The Barriers to Digital Transformation Special Report was created to help you understand what your company needs to do to reach new customers and drive new revenue with a cloud service commerce initiative.

Helping businesses make sense of a scattered software landscape.

For the average small to medium-sized business (SMB) buyer, purchasing cloud-based services is akin to standing in the middle of Times Square during rush hour—confusing and stressful, with a hundred different things competing for attention at any given moment. How did buying software get like this?

It all boils down to choice: Today's SMBs can buy more SaaS products from more sellers than ever before. As a result, cloud services are becoming the great equalizer, giving businesses of all sizes access to enterprise-grade software, helping them work more efficiently, grow faster, and simply do more.

However, the skyrocketing number of business applications has also introduced a new obstacle on the road to digital transformation: market fragmentation. Facing a fragmented market, SMB buyers are becoming overwhelmed, leading some to slow their adoption of SaaS solutions or hold off indefinitely. Even so, service providers can have a huge impact by streamlining how SMBs find, buy, and use cloud services. It's a win-win that helps customers and cuts the market confusion that can prove damaging to a digital transformation strategy.

Defining Digital Transformation

Digital transformation is using new processes to create, manage, and deliver digital products and services to enable new business models, reach new customers, and drive more revenue.

The Choice Conundrum

Today, SMBs look to SaaS solutions for everything from email marketing to project management, anti-virus software to accounting systems, payroll to customer relationship management (CRM). In an AppDirect SMB survey, a whopping 84 percent of SMBs are looking for a greater variety of cloud services to choose from.

Clearly, SMBs are excited by the range of SaaS solutions available to them, but they feel swamped by the breadth of choice. The survey also found that while 61 percent of SMBs want to use more cloud services, 73 percent of them are overwhelmed by their choices and need help buying.

Whether it's a manager in a medium-sized business or a small business owner, no one has time to search across the Internet for the right apps and services, compare prices and bundled offers, coordinate billing and provisioning across multiple vendors, and all the other steps involved in selecting and using cloud-based apps.

Market fragmentation isn't just an issue of too many services; it's also a question of where SMBs can go to purchase these services. There are tens of thousands of business applications, and—assuming each service has its own website where SMBs can buy directly—there are just as many places to buy them. In fact, the AppDirect survey found that nearly half of SMBs buy their software from individual vendors.

Interestingly, nearly two-thirds of SMBs, 67 percent, also say that dealing with different vendors is "a waste of their time." At the largest SMBs this number climbs even higher, to 74 percent. In other words, SMBs are feeling the pain of market fragmentation and need a better way to find and buy the services they need.

INDUSTRY FACT

WHERE SMBS GO FOR SAAS SOLUTIONS

According to an AppDirect survey, while roughly half (49 percent) of small businesses buy their software from individual software vendors, the other half (48 percent) buy their software from either their internet and/or telecom service providers (27 percent) or a local IT reseller (21 percent).

Taking the Bite Out of Market Fragmentation

As we've seen, service providers face a catch-22 when trying to reach the SMB market: SMBs want choice, but when they are faced with too much variety, many become overwhelmed and don't know which applications to buy or where to buy them from.

Service providers can't control the number of applications coming to market. But, they can give SMBs a few critical components that can help make buying software a satisfying experience, one where SMBs feel confident in their choices and see immediate value from their purchases.

A curated product catalog: Too many choices can be a challenge for SMBs, but there's no reason to shy away from variety. Provide options, but make sure they are the right ones for your customers. Use your deep knowledge of your customer base to do the leg work for them and research the best applications to meet their needs. A curated catalog of highly relevant SaaS products is extremely valuable to customers.

Fully integrated applications: SMBs crave a one-stop purchasing experience. This means that your platform should be able to showcase applications as well as support billing, provisioning, and application access and management. That's why it's critical to ensure that applications are fully integrated to your commerce platform.

A trusted advisor: SMBs value help from their providers in solving their business problems and choosing the right software for their needs.

Ongoing customer support: Strong customer support helps SMBs get the maximum value out of their investment, boost adoption of the software among employees, and reduce the time and effort they need to be successful with the software.

The Groundwork for Cloud Success

At a consumer app store, buyers are willing to take a change that a new app may provide some value or entertainment, so risk is very low. A SaaS marketplace, on the other hand, is completely different and needs to provide an experience that makes it easy for business buyers to purchase complex, powerful software and feel confident in their decisions.

While SMBs are increasingly turning to SaaS solutions to improve all aspects of their businesses, they need help in doing so successfully. From guidance before the sale to hands-on help after the sale, SMBs are looking for the right provider to ease the shift to the cloud.

By making the market for cloud services less daunting, service providers can become the trusted advisors that SMBs turn to over and over again.

INDUSTRY FACT

THE RISE OF THE INDUSTRY CLOUD

Traditionally, SaaS applications were targeted at horizontal business functions such as accounting, collaboration, CRM, ecommerce, enterprise resource planning, and human resources.

However, industry-specific or vertical SaaS applications are increasingly coming to market to address key business issues for particular markets—a sector also known as the industry cloud. The industry cloud comprises hundreds of offerings in a wide range of vertical markets.

SPECIAL REPORT

Using a Platform-Based Strategy to Provide a Better Customer Experience

If creating a robust catalog of fully integrated third-party SaaS products backed by seamless customer support sounds like a herculean task, that's because it is. It is possible to build these systems from scratch, but be prepared to make very large investments in development, systems maintenance, management, and more.

To avoid these expenses and get to market faster, many service providers are opting to partner with third-party platform providers. With the right platform, you can give SMBs everything they need to make purchasing and managing their cloud services worry-free experience.

An ecosystem of cloud apps: With a robust catalog of leading apps to choose from, you can curate the right mix of cloud services that best meet your customers' needs. Plus, you can rapidly add new apps to the mix.

Everything you need to be a trusted advisor: From tools that help your team recommend the right software, to integration with customer relationship management tools such as Salesforce, choose a partner with the expertise and capabilities to make your SaaS sales channel highly effective.

Bundled software and services: With the right platform, it's easy to create bundles of implementation and migration services with software. For instance, you can offer migration from a current email system to Microsoft Office 365 as part of a turn-key solution. Make sure you have a platform that gives you the flexibility to create your own bundles and add-ons to best meet your customers' requirements.

Great customer support: Planning and implementing your own in-house customer support for all the apps you resell can be daunting. Instead, you can look for partner that offers end-to-end enablement services for cloud-based apps, including: migrations, onboarding, training, and 24/7 technical support.

INDUSTRY FACT

SOFTWARE SALES NEED A HUMAN TOUCH

AppDirect data show that 90 percent of first-time transactions worldwide require some type of live assistance, either from a sales or support representative.

The growth of the market for cloud services shows no signs of slowing down. By offering a curated, one-stop shop for SaaS products, you can provide an oasis for SMBs looking for great products and great service.

ABOUT APPDIRECT

AppDirect is the leading platform for selling, distributing, and managing cloud-based products and services. Its flexible, modular technology enables organizations of all sizes to get to market quickly and cost effectively with an offering that meets their individual business needs. AppDirect-powered marketplaces, billing, distribution, reselling, and premium technical support services help providers—including Comcast, ADP, Zendesk, Deutsche Telekom and others—connect more than 30 million businesses to solutions from Microsoft, Google, GoDaddy, and more. AppDirect is headquartered in San Francisco with 13 global offices.

CONTACT US

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