



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.

# Giving businesses the tools they need to be successful, long after the sale.

For the vast majority of products, once the sale is made the deal is more or less done. A car salesperson doesn't worry whether car buyers will actually turn the key and start their new vehicles. An appliance salesperson doesn't worry whether the family that just bought a new refrigerator will actually plug it in.

Cloud services are different. A SaaS sale sets off a long chain of events, from activation and onboarding to renewal, that presents the danger of customer churn and dissatisfaction at every turn along the way. Even if customers buy, they need to actively use their solutions; even if they activate, they need the

tools to manage their SaaS tool effectively.

User management, centralized billing, single sign on, provisioning and de-provisioning, and more—these are the types of capabilities that small to medium-sized businesses (SMBs) need to maximize their SaaS products. Retail app-store models and most independent software vendors can't handle this complexity across many SaaS applications. There is a SaaS management gap that is waiting to be filled, and it can be a key differentiator in your 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.

### Making the Sale Is Only the Beginning

Let's say you're already far along the path to digital transformation. You're selling several cloud-based business apps to your customers. Because you bundled deployment and migration services into the offerings, your customer is up and running, and happy. Congratulations!

Now you can sit back and let the subscription revenue roll in, right? Wrong—unlike consumer apps, businesses need to manage how they use their cloud-based apps over time. A recent AppDirect survey found that the average SMB uses 6.48 cloud services. Changes become a burden if there is no centralized, self-service way to make these changes across six (or more) SaaS apps.

Consider the effort required for the following when customers have to administer all of their cloud-based apps separately:

- **Adding new users:** When a business hires a new employee, it needs to add that user to all the relevant apps, one at a time.
- **Removing users from apps:** Should an employee leave, the business has to reverse the process and remove the user from each app. What if an app is forgotten? The employee could still gain access to confidential business or customer data.
- **Upgrading subscriptions:** The business is growing and now it needs more capabilities, data storage, or licenses to support it. Time to upgrade the subscription. If there's no self-service way to accomplish this, then the customer has to contact each vendor individually.

- **Paying bills:** One bill from each vendor for each app adds up to a large headache every month for many SMBs. In the AppDirect survey, 70 percent of respondents say they would be more likely to buy their software from their telecom company if they could pay for all their services on one bill, and an almost equal number, 68 percent, say they would be more likely to buy software from their local IT reseller if they could pay for their services on one bill.

This is exactly what happens when SMBs purchase from multiple software vendors or from a provider without a capable platform-based management portal. The result is an administrative headache and a barrier to further SaaS adoption. No wonder that half (50 percent) of the SMBs AppDirect surveyed indicated that "simple management" is what they value most when it comes to cloud services.

#### INDUSTRY FACT

#### SAAS USAGE CONTINUES TO GROW WITHIN THE SMB MARKET

According to an AppDirect survey, 59 percent of larger SMBs (11 to 100 and 101 to 250 employees) say that their use of cloud-based solutions will increase in the next two years, while 30 percent of those firms with ten employees or less say their use will increase.



**INDUSTRY FACT**

**WHERE SMBs BUY CLOUD SERVICES**

- 49%** - Directly from software vendors
- 27%** - Internet and/or telecom service providers
- 21%** - Local IT resellers
- 3%** - Other

Source: AppDirect SMB Cloud Service Adoption Report, 2017.



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## What Customers Want from a SaaS Provider

In the AppDirect survey, only 20 percent of SMBs say they're completely satisfied with their current cloud services. One reason is that most SMBs find that dealing with different vendors is a burden. With the average SMB using more than six cloud services, it's no surprise that many of them struggle to manage their SaaS solutions across different software vendors.

In fact, 67 percent of SMBs say that having to go to multiple vendors for services is "a waste of their time," a number that increases to 74 percent at the largest SMBs (101 to 250 employees). More than one-third (34 percent) say they wish they had a central location to manage every cloud-based app used across their organizations.

Keeping SMBs happy with their cloud services (and buying more) requires centralized and sophisticated capabilities, both behind the scenes for service providers, as well as a self-service portal customers can use to manage all their apps. It's this simplified management of cloud services that can set a company apart when it comes to selling SaaS.

## Centralized Management Across Cloud Offerings

To give SMB customers the simplified management they want, there are two choices. You can invest time, resources,

and considerable budget in building and integrating the capabilities yourself, or you can turn to a partner that's already built what your customers need and has proven success in delivering it.

Whichever method you choose, you need to make sure you utilize a platform that delivers what you need:

**Provisioning and deprovisioning of apps:** Make it easy for your customers to assign or un-assign applications for different users from one simple interface. With one centralized portal, you can eliminate the effort and risk involved in administrators logging into each application separately and using different interfaces to assign or un-assign.

**Single sign-on:** Offer your users single sign-on (SSO) access to all their applications to mitigate the risk and complexity of managing multiple passwords. With SSO, your customers get a simple user experience that helps drive adoption and usage of applications. You'll want to enable SSO through open security standards such as OpenID and SAML 2.0

**Role management:** Allow your customers to delegate responsibilities by role type, assigning privileges to different users based on their seniority or work responsibilities. For example, they can give billing administration responsibilities to a procurement officer or controller.

**Password policies:** Allow your customers to set their own password policies so they can manage the levels of character complexity and length requirements they'd like to enforce. You should also let them determine password expiration cycles to ensure their users regularly change their passwords for added security.

**Central user administration:** Offer a broad set of user management tools including the ability to invite new users, assign roles, manage user access, perform analytics, and track service adoption.

**Centralized billing:** Enable customers to easily manage their subscriptions—including upgrading, downgrading, and tracking usage—through a single, self-service portal.



While there is undoubtedly additional effort and expense in providing centralized, simplified management of cloud services to your customers, there is an added benefit for your company as well. You'll improve your visibility into the SaaS channel and customer SaaS usage.

For example, you can quickly see how many licenses were purchased versus how many were provisioned and which customers haven't provisioned yet. This lets you target these customers with additional services to promote success and drive customer loyalty.



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## Removing the Barriers to SaaS Success

Streamlining the management of cloud services is more than a best practice. It's a competitive differentiator as well as a leading aspect of customer satisfaction. Making SaaS solutions easier to buy, use, and manage encourages further adoption and helps you grow your share of wallet and customer lifetime value, particularly as your SMB customers consolidate their apps from various software vendors to one provider—your company.

### ABOUT APPDIRECT

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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.

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