Parallels Automation

White Paper

Five Critical Success Factors for Cloud Service Delivery
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Five Critical Success Factors for Cloud Service Delivery

With the worldwide market for cloud services projected to surpass $125 billion annually by 2016, it's no wonder that everyone wants to get into the cloud. However, successfully making the transition into delivering cloud services is definitely easier said than done. Whether you want to add cloud service offerings to traditional voice and broadband services, or start a SaaS brokerage from scratch, there are some key concepts to be aware of as you consider your approach to monetizing this huge opportunity.

Working with thousands of service providers, Parallels has identified five specific factors which are critical to growing and managing a successful cloud service business. The five factors are:

1. A flexible delivery platform
2. The ability to provision unique service offerings
3. Multi-channel sales enablement
4. A simplified customer experience
5. An open standard for cloud services

This paper will discuss these five critical success factors for cloud service delivery and will identify how they help address the challenges that service providers and SMBs face.

The SMB Challenge

A significant portion of the $125 billion global market for cloud services will be purchased by small and medium businesses. They already use a variety of cloud services including web hosting and email, SEO, web conferencing, file sharing, backup, social media, payroll, HR systems, and CRM. As consumption of cloud services continues to grow year over year, so does complexity for these small businesses, especially those lacking dedicated IT resources. Because the applications they want to use typically don’t come from a single service provider, these businesses have to manage multiple vendor relationships and service contracts, multiple invoices, multiple support contacts, and multiple service management interfaces. By sourcing services from different providers, they must also deal with a confusing array of services from which to choose, and little to no integration between them.

Service providers that can simplify this experience for SMBs and offer more of the services they need in a uniform experience will have the best chance of winning and growing their share of this segment.

The Service Provider Challenge

A many companies that want to provide cloud services are seeking to evolve beyond their traditional business models for fixed-line voice, mobile, broadband or web hosting services. Often these businesses are built on legacy or home-grown systems that are not able to meet the basic needs of a cloud service delivery platform, or may require extensive and continuous development work to adapt legacy systems to the task.
At a minimum, service providers need to be able to integrate their core services with third-party services, and consolidate billing across all service types. Onboarding new services should not impede time to market. In addition, providers should be able to create customized service bundles easily, and to deliver a unified customer experience. To scale their business, they need to be able to support multiple sales channels.

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**Five Critical Success Factors**

Having worked with thousands of service providers over the past 14 years, interviewed tens of thousands of SMBs on their purchase habits and intentions, and enabled some of the world’s leading telecommunications companies to deliver cloud services, Parallels has a unique understanding of the cloud services industry.

Parallels has identified five critical factors that are common to the most successful cloud service providers. By leveraging these factors, these providers are able to completely automate service delivery from end-to-end in order to optimize operations, streamline billing, lower support costs and increase average revenue per user (ARPU).

These factors should be thought of as elements of a framework for achieving the goal of a successful cloud services business. When all of the factors are addressed, providers will be able to effectively onboard new services, curate their own catalogs of applications and services, resell catalog offerings through multiple channels, and deliver a differentiated, unified service experience to all customers through all channels.

**#1: FLEXIBLE DELIVERY PLATFORM**

A reliable, future-proof platform is the foundation for building a dynamic cloud service business. As a provider’s business grows, the platform must support their choice of business models and provide maximum flexibility for integration with existing services and systems, and for delivery of new ones. The effort and time involved to onboard and launch new services is also a key consideration. A platform that eliminates complexity and reduces time to market helps providers to focus more closely on product management and customer acquisition.

A marketplace-based model might meet a provider’s immediate demands, but lacks the flexibility and extensibility to meet their needs over the long term.

When evaluating a platform for cloud service creation and delivery, consider the following questions:

- Can you add new services across the primary cloud services categories – infrastructure services, web presence, unified communications services, and SaaS business applications?
- Can new services be integrated and launched without the help of a development team?
- Can you support and manage both hosted/on-premises and syndicated service delivery scenarios – side by side?
- Can the solution integrate existing business and operational support systems into cloud service provisioning, workflows and billing?
- Can you integrate legacy systems such as broadband or mobile service management?
- Does the solution provide choices for the underlying technology on which it will be deployed?
#2: PROVISIONING OF UNIQUE SERVICE OFFERS

The ability to combine any service resources into service plans and bundles that are provisioned quickly and automatically is critical to building unique and sophisticated service offers. Billing for all services must be unified, and license management must be automated in order to simplify and enhance the customer experience. Product managers should be equipped with a self-service interface for creating and launching new bundles in order to reduce time to market for new services.

Today, broadband and cable providers want to bundle a range of cloud-based messaging, collaboration and security applications together with internet services. Mobile providers want to attach data plans and mobile device management services to handset and tablet purchases. Hosters and managed service providers want to deliver custom solutions that combine hosted software and infrastructure services into relevant bundles curated for specific customer segments.

In these scenarios, services originate from various sources, so the ability to manage, bundle and deliver both hosted and syndicated services must also be considered a core requirement.

Syndicated services will help providers to ramp-up a new business line with very low investment. The ability to move those customers in-house to a hosted version of that service in the future must also be considered when evaluating a cloud services platform.

At a minimum, a cloud delivery solution must provide a marketplace or online store that makes it easy to merchandise and sell individual and bundled services. For greater flexibility, look for the ability to replace this component with a marketplace that you build in-house, or with a third-party marketplace solution.

#3: MULTI-CHANNEL SALES ENABLEMENT

Application marketplaces are important, but businesses still prefer to buy from people, so the ability to enable multiple channels to sell your cloud services is also critical.

Supporting a channel of resellers can be demanding. By providing them with self-service access to the resources they need most, service providers will operate more efficiently and reseller support requirements are minimized.

Perhaps the most important channel partners are the traditional IT resellers. These resellers are transitioning to selling cloud services by leveraging their trusted advisor status with their long-time customers. They must have the ability to order and provision services on behalf of their customers directly and in real time. These same capabilities will also support a service provider’s own outside sales and telesales teams.

#4: SIMPLIFIED CUSTOMER EXPERIENCE

Simplification of the user experience is a key driver of innovation in technology. It’s often the key factor on which a purchase decision is made for items such as smartphones, tablets, laptops and many other devices and services. It should come as no surprise that simplification of the customer experience for cloud services will become an increasingly more important service differentiator as new and attractive experiences are brought to market and customer preferences evolve. A great user experience is clearly critical. Here are some questions to consider:

- Can business users access the services they purchase from you using a single login and password?
- Can they self-manage accounts, users and applications through a unified interface?
- Can the business user add new users and purchase new services themselves via the interface, or do they have to go back to their service provider’s online store?
#5: OPEN STANDARD FOR CLOUD SERVICES

Open technologies standards create efficiencies, opportunities and communities. Standards reduce risk for adopters by providing options for platform and service extensions that will drive business growth.

Every cloud service provider has unique needs, so an open standard for cloud service delivery is critical to getting the most from your platform investment and improving operational efficiency. Here are some questions to consider:

- Is the process to deploy and integrate new service offerings straightforward and repeatable, or does deploying each new service require a custom development project?
- Is there a standard that ISVs build to that simplifies delivery by service providers using that platform?
- Is that standard open and extensible?
- Are there third-party applications and services – desirable to business users – built on that standard available now to sell?
- Are there more in development?
- Does the open standard have more than just a fan base?
- Do businesses have real skin in the game?

Conclusion

These five factors are critical for successful and differentiated end-to-end cloud service delivery: a flexible delivery platform, the ability to provision unique service offerings, multi-channel sales enablement, a simplified customer experience, and an open standard for cloud services. When present, these five factors will allow service providers to overcome challenges to monetizing the cloud services opportunity – from inflexible systems that limit integrated service offerings to lack of support for multiple sales channels. They also position service providers to address key SMB challenges by reducing complexity and providing a more integrated experience.

The most successful cloud service providers rely on these critical success factors to automate service delivery and to quickly add new services that address evolving customer needs. These factors should be top of mind for service providers who are looking to add cloud service delivery to their portfolios.

Parallels Automation helps services providers to overcome these and other challenges and to grow their cloud services business with a platform for cloud service delivery that addresses the five critical success factors. With Parallels Automation, you get the most comprehensive platform for cloud service delivery supported by the largest ecosystem and the deepest industry knowledge.

Find success stories from world-class cloud service providers who have selected Parallels Automation, as well as our whitepaper “Parallels Automation: Trusted by Top Service Providers Worldwide” at www.parallels.com/automation