The Modern Microsoft Partner Series
What Solution Providers Need to Know to Thrive in the Cloud and Beyond

Part 1: The Booming Cloud Opportunity

An IDC eBook, Sponsored by Microsoft

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Introduction to the Modern Microsoft Partner Series

Regardless of whether you consider yourself a value added reseller, a systems integrator, IT consultant, managed service provider or independent software vendor, this eBook series has practical ideas for your business.

The Modern Microsoft Partner series is a collection of five eBooks designed to help IT solution providers on their journey to success in the cloud. The series is full of insights and best practices that cover a variety of critical business topics.

This first eBook sets up the series and focuses mainly on revealing the compelling evidence around the cloud opportunity. If you are interested in learning about the size or the pace of the cloud opportunity, this first eBook is meant for you.

On top of a cloud-enabled approach, the successful partner of the future will have to focus on four key elements. It is these topics that form the rest of the Modern Microsoft Partner series:

Differentiate to Stand Out

Successful partners will be known for something. They will be a master in a technology, or a vertical, or a business process, often regardless of their geography.

Modernize Sales and Marketing

Leaders will embrace modern techniques to reach customers, especially since the majority of B2B buyers are now making purchase decisions before even talking to a sales rep.

Optimize Your Operations

Profitable solution providers will take operations seriously, focusing on repeatable engagements through methodology, automation, and tools. They will be masters at metrics.

Deliver Customer Lifetime Value

In Cloud economics it is no longer about the deal or the initial sale, it is about customer lifetime value. The successful partner will maintain customers for life by ensuring their clients continually get value out of their solutions.

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This series of eBooks gives you insights from some of the most successful cloud partners. We have benchmark data from over 750 solution providers across 8 countries, and in-depth interviews from 25 successful Microsoft partners for whom cloud is the foundation of their business.

Business Models

The lines that separate partner types are becoming increasingly obscured. Your business model may fall into one, or any combination of these four areas.

- Resale of third party software, hardware, and services

- Project or professional services

- Managed services

- Intellectual property

This series of eBooks will focus on the trends within these models, how they are shifting, and where the greatest opportunities can be found.

While there is a lot of technology to think about on the road ahead, the key success factors continue to be about business model transformation. This report is oriented more towards the business-side than the technology-side of building a modern Microsoft partner practice.

"It makes me smile when I hear one of my competitors talking about whether the cloud is a viable option for them. It just means that their customers will soon be calling me."

Dan Wright, Managing Director, saberVox, Australia

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IDC Cloud Market Overview

It seems only a few years ago that the industry was having heated technical debates about cloud definitions and attributes, and the common advice was that "the cloud is coming, so get ready, but it may not be right for you yet." Today, the conversation has shifted, and we're seeing a constant stream of innovative, business-centric outcomes delivered via cloud solutions. The industry is saying, "The cloud is normal. What's next?"

Customer organizations are increasingly satisfied with the improving diversity, maturity, and service levels for cloud offerings and are willing to review their risk/reward assessments on projects. More and more, businesses are adopting a cloud first procurement strategy. IDC research indicates that the majority of CIOs have already adopted a "cloud-first" purchasing strategy, and that this movement toward the cloud is expected to continue. This doesn't necessarily mean they will always purchase the cloud option, but they will always consider it first.

These are a few factors, among many, that are driving double-digit cloud growth in all geographies, as we will see in the next few pages.

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Public IT Cloud Services Growth
(2014-2019 CAGR %)

SERVICE MODELS:

SaaS
(Software as a Service)
15.8%

PaaS
(Platform as a Service)
30.6%

IaaS
(Infrastructure as a Service)
27.0%

GEOGRAPHIES:

Latin America
31.4%

Asia/Pacific (excluding Japan)
24.1%

Middle East and Africa
22.4%

Western Europe
20.5%

Japan
20.3%

Central and Eastern Europe
**18.9%**

Canada
18.3%

United States
18.0%

Public Cloud Spending is Growing FAST

IDC forecasts that worldwide public IT cloud services revenue (i.e. SaaS, PaaS, and IaaS) will reach $141.2B USD by 2019, a 19.4% compounded annual growth rate (CAGR): almost six times the rate of overall IT spending growth!

SaaS still makes up the majority of spending, though PaaS and IaaS are expected to grow at almost twice the rate of SaaS over the next five years.
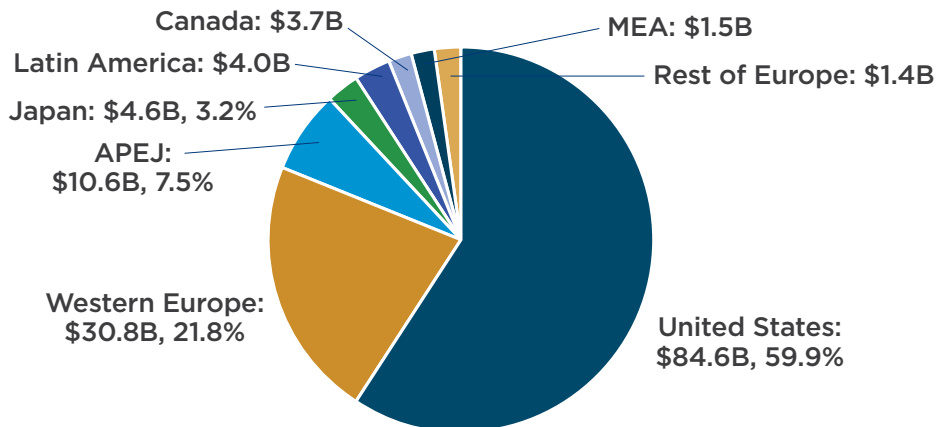
PUBLIC IT CLOUD SERVICES, 2019

IaaS
$27.8B, 19.7%

PaaS
$21.9B, 15.5%

SaaS
$91.6B, 64.8%
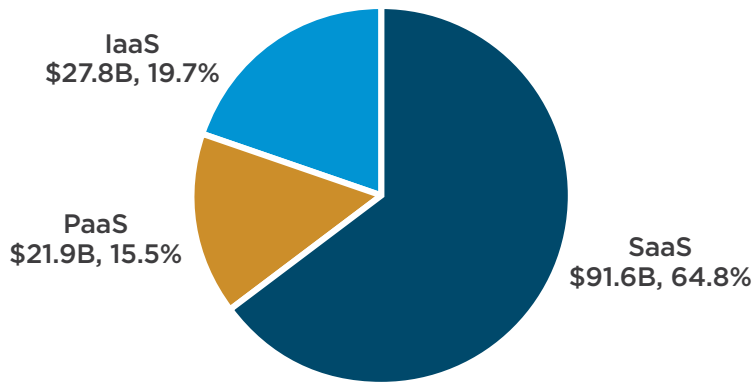
#US40709515 - Worldwide and Regional Public IT Cloud Services Forecast, 2015–2019

IDC predicts double digit cloud services growth across all geographies. The US accounted for 64% of revenue in 2015, but will drop to 60% by 2019. Latin America (31.4% CAGR) and Asia Pacific excluding Japan (24.1% CAGR) will see the highest growth rates for public cloud over the next 5 years.

PUBLIC IT CLOUD SERVICES SPENDING, 2019

Canada: $3.7B

Latin America: $4.0B

Japan: $4.6B, 3.2%

APEJ: $10.6B, 7.5%

MEA: $1.5B

Rest of Europe: $1.4B

Western Europe: $30.8B, 21.8%

United States: $84.6B, 59.9%

#US40709515 - Worldwide and Regional Public IT Cloud Services Forecast, 2015–2019

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Looking at SaaS, PaaS, and IaaS by geography, we see large differences by region. 75% of US public cloud spending is on SaaS, which has a strong influence on the worldwide percentages. However, Asia Pacific excluding Japan (APEJ) has a completely different mix than the US, with about half of public cloud spending on IaaS, while Japan has the highest percentage of PaaS at 22%. So the next time you see a high level statistic about the cloud, remember that things could be very different in the geography you serve.

**2019 PUBLIC IT CLOUD SERVICES FORECAST
SERVICE MODEL BY REGION**
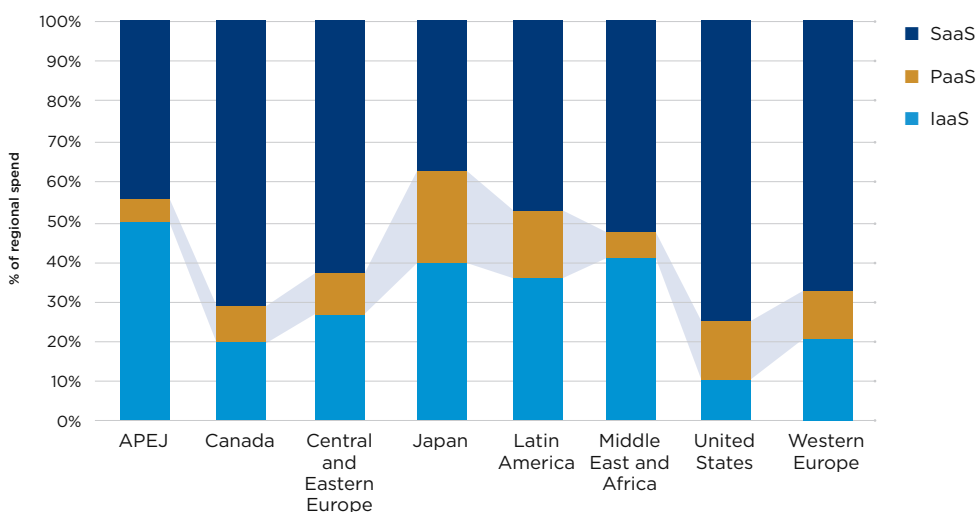
#US40709515 - Worldwide and Regional Public IT Cloud Services Forecast, 2015–2019

Greater Cloud Spending Will Be MASSIVE

While public cloud is often what's meant when people talk about the cloud, there's more to the story when you think about private, hosted, and other variations of cloud.

IDC predicts that "Greater Cloud Spending" will exceed $500B by 2020. This includes SaaS, PaaS, IaaS, plus all the professional and managed services around cloud technology (both public and private), as well as the supporting software and hardware to make cloud implementations happen. That's over three times what it is today!

IDC predicts that "Greater Cloud Spending" will exceed $500B by 2020.

" We really believe that cloud computing is the new normal. For anyone who is looking to build a new app, using a public cloud like Azure is a no-brainer. In the last year, we have not come across even a single scenario where a customer is looking to build a new innovative solution, and they are going to deploy that in their own datacenter... "

Anil Singh, Founder and CEO, Hanu Software
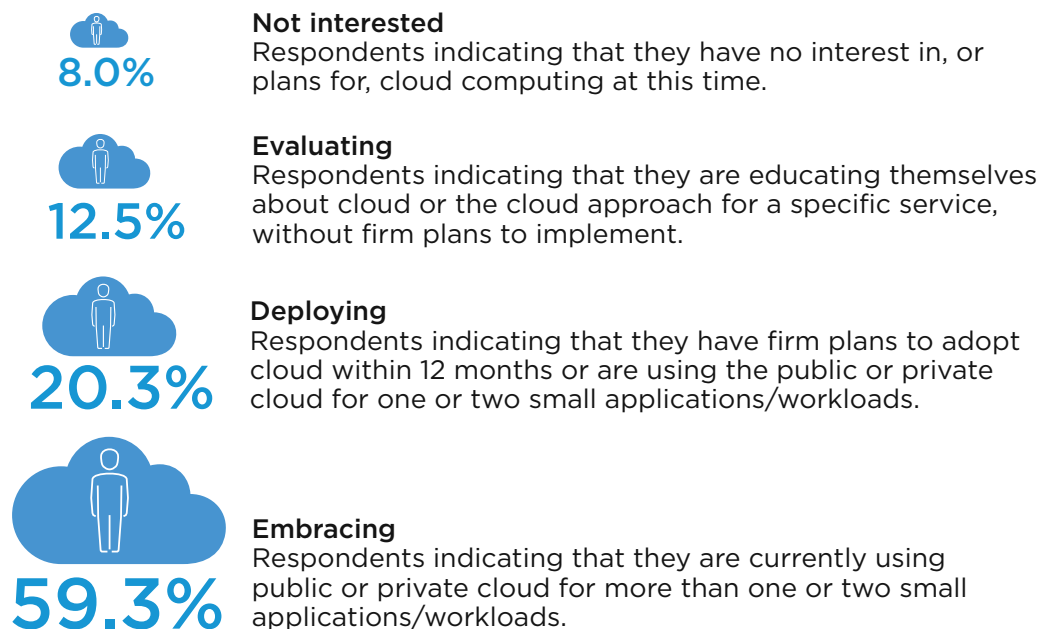
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The Customer Viewpoint on Cloud

We've talked about the massive opportunity in the cloud. Now let's examine how customer organizations are looking at the cloud, and most importantly, how they're budgeting for it.

Cloud is Now the Norm

Today, with almost 80% of businesses deploying or fully embracing the cloud and only 8% expressing no interest (down from 21% in 2014), we have crossed the chasm and are into the "early majority" stage of the adoption curve.

Many solution providers wait until their customers are ready before investing in an area of technology. With the majority of customers now adopting cloud services, it's critical that partners adapt to stay relevant to their customer base.

IDC CLOUDVIEW: OVERALL CLOUD ADOPTION (ALL RESPONDENTS)

8.0%

Not interested
Respondents indicating that they have no interest in, or plans for, cloud computing at this time.

12.5%

Evaluating
Respondents indicating that they are educating themselves about cloud or the cloud approach for a specific service, without firm plans to implement.

20.3%

Deploying
Respondents indicating that they have firm plans to adopt cloud within 12 months or are using the public or private cloud for one or two small applications/workloads.

59.3%

Embracing
Respondents indicating that they are currently using public or private cloud for more than one or two small applications/workloads.

Source: IDC CloudView 2016 Survey, 2016, n=11083
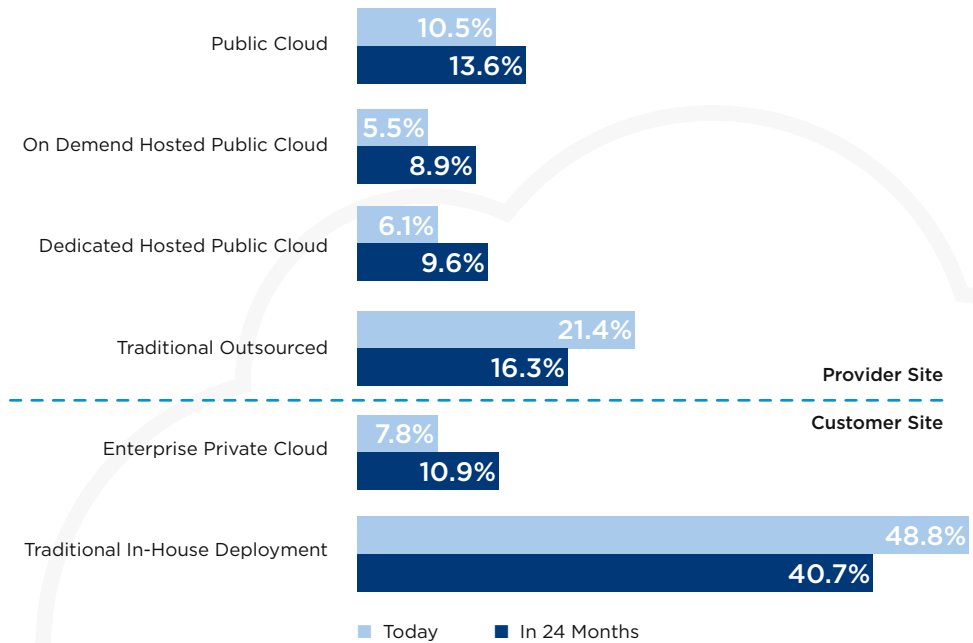
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Cloud Budgets Are Growing

We are seeing clear, near-term redirection of budgets to the cloud. Our research highlights two key dimensions of shift over the next 24 months:

1. A 44% growth in the move from non-cloud to cloud delivery (i.e. on-demand, elastic, self-service, resource pooling, measured service, etc.)

2. An 11% growth in the move from customer-site to provider-site. (i.e. traditional outsourced, hosting provider and public cloud)

This is especially good news for managed service providers and cloud-oriented partners.

AVERAGE IT BUDGET DISTRIBUTION OVER THE NEXT 2 YEARS

Category	Today	In 24 Months
Public Cloud	10.5%	13.6%
On Demend Hosted Public Cloud	5.5%	8.9%
Dedicated Hosted Public Cloud	6.1%	9.6%
Traditional Outsourced	21.4%	16.3%

Provider Site

Customer Site

Category	Today	In 24 Months
Enterprise Private Cloud	7.8%	10.9%
Traditional In-House Deployment	48.8%	40.7%

■ Today ■ In 24 Months

Source: IDC CloudView Survey, 2016, n=11350

■■ Microsoft
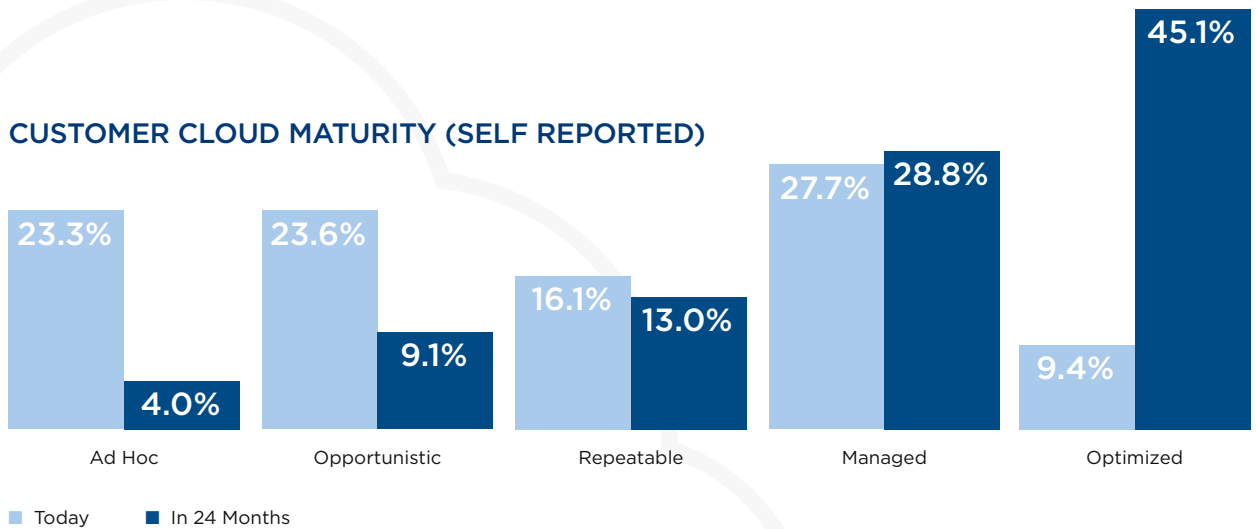
Cloud Intelligence is Maturing

One of the attractions of the cloud is the ability to simply "sign up" for the service without having to involve IT. For many businesses these ad-hoc and opportunity-led purchases have been their cloud entry point. The challenge is that these can instantly become islands of technology.

To gain broader business adoption, more planning is required so that deployments and benefits are repeatable, managed, and ultimately optimized.

The self-reported current cloud maturity level is shown below, along with the expected maturity in two years' time. While self-reporting has its issues (are you really a cloud super hero, sir?), we can certainly see the aspiration to mature quickly. For instance, at the top level of maturity (Optimized), where only 9% of organizations put themselves today, 45% expect to reach this level within 2 years.

There is certainly a huge customer appetite to leverage the cloud. This push for maturity clearly signals some real opportunities for partners to help.

CUSTOMER CLOUD MATURITY (SELF REPORTED)

	Ad Hoc	Opportunistic	Repeatable	Managed	Optimized
Today	23.3%	23.6%	16.1%	27.7%	9.4%
In 24 Months	4.0%	9.1%	13.0%	28.8%	45.1%

■ Today   ■ In 24 Months

Source: IDC CloudView Survey, 2016, n=6159

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IT Buying Centers Are Shifting to LoB

The IT decision maker is evolving from the IT department to line of business (LoB). With 61% of technology projects currently being funded by LoB, and 81% of projects being influenced by LoB, solution providers need to learn their language, and start listening.
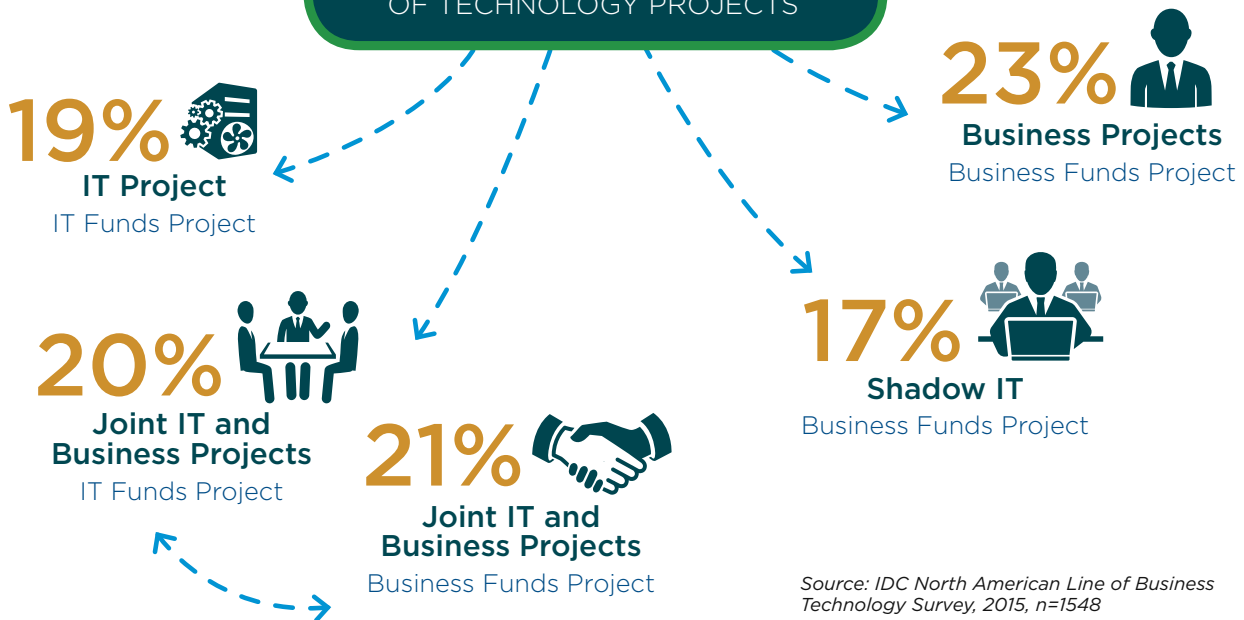
Those that focus on business outcomes will more than likely outperform those that rely solely on selling IT ingredients to IT departments.

> "Two of our founding partners are ex-auditors. We have four CPAs on staff total. Not many of our competitors understand financial reporting the way we do with our background. That ends up being a big deal when we speak to our customers."
>
> **Andrew Brodie, CEO, SSB Consulting Group**

Tech Project Funding

According to Functional Executives, **BUSINESS FUNDS** **61%** OF TECHNOLOGY PROJECTS

Business is involved in 81% of technology project investments

19%
IT Project
IT Funds Project

23%
Business Projects
Business Funds Project

20%
Joint IT and Business Projects
IT Funds Project

21%
Joint IT and Business Projects
Business Funds Project

17%
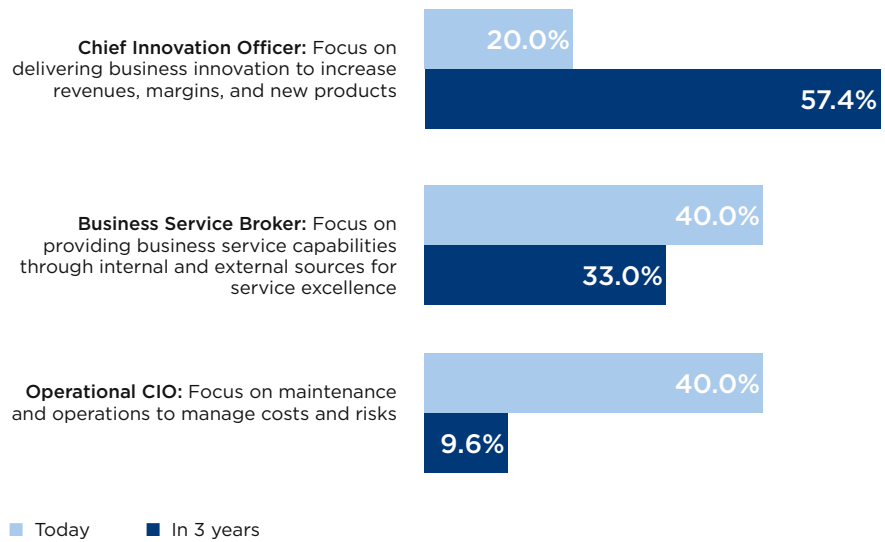**Shadow IT**
Business Funds Project

Source: IDC North American Line of Business Technology Survey, 2015, n=1548

Q: When thinking about the total money your functional areas will spend on external technology initiatives in 2015, how would you divide these expenditures?

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CIOs Are Evolving

Although right now few CIOs consider themselves "Chief Innovation Officers," more than half expect to fill this role by 2018, indicating that IT departments will shift their focus from managing costs and risk, to revenue growth and business transformation. This will lead to increased demand for 3rd platform capabilities.

RESPONDENTS' VIEW OF WHAT TYPE OF CIO THEIR CEO WILL DEFINE THEM AS IN THREE YEARS

Chief Innovation Officer: Focus on delivering business innovation to increase revenues, margins, and new products
- 20.0%
- 57.4%

Business Service Broker: Focus on providing business service capabilities through internal and external sources for service excellence
- 40.0%
- 33.0%

Operational CIO: Focus on maintenance and operations to manage costs and risks
- 40.0%
- 9.6%

■ Today   ■ In 3 years

Source: CIO Sentiment 2015 Summary, n=209

"Businesses don't care about the complicated logistics involved in getting a package from New York to London within 24 hours. But, they still expect on-time, on-budget service. Increasingly they want to treat IT the same way. All our methodologies and certified professionals count for nothing if we haven't earned their trust and cannot deliver the desired business outcome."

Stephen Parker, Senior Industry Evangelist, 1VisionOT

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" Migrating companies into the cloud has now become a legacy business for us. The real value is unlocked when we help organizations transform their business by virtue of having migrated them to the cloud. "

Tony Safoian, CEO, SADA Systems

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Cloud Partners Are Outperforming Yet Again

Over the last 5 years, IDC research has repeatedly shown that "cloud partners" (those that earn 50% or more of their revenue from cloud offerings) demonstrate better business performance than those earning less than half of their revenue from cloud.

Our 2016 study of 750 IT solution providers is no different. Cloud partners continue to outperform their peers. The next few pages show some of their superior achievements in growth, gross margin, recurring revenue, and more.

We note, though, these strong business performance results are not solely attributable to the cloud, although our research shows a positive effect from cloud. Partners led by a strong management team tend to see critical trends in the industry first, whether it was virtualization, or even client-server computing some time ago. They made the commitment to cloud early, and they are benefiting from their early adoption. They've had strong key performance indicators (KPIs) in the past, and bring those to the results of our study.

Researching Cloud Partners

While the full survey methodology can be found in the appendix of this report, here are a few keys to understanding the following set of survey results:
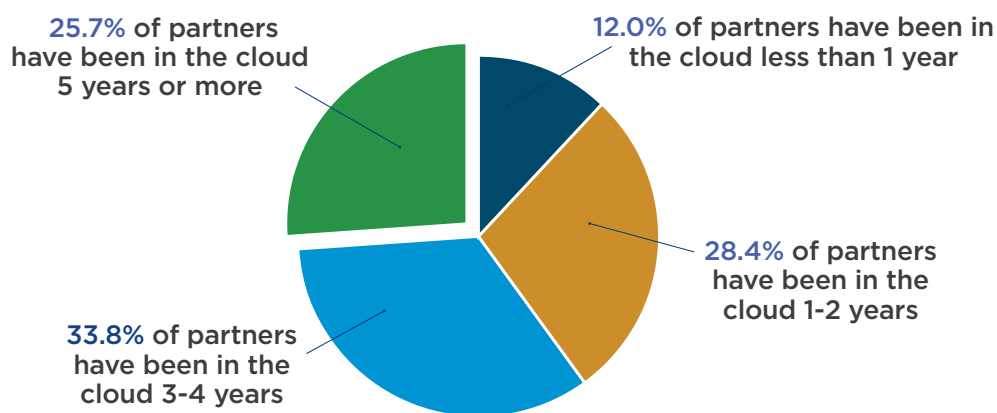
- We surveyed 750 partners from around the world.

- Geographic distribution: 33% from North America, 36% from Europe, 31% from India, Brazil and Mexico.

- We looked for the most logical groups of partners based on cloud revenue and cloud age to measure results against.

- We defined a group called "cloud partners", which have over 50% of their revenue related to cloud, and compared their survey results to the rest of the group. We also looked at those partners who have been involved in the cloud the longest.

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NUMBER OF PARTNERS BY CLOUD REVENUE

27.4% of partners had less than 10% of their revenue related to cloud

20.1% of partners had 50% or more cloud

35.1% of partners had between 20 and 50% cloud

17.4% of partners had between 10 and 20% cloud
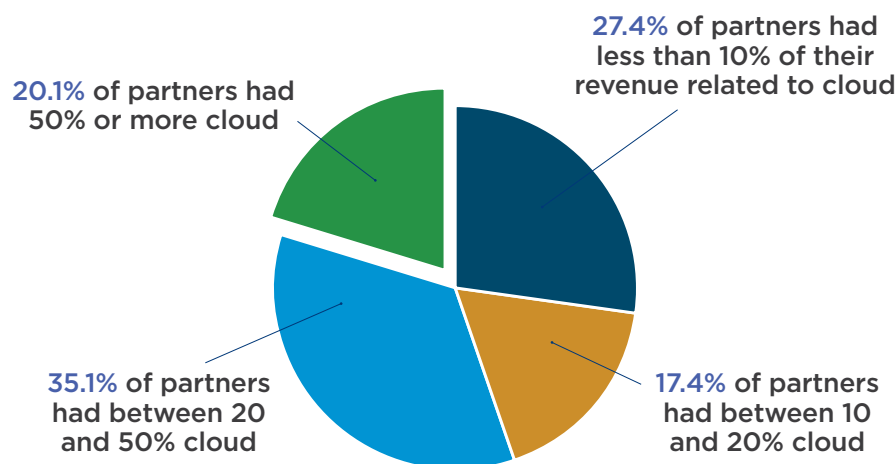
Source: IDC 2016, n=749

DISTRIBUTION OF PARTNERS BY CLOUD AGE

25.7% of partners have been in the cloud 5 years or more

12.0% of partners have been in the cloud less than 1 year

33.8% of partners have been in the cloud 3-4 years

28.4% of partners have been in the cloud 1-2 years

Source: IDC 2016, n=671

Cloud Partners are More Profitable and Grow Faster

Among the most impressive statistics in this study is that cloud partners (>50% cloud revenue) have 2X the growth and 1.5X the gross profit of their less-cloudy peers. As mentioned, surveys don't always reveal causation – there are a number of factors at work – but it's clear that those with more than 50% cloud revenue are in a league of their own.

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GROSS PROFIT AND REVENUE GROWTH BY CLOUD REVENUE

40.8%
27.3%
24.4%
12.1%

Growth

Gross Profit %

■ < 50% Cloud   ■ > 50% Cloud
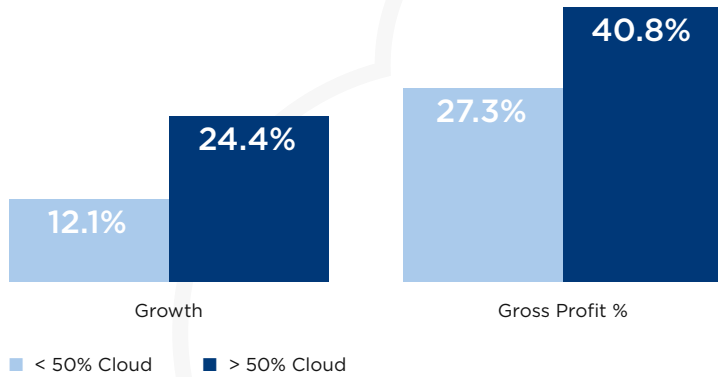
Source: IDC 2016, n=749

Cloud Experience Matters

Those who have been working with cloud technology for longer (more than 3 years) are also outperforming, with growth of 1.8X those who have been involved in cloud for less than 3 years.   And gross profit is a healthy, and statistically significant, 1.2X for the cloud elders. There is still no real substitute for actual years of experience.

GROSS PROFIT AND REVENUE GROWTH BY TIME IN CLOUD

31.8%
27.5%
17.7%
10.1%

Growth

Gross Profit %

■ < 2 years   ■ 3+ years

Source: IDC 2016, n=671

"We realized early on that the cloud was going to happen and the impact it could have on our business. We needed to move fast or risk getting lost in the shuffle."

Mark Seeley, CEO, Intellinet
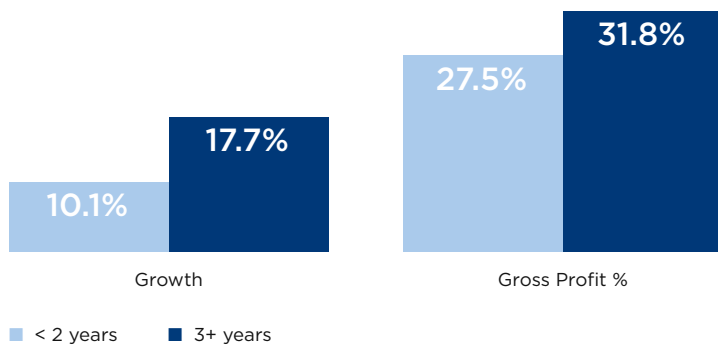
The story here is, do not rest on your past achievements. Continue to look ahead to see where the market is going. Future sections in this eBook may give you some ideas.
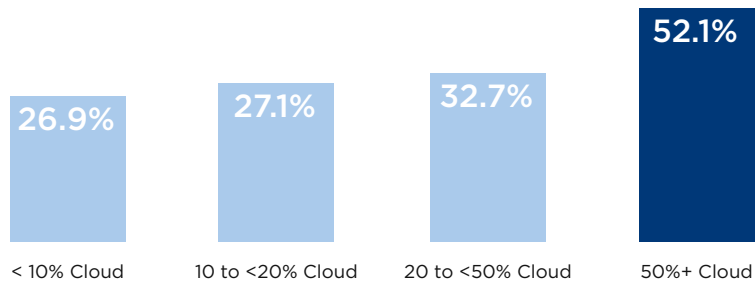
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Cloud Partners Have More Recurring Revenue

"A tidal wave of work is going to come down the pike. Enormous amounts. We just think the maturity of Office 365 is getting better and better."

Christopher Hertz, President, New Signature

Recurring revenue is a very powerful, and thus desirable, feature to have in any business. Go ask your telephone, cable, or insurance company. Our research shows that the cloud partners (>50% cloud revenue) are onto this concept. Cloud partners have 1.8X the recurring revenue of other partners. Separate IDC research has shown that recurring revenue promotes higher company valuations, which can bring about benefits such as improved borrowing terms and higher value for investors.

RECURRING REVENUE BY CLOUD REVENUE

< 10% Cloud	10 to <20% Cloud	20 to <50% Cloud	50%+ Cloud
26.9%	27.1%	32.7%	52.1%

Source: IDC 2016, n=726

Cloud Partners Attach More Value to Microsoft Cloud Solutions

What about the opportunity for solution providers to add services on top of selling Microsoft cloud solutions? The average value-added partner today sells $4.14 of their own offerings for every $1 of Microsoft cloud solutions they sell or influence the sale of. That number bumps up to $5.87 for cloud partners (>50% cloud revenue).

$ ATTACH PER DOLLAR OF MICROSOFT CLOUD SOLUTION SOLD

Rest	50%+ Cloud
$3.71	$5.87
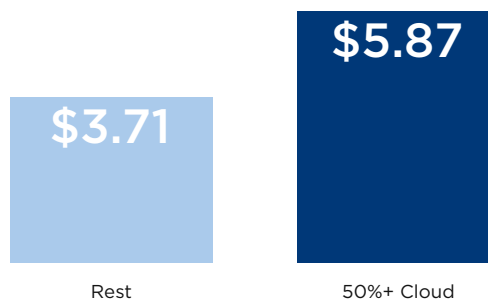
Source: IDC, 2016. n=79 cloud partners, 326 rest

IDC predicts that by 2018, 1/3 of the top 20 companies in every industry will be significantly disrupted by 3rd Platform competitors.

■■ Microsoft

Powered by The Cloud: Emerging Opportunities

Digital Transformation

There has been a big shift in attitudes toward technology. We expect great user experiences and powerful capabilities from technology in both our personal and work lives. We also expect to be able to pay for things as we need them and want to enjoy the benefits of assets without necessarily the burden of ownership.

We can see this in the emergence of disruptive business models from companies like Uber, Netflix, and AirBnB. The success of these services is a consequence of our social desires and huge leaps in technology.

Digital transformation is not just a trend, nor is it a localized phenomenon contained by the media industry. It is at the core of business strategies spanning all industry segments and markets. This trend is unsettling for many stable, static businesses, and it is a very big opportunity for others. Over the next five years, investment related to digital transformation will drive a sizeable portion of growth in technology markets.

Source: IDC

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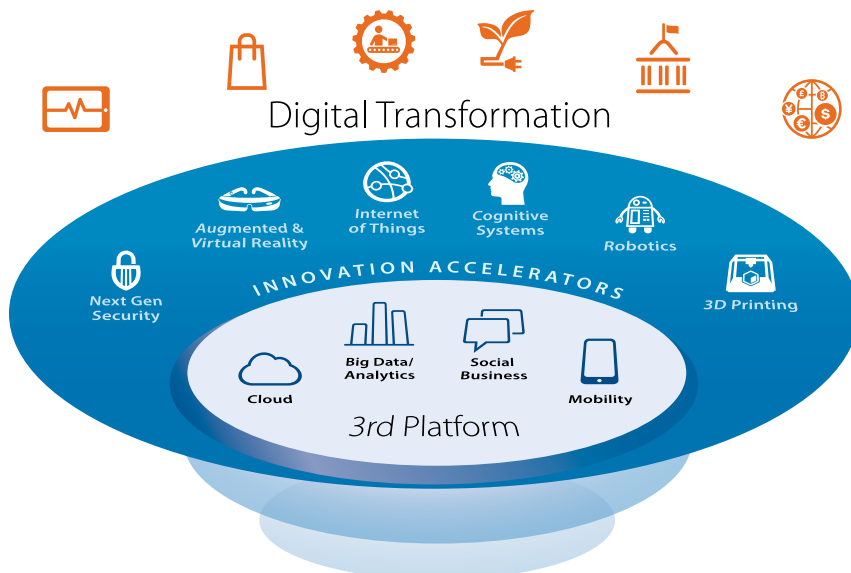
By 2020, 60% of Global 2000 companies will double their productivity by digitally transforming businesses processes from human-based to software-based delivery.

Putting aside the mega-scale disruptions, there is still room for solution providers to engage in a new series of conversations with their customers. These may earn them the right to explore the customer's own version of the "impossible":

Step 1: How can we take complex solutions you have today, deliver them in a more commoditized way and make them available to a broader community?

Step 2: Let's take a look at earlier plans and proposals, those that didn't meet the required ROI. Are they now feasible with today's IT capabilities?

Step 3: Finally, if you could do something that was previously unachievable or unimaginable, what outcomes would the business achieve?

We're getting to a point where the "impossible" is the exception rather than the rule.

IDC predicts that by the end of 2017, two-thirds of Global 2000 companies will have Digital Transformation at the center of their corporate strategy.

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The Third Platform: The Foundation of Modern IT

In 2007, IDC first noted that the Information and Communications Technology (ICT) industry was at the beginning of what we termed a "hyperdisruption," a "once every 25 years" shift to a new technology platform for growth and innovation. By 2011 IDC had a name for it, The 3rd Platform of Computing (the first platform of computing was characterized by the mainframe, the second platform was characterized by the client/server).

The 3rd Platform can be defined by the inter-dependencies between cloud computing, mobile computing, social media, and big data and analytics. And as you'll soon see, these four pillars will be the engine for all growth in the ICT industry for the foreseeable future.

Cloud

There is no question that IT decision makers are drawn to the power, flexibility, and buying models available via the cloud. When traditional IT is compared to cloud-based offerings, we often analyze the merit of moving a specific workload to the cloud - "apples to apples," if you will. Businesses are moving workloads to the new environment, but they are also acquiring new cloud-enabled capabilities.

50% of cloud applications & services are for use cases not served in the client/server era
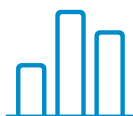
Big Data / Analytics

The term "Big Data" is most simply defined as a very large data set. Huge increases in the amount of data being made available (collected by sensor enabled devices, tracking online behavior etc.) is now being paired with powerful computing capabilities, making meaningful analysis possible too. Businesses are both collecting new data and analyzing old (but previously unmanageable) data to inform decision making and strategy. Expect to see a very new type of manager!

By 2020, the amount of high value data - that is worth analyzing - will double

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Mobility

Smartphones and Tablets account for over four-fifths of all computing devices sold today (PCs and laptops being the other one-fifth). Spending on Smartphones and Tablets was approximately $520B USD in 2015, over 2X the Enterprise Hardware market, and almost 1.2X the Enterprise Software market. These smart mobile devices are a category that didn't exist 12 years ago! Mobile computing has permeated every corner of the globe, altering workflows, communication patterns, and how we consume content.

Enterprise mobile apps grow 4X between now and 2018 – the majority of these apps never existed on the PC

Social Business

Businesses are using social capabilities to reach customers, gather market intelligence, and engage employees. As millennial representation in the workforce increases, so does the expectation of a connected, social workplace. Not only are millennials demanding workplace connectivity flexibility, they are looking to promote ideas, products, and themselves by building their own personal brand.

The market for Social Technologies tops $85 billion by 2019

Innovation Accelerators: What The Future Holds

The 3rd platform has unearthed a new set of capabilities and use cases that, until recently, were out of reach. "Innovation Accelerators"– technologies that include next-generation security, augmented and virtual reality, the Internet of Things, cognitive systems, robotics, and 3D printing – continue to inspire further invention. These accelerators promote new visions for business models; creating new products, processes, and services.

Whether becoming an authority in an accelerator, or helping deliver IT resources that new technologies demand, immense opportunities lie ahead.

"We want to be able to help clients transform their business; creating new models and showing them how they can leverage IoT, geofencing, mobile, data, and digital transformation. This is the key for them to spawn new concepts that don't have competitors."

Mark Seeley, CEO, Intellinet

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Accelerator	By 2020: IDC Predictions	A Peek at Microsoft Innovation
Next Gen Security	Buyer-behavior analytics will validate 80% of all digital transactions, and reduce password requirements by 50%.	Verifiable Confidential Cloud Computing, a new security technology in development, will keep sensitive data safe from outsiders – not even the cloud service provider will be able to access unencrypted data.
Augmented & Virtual Reality	In key verticals such as healthcare, military, and manufacturing, 15% of IT hardware purchases will be tied to an Augmented Reality use case.	Microsoft's HoloLens blends reality with virtual reality, unleashing countless use cases in both consumer and commercial markets.
Internet of Things	There will be more than 250,000 unique IoT applications – 50% will never be visible, but serve critical functions and will be acquired via ecosystem federation.	Powered by machine learning, analytics, advanced molecular biology, and drones, Project Premonition's aim is to track and predict the spread of mosquito-borne diseases.
Cognitive Systems	Cognitive applications will yield productivity improvements in excess of $60B annually for U.S. enterprises.	Skype Translator bridges cultures and international commerce by coupling Skype calls with on-the-go translation.
Robotics	The average selling price of an industrial robot will be one fifth of what it is today, but have 5 times the capability!	The Situated Interaction Group is taking human-robotic interaction to the next level – even the prospect of interpreting subtle social cues is on the horizon.
3D Printing	60% of manufacturers will be able to choose between same day supply chain and 3D printed items.	Mobile Fusion turns your smartphone into an ultra-portable 3D scanner with the power and detail required for 3D printing.

Future Growth in Information and Communications Technology (ICT)

The 2nd platform (think client/server products) will continue to hold a sizeable portion of ICT spending in the medium term, but the pie is expected to shrink at about 5 percent year-over-year. This will likely lead to margin pressure and consolidation amongst vendors and solution providers as traditional IT opportunities dwindle. Conversely, the growing demand for 3rd platform and innovation accelerator ICT is underserved, leaving market share open for ambitious, forward-thinking solution providers.

INFORMATION AND COMMUNICATIONS TECHNOLOGY (ICT) GROWTH (2015-2020, CAGR 5.2%)
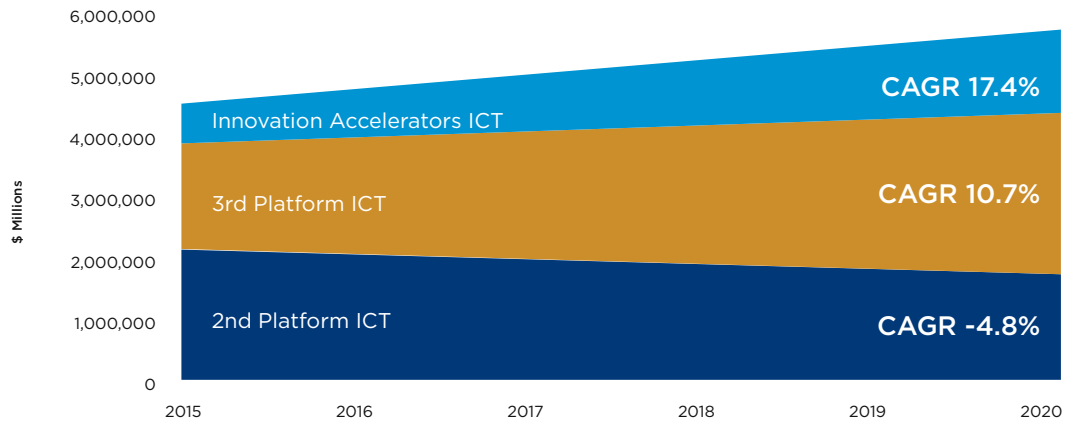
Source: IDC Q2 2015 Black Book
CAGR = Compound Annual Growth Rate

Innovation accelerators are making business transformation a possibility for some, and a necessity for others. Many of these technologies seem fanciful and futuristic, but they are in fact gaining credibility and momentum in the marketplace.

For those who have embraced the 3rd platform and established a clear differentiation, there is significant growth opportunity.

Contents

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The Bottom Line

"I remain convinced that the secret to success in this market - more than almost anything else - is you've either got to be fully committed to driving this cloud message or not. And if you're anything other than fully committed, it's going to be really hard to execute against this business opportunity. You're either in it or you're not."

Alex Brown, CEO, 10th Magnitude

Change is not easy and yet to survive over the long term businesses will undergo multiple cycles of transformation. Companies like Kodak, Blockbuster and PanAm are high profile examples of the consequence of failing to respond to change.

However, for those that embrace 3rd platform change, the opportunity is huge.

Throughout this eBook series we will suggest practical next steps based on three stages of cloud practice maturity: Start, Grow, and Optimize. You will be able to select the advice that best fits you based on your cloud maturity.

Let's start with the bottom line on the cloud opportunity. Here is our essential guidance to partners at various levels of cloud practice maturity:

1. Start
Immerse yourself in cloud and start selling cloud solutions and services immediately. Planning is never a substitute for real world experience. 60% of partners have already been in the cloud for 3 years or more. Don't fall behind.

2. Grow
Ramp up your cloud efforts to compete with the successful cloud-focused partners. Build on your successes and invest further. Begin leading with a cloud-first strategy with your prospects and clients.

3. Optimize
Double-down and extend your lead on other solution providers who are still trying to figure out their cloud game-plan. Come up with offers to help your clients with their digital transformation strategies.

Learn more at aka.ms/modernpartner.
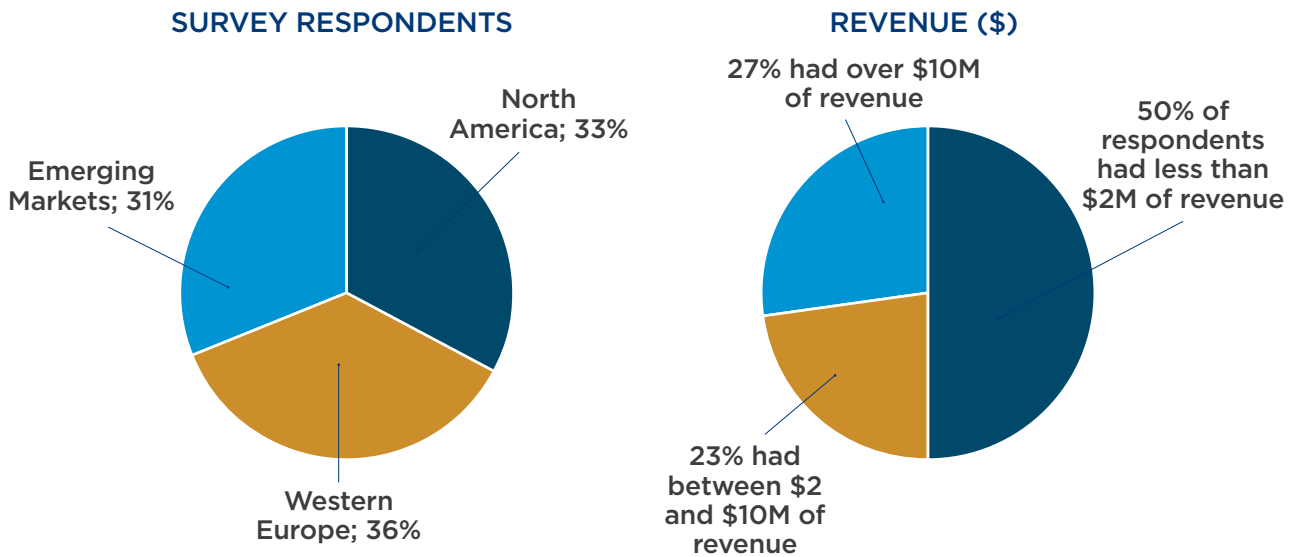
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Appendix: Research Methodology

This study included two major research components: a quantitative study of partners worldwide and a series of in-depth interviews conducted with leading cloud partners.

Quantitative Research

For the quantitative portion of the study, we conducted a very similar study to the one we did for the 2014 Successful Cloud Partners eBook.

We surveyed 750 partners from around the world. The survey results were then weighted to match the geographical distribution the survey conducted in 2014.

- 33% "North American Market": USA, Canada
- 36% "Western European Market": England, Germany, France
- 31% "Emerging Markets": India, Brazil, Mexico

SURVEY RESPONDENTS

Emerging Markets; 31%

North America; 33%

Western Europe; 36%

REVENUE ($)

27% had over $10M of revenue

50% of respondents had less than $2M of revenue

23% had between $2 and $10M of revenue

The set of respondents ranged from small local service providers to large, multi-billion dollar enterprises.

Outlying data points (large and small) were sometimes taken out of a calculation when otherwise a handful of responses would substantially skew the result.

Qualitative Research

IDC conducted 25 in-depth interviews with successful Microsoft partners with cloud practices. Partners were chosen based on both their success in the cloud and with their business models. The partners were from: USA, UK, Denmark, Israel, India, and Australia– to name a few. They are listed below.

It is worthwhile to note that solution providers all over the world, in both developed and emerging economies, can learn from the leading cloud partners we interviewed, and whose insights are highlighted throughout this report series.

CLOUD PARTNERS INTERVIEWED

Company Name	Partner Name	Title	Headquarters
10th Magnitude	Alex Brown	CEO	USA
Atmospheric	David Verschaffelt	CEO & Managing Director	New Zealand
Automational	John Gravely	Founder and CEO	USA
	Nate Kristy	VP of Marketing	
Awingu	Walter Van Uytven	CEO	Belgium
	Andre Huynen	Marketing & Channel Director	
	Arnaud Marliere	Chief Strategic Partnerships & International Business Development	
BitTitan	Geeman Yip	CEO	USA and Singapore
	Rocco Seyboth	General Manager, Products	
Blue Rooster	Kevin Conroy	CEO and Founder	USA
cacaFly	Michael Hung	Chief Marketing Officer	Taiwan
Cloud People	Finn Krusholm	CEO	Denmark
	Leman Kanat	Marketing Manager	
Dot Net Solutions	Dan Scarfe	Founder	UK
Hanu Software	Anil Singh	Founder and CEO	USA
	Dave Sasson	Chief Strategy Officer	
Intellinet	Mark Seeley	CEO	USA
Intervate	Lionel Moyal	Managing Director	South Africa
KBQuest	Eric Moy	CEO	Hong Kong
LS Retail	Eloise Alana Freygang	Chief Marketing Officer	Iceland
Mactores	Balkrishna Heroor	CEO & Principal Consultant	USA, India, Australia
New Signature	Christopher Hertz	President	USA
Perficient	Matt Morse	GM, Applications, Microsoft Business Unit	USA
	Cate White	Marketing Manager, Microsoft Business Unit	
Rackspace	Jeff DeVerter	CTO, Microsoft Technologies	USA
SADA Systems	Tony Safoian	President & CEO	USA
	Narine Galstian	Vice President, Marketing	
SELA	Ishai Ram	Vice President	Israel
Sitrion	Ken Clements	Vice President, Marketing	USA
SSB	Andrew Brodie	CEO	USA
Total Synergy	Scott Osborne	Founder and CEO	Australia
	Jamie Millar	Corporate Communications Manager	
TwinEngines	Kevin Seefried	Founder and President	USA
Virteva	Tom Kieffer	CEO	USA
	Craig Schmidtke	EVP Sales, Marketing & Product Strategy	

Microsoft

IDC
Analyze the Future

Insight

Work smarter

At Insight, we'll help you solve challenges and improve performance with intelligent technology solutions.

Learn more