reality is much tougher. The reason is simple: SMBs value choice, but they are overwhelmed.

Nearly seven in ten (69 percent) of SMBs say they are looking for a variety of cloud services and the majority want applications that are specific to their industry, not just “one size fits most.” Given these high numbers, it can be tempting to offer dozens of apps and let businesses pick what works best for their needs. The problem is they often don’t know and don’t have time to figure it out. In fact, 84 percent of SMBs want a relationship with a trusted vendor who can advise them on which cloud services to buy.³

To be more effective, providers should launch with a catalog that has a strong set of anchor applications—solutions

that most customers are already familiar with—and then expand with software for targeted verticals (e.g., retail or construction) or adjacent use cases (e.g., DocuSign for Office 365).

3. Powerful, Flexible Billing

Billing is among the most critical cloud service commerce components, and potentially the most complex. How do you collect payment from your customers? Should you (or can you) integrate your existing billing engine into your offering? Can your existing system handle the wide range of cloud service billing models (subscription, per user, one-time payments, etc.)? Can you easily add new products? How long will all of this take to implement, maintain, and manage—and perhaps most importantly—how much will it cost?

These are just the questions at the tip of the billing iceberg, but here’s the bottom line: A powerful, flexible billing engine is vital to the success of your cloud service commerce strategy.

Cloud services have given SMBs “a stronger ability to compete with larger firms, more easily enter new markets, more quickly develop new products, and drive higher levels of employee productivity. Over the next three years, we expect IT solutions to drive business outcomes, and... further close the competitive gap.”

— **Chris Chute**, VP, Customer Insights and Analysis, IDC

2 ³“AppDirect SMB Cloud Service Adoption Report,” AppDirect, February 2017: <https://www.appdirect.com/resources/rp-smb-cloud-service-commerce-adoption-report>



4. Simple Management

Most SMBs use anywhere between six to 11 cloud services on a regular basis. Imagine the average employee needing to remember 11 different passwords to log into 11 different web-based services and the need for simple cloud services management becomes clear. In fact, half of SMBs say that simple management is the most valuable aspect of cloud services, substantially more than the 25 percent who say they value low price the most.⁴

For providers, this means that offering a single management portal where SMBs can administer all their applications across their businesses is critical. Customers should be able to add and remove users—or upgrade or downgrade subscriptions—within minutes, and it should be just as easy for providers to send renewal reminders, expire subscriptions, and other tasks. And, don't forget, all these changes need to be captured and processed by your billing engine in near-real time.



GUIDE

5. Onboarding and Ongoing Expert Support

With all of the self-service and self-management features that today's SaaS tools can offer, onboarding and support can seem like an afterthought. However, the nature of cloud services—where customers don't realize the full value of their purchase unless they understand how to use all of its features—makes support more important than ever. Consider this: If customers buy a cloud service and don't realize the full value almost immediately, they will churn, sometimes in as little as 48 hours.

In contrast, onboarding can generate a SaaS application adoption rate of 80 percent or more, while SMBs consider ongoing support to be so critical that almost half, 45 percent, pay for it. You can build an in-house support team to provide these essential services or you can work with a

third-party provider (one caveat: an in-house support team can cost 4.6 times more than outsourcing). Whichever you choose, when customers know they can turn to you for help, they will remain your customers for a long time to come.⁵

6. An Omnichannel Experience that Exceeds Business Expectations

An omnichannel strategy is all about creating a digital experience for customers that extends effortlessly across multiple channels, such as the website, mobile devices, brick-and-mortar stores, chat, and phone. Retailers have spent years creating seamless omnichannel experiences for consumers. For businesses, they haven't been much of a priority.

So where do you begin? Omnichannel strategies are not one size fits all, but a good place to start is by creating a robust and consistent set of products and services and commit to selling them across all of your sales channels. It may seem simple, but you also need to train everyone on how to sell these products so that SMBs will get the most value from your solutions. Consistency—in product offerings, in how the products are described, and where customers can go for support—goes a long way toward building trust and a loyal customer base.

SMBS WANT ONE TRUSTED SOURCE FOR CLOUD SERVICES

67% of SMBs say that having to go to multiple vendors for services is "a waste of their time."

Source: AppDirect SMB Cloud Service Adoption Report

3 ⁴ "AppDirect SMB Cloud Service Adoption Report," AppDirect, February 2017: <https://www.appdirect.com/resources/rp-smb-cloud-service-commerce-adoption-report>

⁵ "The 12 Building Blocks of Cloud Commerce Go-to-Market Success: Practical Advice to Drive Retention, Customer Satisfaction, and Revenue," AppDirect, October 2017: <https://www.appdirect.com/resources/ebook-12-building-blocks-cloud-commerce-gtm-success>



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