The Changing Face of the Channel as the Result of Public Cloud Platforms

Continuing Education for IPED Channel Masters

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John Gray

John has over 25 years experience in software and SaaS sales leadership, successfully building strategic alliances and channels at some of the most notable technology and cloud leaders.

- John has spent the last five years as an SVP and channel chief leading the channel strategy and execution for high growth SaaS companies globally.
- Prior to joining IPED, John was senior vice president for Datadog, a ‘born in the cloud’ SaaS monitoring platform where he was responsible for global alliances and channels. He built and executed the Datadog business development strategy delivering net new high growth revenue streams with cloud platform partners, msp's, resellers, public sector and SI's across SMB, enterprise and federal markets.
- Before Datadog, John ran global business development at New Relic and LivePerson, both SaaS leaders in application performance monitoring and digital engagement.
- Prior to LivePerson, John held leadership positions at Oracle, BEA and IBM.
- John was born and educated in the UK, currently lives in Boston with his wife and has successfully built, run and sold two start-ups. John is an avid Formula 1 fan.

Today's Agenda

- Cloud Leading Indicators
- Cloud By The Numbers
- What's Driving Customers
- Channel Impact and Opportunity

Cloud – the tsunami is here!

Microsoft predicts $20b in annual cloud sales by the close of 2018

– Satya Nadella, CEO, Microsoft

WW Public Cloud Services to reach $305 Billion in 2018

– Sid Nag, Director, Gartner

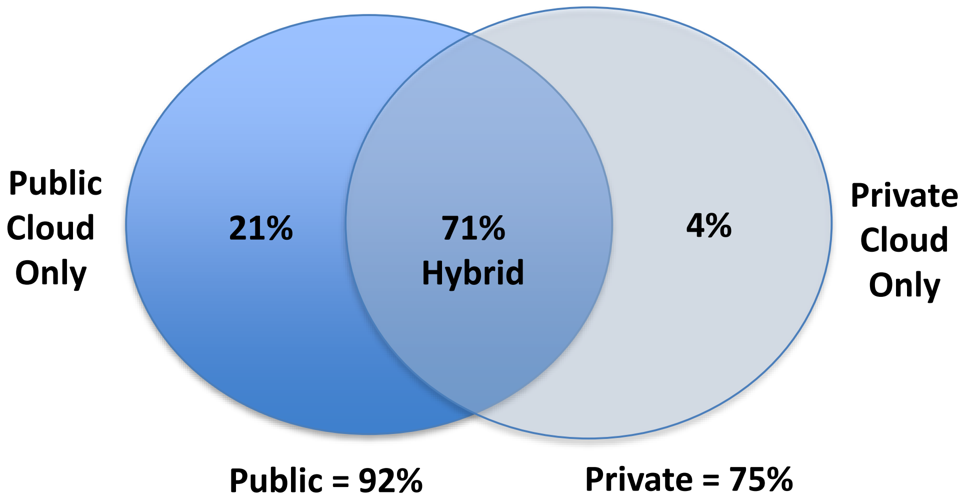
AWS Net Sales have reached $19.2B ARR

– AWS Q1 2018 Earnings

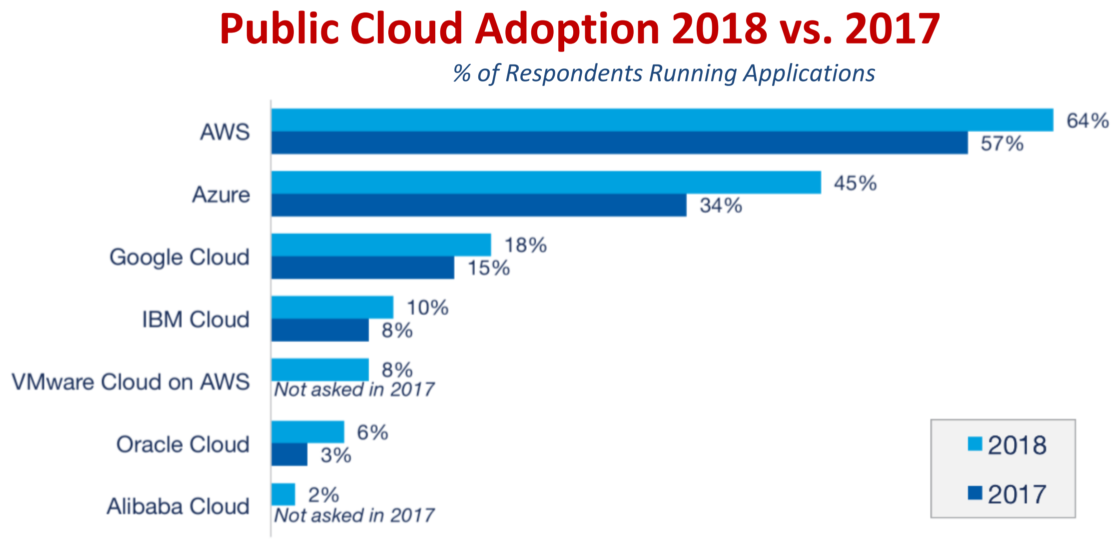
Public Cloud: Common Terms

IaaS	PaaS	SaaS
		Applications
	Middleware/OS	Middleware/OS
Servers	Servers	Servers
IaaS	**PaaS**	**SaaS**
host	build	Consume

Public Cloud – The Numbers



- 92% (respondents) adopting public cloud
  - Up from 89% last year
- 75% (respondents) adopting private cloud
  - Up from 72% last year
- 96% overall adoption (public + private)



- AWS continues to lead (public cloud)
  - Other public clouds growing faster
- Azure adoption grew fastest (32% yoy)
  - Azure adoption now 70% of AWS adoption
- Google maintained 3rd with 20% yoy growth
- All platforms saw increased adoption
- Forward looking: Google has most interest

Source: RightScale 2018 State of the Cloud Report

Public Cloud – The Numbers

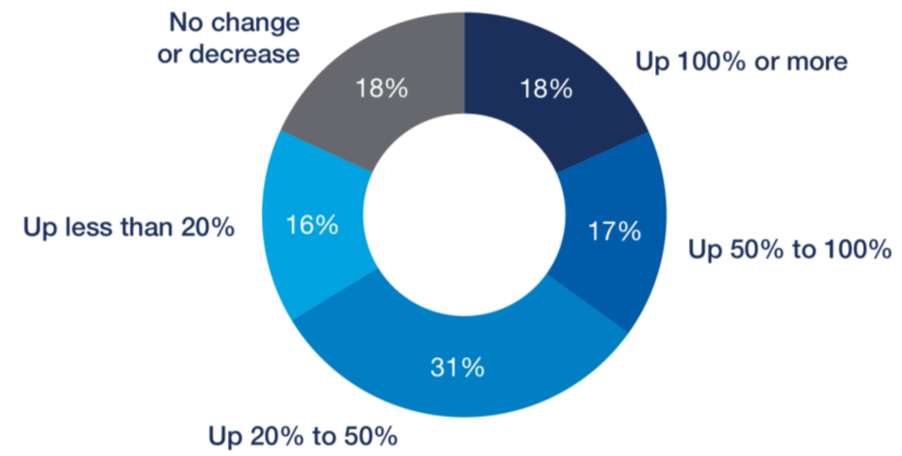
Multi-Cloud Adoption

Public + Private Clouds Used	Average	Median
Running applications	3.1	3.0
Experimenting	1.7	1.0
Total	**4.8**	**4.0**

- On average customers using 4.8 clouds across public and private clouds
- Public cloud use is averaging 1.7 public clouds and experimenting with another 1.0 public clouds

Growth in Public Cloud Spend

All respondents



- 26% of enterprises spend greater than $6m/year
- 52% enterprises spend above $1.2m/year
- 20% of enterprises will double cloud spend in 2018
  - 71% will grow spend at least 20%
- 17% of SMB's will double spend in 2018
  - 62% will grow spend at least 20%

Source: RightScale 2018 State of the Cloud Report

Worldwide Public Cloud Services – Revenue Forecast (Billions US Dollars)

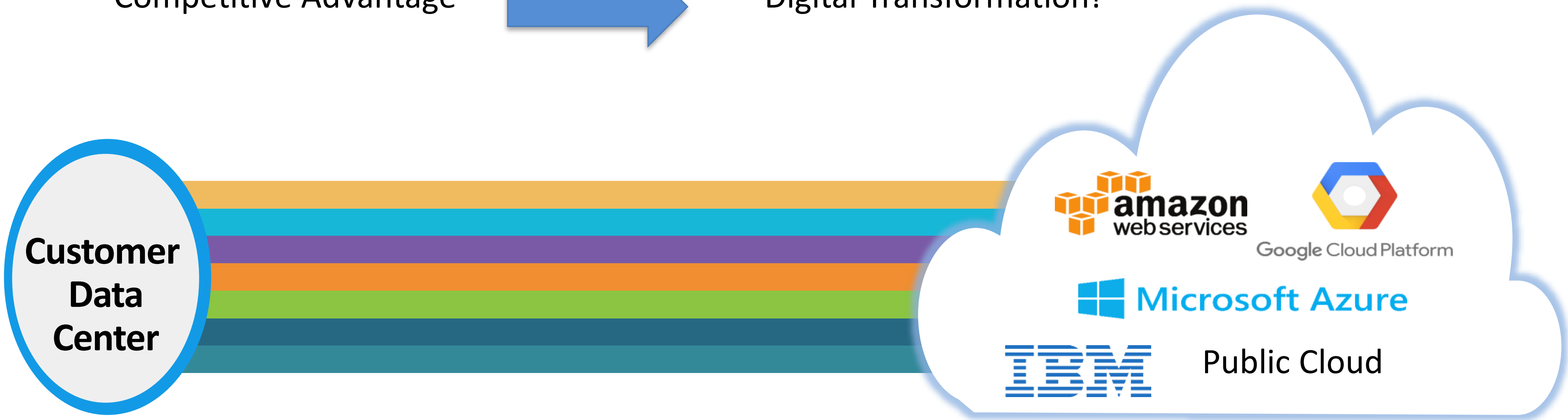
	2018	2019	2020
Cloud Business Process Services (BPaaS)	46	50	54
Cloud Application Infrastructure Services (PaaS)	14	17	21
Cloud Application Services (SaaS)	71	85	100
Cloud Management and Security Services	10	12	14
Cloud System Infrastructure Services (IaaS)	46	58	72
Cloud Advertising	119	134	151
Total	306	356	412

Source: Gartner (October 2017)

- Highest revenue growth YOY expected from IaaS (32% in 2018) = $45.8B
- By 2021 28% (estimate) of total market revenue for Infra. Middleware, App and BPS will have shifted to cloud
- 70% of public cloud services revenue will be dominated by top 10 public cloud providers by 2021
- IaaS – Amazon, Microsoft and Google have established strong positions
- SaaS and PaaS – Cloud impact has driven major software vendors from on-prem to cloud subscription models

Public Cloud Migration – What's Driving Customers

Agility	Ability to move/evolve business faster
Cost	CapEx to OpEx: perpetual to utility
New Markets	Leverage cloud to address new markets
Productivity	Increase business focus, latest technology
Competitive Advantage	Digital Transformation!



What's Changing…Everything!

	THEN	NOW
Platform	HW/SW	IaaS/PaaS/SaaS
Location	On-Prem	Cloud
Delivery	Box/CD	Web
Installing/Managing/ Upgrading/De-Bugging	Customer	Vendor
Buyer	IT	DevOps/IT/LOB
Pricing	Perpetual + Maintenance	Subscription (Year/Mth/Hr)
Term	Long "Lock-In"	Short "Limited"
# of Vendors	Few	Many
Who Takes Risk	Customer	Vendor
Product	Physical	Service

XaaS Economy

COMPETITION
Low $ Cost Entry
For Cloud Start-Ups

Renewal
Low (customer) Switching Costs – No Annual Support/Maintenance 'Lock-In'

Lead Gen
Low Cost Inbound
via ecommerce 'Trials'

X as a Service
Cost to run service (vs. product) is now on Vendor

Commitment
Click Wrap MSA
Short Term Subscription
- Monthly/Hourly!

Price
Subscription = lower $ ASP Vs. Perpetual

Drivers Impacting The Channel

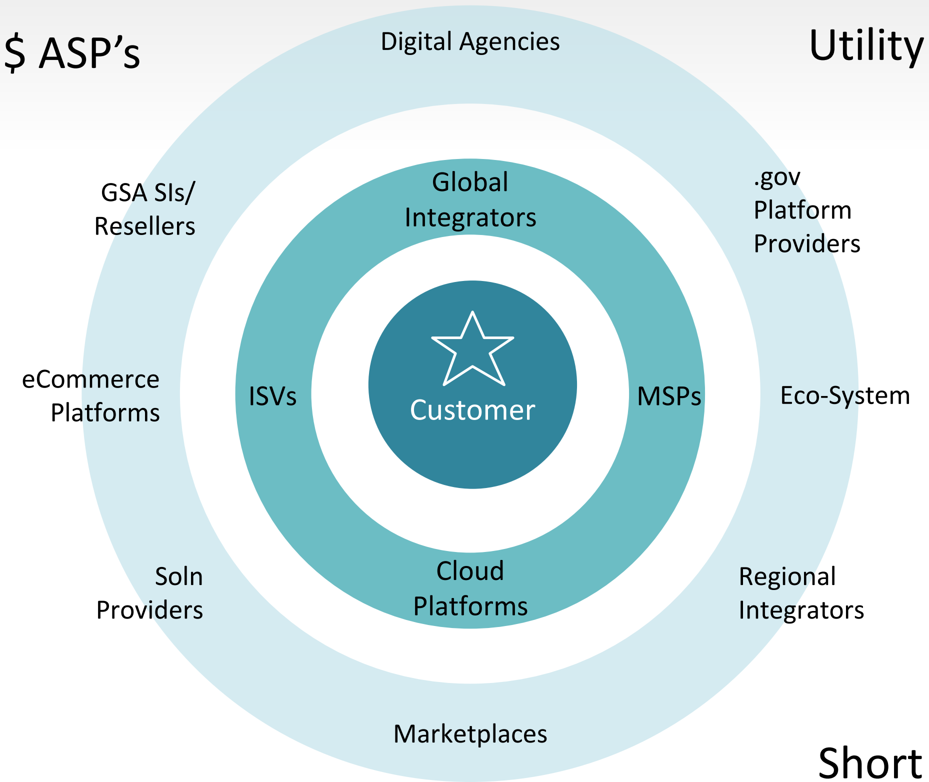
Competition

Lower $ ASP's

Utility Billing

Deployment NOT required

Cloud Marketplaces



Customer Success

Managing Managed Cloud

Multi-Cloud

Short Term Subscription

Single Pane Of Glass

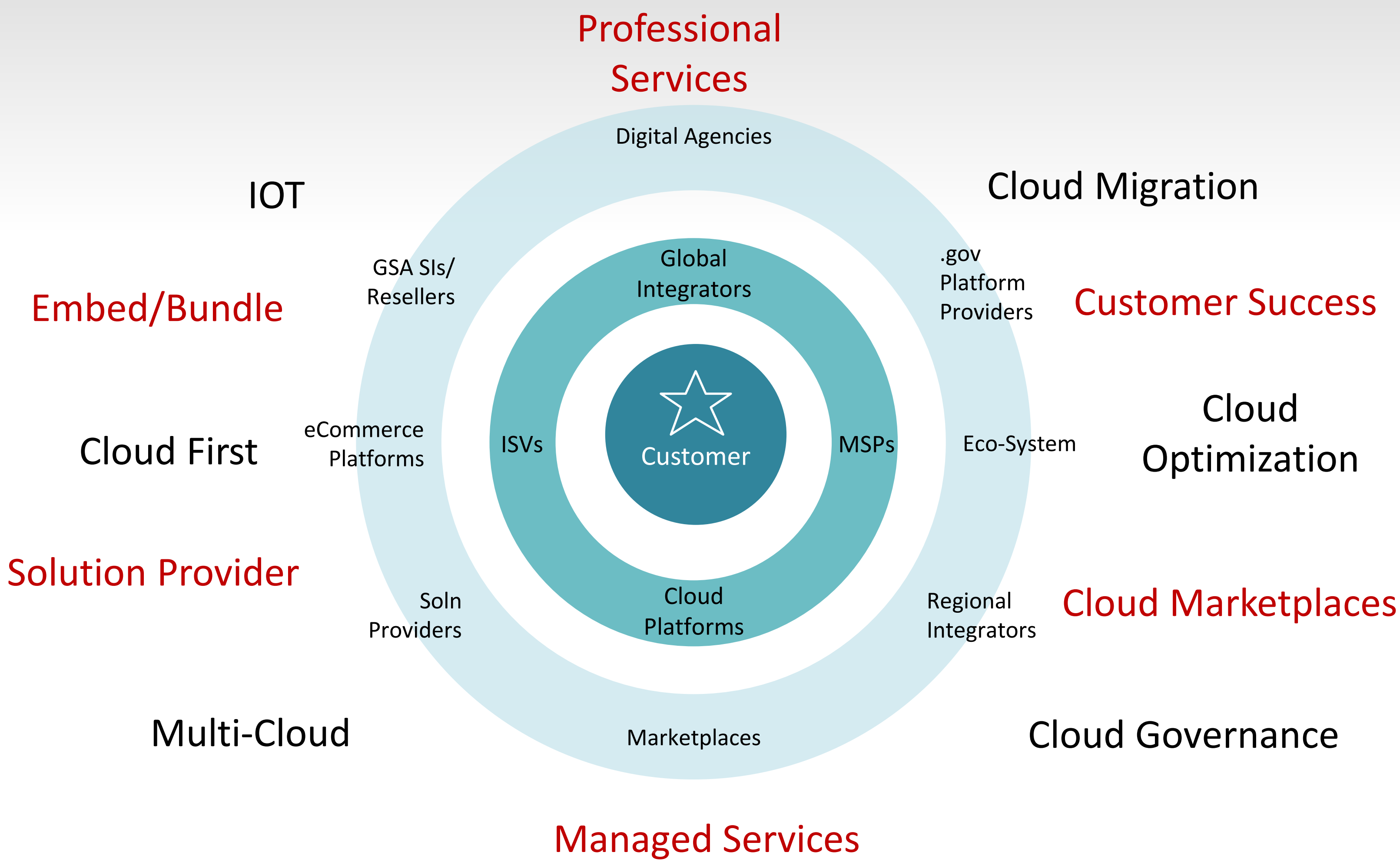
Anatomy of a Cloud Platform Partner

“multi-dimensional relationship”

2018 Cloud Trends

- **Cloud Migration** - hybrid cloud migration will continue to accelerate
- **Cloud Optimization -** customers need to get a handle on usage and billing in order to optimize the best from public cloud.
- **Cloud Governance -** acceleration of 3rd party SaaS services that can help customers better govern their public cloud platforms
- **Multi-Cloud -** customers want more than one cloud platform
- **Cloud First -** number of customers moving beyond migration of low hanging fruit to cloud first will accelerate
- **IOT -** IOT relies on devices leveraging cloud platforms. IOT is exploding and will continue to drive cloud adoption
- **Cloud Services -** cloud services (hybrid, managed services, acceleration, digital transformation etc.) will continue massive growth

Cloud = Channel Opportunity



Public Cloud: AWS Premier Partners

Public Cloud: Value In Partnership

amazon web services

Pivotal

Global SI – Cloud Business Unit

- Cloud First Strategy
- Cloud Migration
- Cloud Centralization, Governance
- Milestone and ROI Reporting

Single Source Procurement - Reseller

- Specialist Cloud Services
- Single Source for multiple Cloud Solutions – IaaS, PaaS, SaaS
- Managed MSA, Cloud Health/Billing Mgt.

Global Media & Entertainment Customer

- IaaS, PaaS, SaaS adoption
- Multi-Cloud
- Looking to centralize multi-cloud and implement governance and better manage cloud health and utilization

Microsoft Azure

Google Cloud Platform

Vendor Imperatives

- Evaluate channel cloud profile and 'cloud readiness'
- Channel Cloud enablement and education critical
- Customer Success program
- Evaluate new cloud partners and marketplaces

Thank You

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