

**Cloud Channel Summit
Mountain View, CA
November 07, 2011**

Keith Brown and M. R. Pamidi, Ph. D.
Senior Editors
[IT Newswire](#)

Executive Summary

Every decade there is a new IT trend – PCs in the 1990s; Internet in the 2000s; Cloud Computing (CC) in the 2010s. For CC to succeed, vendors and Channel Partners (CPs) have to collaborate and work closely, avoiding channel conflict and cannibalization.

Details

This event was held at the Computer History Museum, ironically the former headquarters of SGI!

The goals of the Summit were to:

- Identify best practices
- Explore future partnering models for success in the cloud
- Provide a networking environment to build new relationships

There were about 150 attendees and 19 speakers.

We all have heard/read about the definition of CC: They are apps that are web-based, multi-tenant with a distributed infrastructure, claimed to be less expensive and better for enterprises. Is CC reliable, secure? Global CC software/SaaS is expected to reach \$200 billion by 2013.

SaaS/CC has gained broad-based market acceptance and been delivering measurable benefits. CPs' biggest fears are:

- Cannibalization
- Disrupting their corporate establishment
- Avoiding channel conflict

As cloud computing revolutionizes IT over the coming years, a new range of channel opportunities is developing. Many choices exist for new channel firms today to best position themselves to take advantage of these opportunities. These choices impact core technology directions, specializations, and services as well as underlying business models, financials, and operations. Channel firms can pursue a variety of paths as they seek to best help their clients navigate and take advantage of the business and technology benefits of cloud computing. Forty-five percent of capital equipment spend today goes to IT vs. 10% 20 years ago.

Every company should move to the cloud for some of its apps; for instance, it makes no sense to build on-premise email apps any more.

The following guideposts may be useful:

- Focus
- Strategy
- Atomization, educated customers know exactly what they want, it behooves vendors to be flexible and focused
- Specialization, develop expertise in specific areas
- Compensation, how do you compensate the Sales organization?
- Help your customers migrate to cloud, build a bridge between the existing infrastructure and the cloud.
- Realize the value that a CP brings is aggregation.

Steps to Building a Successful Channel Program in the Cloud

The world is moving to the Cloud, but CPs are being left behind, and there is a massive revenue opportunity that awaits the channel. There is also a social revolution in the making – the web is shrinking and Facebook usage is exploding.

Here are the steps:

1. Build a separate organization born for the cloud, don't enhance existing channel programs designed for traditional software.
2. Focus on customer and partner success; remember, successful customers = successful vendors = successful partners
3. Understand Cloud Economics: don't overestimate ramp and return; don't underestimate initial investment. Invest in success: trust CPs that are committed; assume responsibility for their business transformation; and provide flexibility in the models.
4. Be the market maker: create a marketplace; offer supported selling models; provide thought leadership.
5. Develop a team of evangelists: educate and inspire the Team; CC is transformational, disruptive, and game-changing – you need a team that can deliver this message
6. Examine effective architecture, operations and business models to deliver a structured program that supports successful channel partner relationships in the Cloud.

Saleforce.com succeeded when its Channel succeeded: 97% increase in OEM Partners; 90% increase in ISV revenue; and 51% increase in app installs.

What are the pitfalls to partnering?

- Organizational alignment
- Unpredictable revenue projections
- Unanticipated cost/investment
- Partners' time to market/extended ramp-up period
- Attrition of partners' key stakeholders, e. g., Services Team
- Resource constraints

CC does not just solve a technical problem, but addresses a business problem.