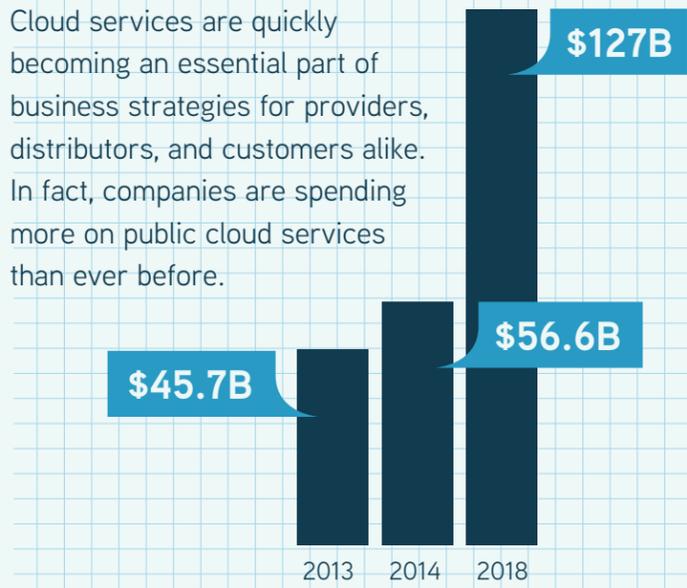# Cloud Service Commerce: The Reseller Opportunity

Market Snapshot

Cloud services are quickly becoming an essential part of business strategies for providers, distributors, and customers alike. In fact, companies are spending more on public cloud services than ever before.

$45.7B — 2013
$56.6B — 2014
$127B — 2018

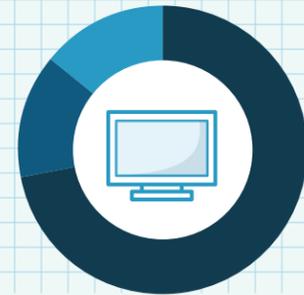Those numbers represent a CAGR of

23%

6X faster than the IT industry overall.

HERE'S WHERE THE INVESTMENT GOES:

- **72%** SaaS
- **14%** PaaS
- **14%** IaaS

Over the next few years, the cloud services developer community is expected to triple, which will help drive a **10X** increase in the number of cloud-based solutions.
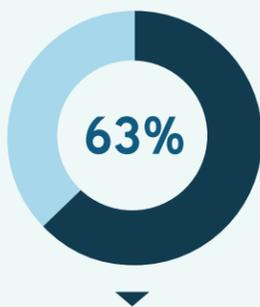
More Choices, More Confusion:

RESELLERS TO THE RESCUE

Confronted with an increasing number of choices, cloud service buyers are looking for trusted advisors to simplify the purchase process and make it as cost-effective as possible.
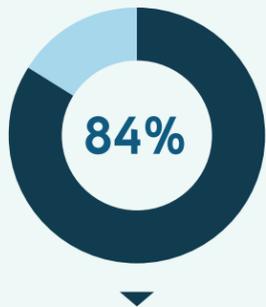
84% want an established partner relationship

63% want one source for all cloud services

Resellers are ideally positioned to fill this critical role, but knowledge is key. In fact, the top reasons customers choose a cloud partner are

Cost	Expertise	Reputation
55%	48%	45%

Customers clearly place a high value on good advice at a reasonable price.

It Pays to Be a Cloud Service Reseller

Companies that partner to sell cloud services are more profitable and grow faster. Cloud-oriented partners enjoy:
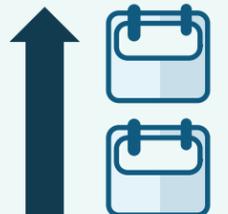
1.6X more gross profit

2.4X faster growth

Demand for cloud services is high, but resellers report the highest demand.

74% of resellers say demand for cloud services is high or very high, **vs.** **63%** of general channel firms

Providing and provisioning cloud services (e.g. reselling) is anticipated to have the greatest growth potential over the next two years.

> …VARs are looking to get into the cloud resell business in a big way… Reseller numbers for [cloud software services] are projected to rise dramatically… For VARs refusing to embrace cloud — R.I.P.
>
> **– Forrester**

IT Resellers and Telcos: Convergence Creates Opportunities

Technology is driving convergence across the IT and telecom sectors, which means players on both sides are re-evaluating where they fit in.

About 1/3 of IT VARs offer "traditional" telecom services, such as broadband and Wi-Fi, and more businesses of all kinds are turning to telcos for a broad range of IT. Given this, IT-telecom partnerships are increasingly common.
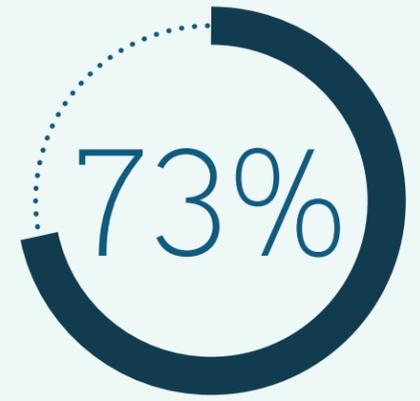
When IT VARs select partners,

51% choose telecom carriers

When telecoms partner,

73% choose IT VARs as their first partner of choice

Supporting Reseller Success

Cloud service commerce is incredibly competitive and resellers can run into trouble trying to differentiate in a crowded market and keep up with demand. During the course of business,

4 IN 10 say customer demand outpaced their capacity to deliver

2 IN 10 lost a deal because a customer wanted a cloud solution they didn't have

TO BE SUCCESSFUL, RESELLERS NEED TO CHOOSE THE RIGHT VENDOR PARTNERS FOR THEIR BUSINESS AND THEIR CUSTOMERS. HERE ARE THE TOP FACTORS RESELLERS SAY ARE VERY SIGNIFICANT WHEN CONSIDERING THEIR OPTIONS:

Customer preference / demand for vendor services:
52%

Type / variety of cloud services:
50%

Vendor brand reputation:
48%

As cloud-based solutions become more complex, resellers can find themselves managing a wide range of services, from billing, to user management, to customer support, to offering a single point of access, and more.

HERE IS A SHORT LIST OF ENABLEMENT FEATURES THAT RESELLERS SAY WOULD HELP THEM MOST:

Management and maintenance of online application store / marketplace
43%

Billing and usage metering for cloud services
35%

An online store / marketplace for cloud services
34%

Contact us for more information about offering a comprehensive reseller solution to help drive sales.

www.appdirect.com/reseller | sales@appdirect.com | 877-404-2777

SOURCES

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