Leveraging analytics to power your cloud business

Tech Data at Microsoft Inspire 2018

Introduction

The proliferation of application deployment models and data formats across multi-cloud environments means that the challenge is on for every business to harness the value of data.

Business leaders need to completely rethink their approach - developing data-centric strategies that will deliver the deep insight that's critical to gaining and retaining a competitive advantage. The IT channel also needs to adopt a data-centric approach, leveraging analytics throughout the customer lifecycle to drive profitable growth and accelerate successful business outcomes.

No matter what stage your customers are at on their cloud journey, they can start to take advantage of data analytics to help drive better business outcomes. And from your perspective as an IT solution provider, data analytics can help you to improve and strengthen customer relationships – extending your cloud business to stay ahead of market demands

This Tech Data White Paper – 'Leveraging analytics to power your cloud business' – explores:

- Why data analytics is such a key component for success in today's digital world

- The latest market research around analytics-driven business

- The stages of cloud maturity and how to support your customer through their journey

- How to leverage analytics around IaaS to help your customers move to the cloud – taking the key components of Security, Cost Optimisation and Performance Management into account

- Where the biggest opportunities lie and how to get started

- Why working with Tech Data can provide you with the best possible support and enablement

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The business need and benefits of data analytics

Did you know that **as an IT channel partner, the customer data you need to drive profitable business growth is at your fingertips?** It's simply a case of knowing where to look, but with so much data available from so many different sources, it can be difficult to know where to start. However, there's no doubt that tapping into some basic analytics can have a major impact on strengthening customer engagement.

Research into 'Behavioral Economics' by Gallup suggests that organizations that leverage customer insights outperform their peers by

85%

in terms of sales growth and more than

25% in growth margin.

Any organization that wants to not only survive, but thrive, in today's fast-paced and highly competitive world, needs to know **where their data is stored and managed, how much it is costing,** and whether the necessary **service levels for performance and security** are being met.

Without this data insight, investing in advanced cloud services, such as Business Intelligence (BI), production workloads and IoT can't possibly deliver an optimized return on investment. That's why it's critical for you to understand where your customers sit on the path towards cloud maturity – supporting them at each stage of the journey and understanding how you can use the power of data analytics to keep driving them forward.

At the start of the journey for example, cloud Infrastructure-as-a-Service (IaaS) is a key enabler for business transformation – delivering significant cost savings and better use of IT resources, greater security and improved performance for business applications. Adopting public IaaS cloud services gives organisations the opportunity to build vital skill-sets for wider digital transformation initiatives – learning the pitfalls and best practices, attracting and retaining staff with the right knowledge to take the business forward, and starting the journey towards creating a hybrid cloud environment.

According to a 2017 White Paper by IDC, 84% of enterprises deploying on public cloud IaaS start with existing workloads, with only 16% beginning with a new business application. The overwhelming objective of a move to IaaS is to improve cost and resource efficiencies for common business applications, such as ERP, CRM and collaboration solutions.

SOURCE: IDC White Paper, 'The power of hybrid cloud', May 2017

84% existing workloads

16% new business application

The White Paper also found that beyond their shared interest in reducing cost while maintaining a high level of performance, enterprises adopting cloud services were also more inclined to employ data analytics in their business. Not only are organizations looking to enhance business performance through analytics more likely to choose cloud services that facilitate this – taking advantage of the strong set of tools that public cloud IaaS providers make available to their customers – but customers that invest in public cloud IaaS then find themselves more able to explore opportunities for data analytics, building on the external expertise and skill sets that they now have access to.

SOURCE: IDC White Paper, 'The power of hybrid cloud', May 2017

Understanding the stages of cloud maturity to support the customer journey

By understanding where your customers are in their cloud journey and the services and business drivers they are likely to be focused on at each stage, you can support the process by leveraging analytics that will manage and extend your own cloud business, whilst encouraging customers to extend their cloud usage.

Cloud Transformation Journey Areas

Customer Spending

Business Outcomes   LEVEL **4**
- IoT
- Big data analytics
- BI

Strategic
COST OPTIMISATION   LEVEL **3**
- Cloud first strategy
- Using advanced cloud services

Adoption
COST OPTIMISATION • SECURITY • PERFORMANCE MANAGEMENT   LEVEL **2**
- Expanding cloud footprint
- Corporate strategy for cloud adoption

Discovery
COST OPTIMISATION   LEVEL **1**
- Starting to use cloud services
- Focused on specific business workloads

Maturity level

Discovery

During the 'Discovery' stage, your customers are only just starting to use cloud services. The likelihood is that they're investing in public IaaS solutions for specific business workloads but failing to consider how to optimize costs in order to maximize their return on investment.

Line of business departments may be by-passing the IT team to invest in 'shadow IT' cloud services, which not only causes a potential security risk, but also means that cloud consumption cannot be optimized across the business as whole.

Mainstream Adoption

As organizations move through to the Mainstream Adoption stage of their cloud journey, they are looking to optimize their existing IaaS footprint, and rapidly expand cloud consumption through multiple business units and groups. Having gained overall support for cloud adoption at a corporate level, the focus will move from one based purely on cost, to include security and performance management.

At this phase in the customer lifecycle, organizations often fail to upgrade their IaaS to the latest, more powerful and cost-effective generation of servers. Cloud providers are constantly adding new types of compute, which means partners have the opportunity to uncover alternative options that will provide the same or better performance and a lower cost.

Strategic

By the Strategic phase, organizations are likely to have adopted a 'cloud first' strategy, having recognized the real benefits and tangible ROI from their IaaS investments. Support your customers by helping them to leverage PaaS, SaaS and embedded micro-services – undertaking complex workload migration and datacenter modernization initiatives that will accelerate digital transformation.

Driving Business Outcomes

Having established effective and efficient hybrid cloud environments, your customers are then able to focus on using cloud to help drive successful business outcomes. Developing solutions such as IoT, BI and Big Data Analytics will mean that your customers can finally take full advantage of not only their own business data, but invaluable insight from multiple sources that will ensure they can gain and retain a competitive advantage in a changing market.

Leveraging analytics to power your cloud business

There are many different public IaaS, SaaS and PaaS cloud providers to choose from, including Microsoft Azure, Amazon Web Services (AWS) and IBM Cloud. Whilst Tech Data partners can broaden their cloud services portfolio and grow revenues simply by selling these services through our StreamOne platform, the data analytics available through these platforms offer an even greater opportunity to drive profitable growth.
Leveraging data analytics can help partners to fuel a three-pronged growth strategy that will pay big dividends:

1 **An expanded footprint**

2 **Enhanced customer experience**

3 **Revenue diversification**

Leverage analytics to support cost optimization

At the Discovery stage
Gain an understanding of your customer's IaaS utilization and trends in terms of server location, size and class of machine. Armed with this information, you'll be able to help customers to leverage 'Reserved Instances' (RIs). Whilst this doesn't directly expand your cloud revenue, it provides significant value to your customer (up to 70% cost savings) – strengthening your position as a trusted advisor and opening the door for additional service opportunities.

Use Case: Understanding Reserved Instances (RIs)
Any business looking to minimize the cost of public IaaS services needs to familiarize themselves with 'Reserved Instances' (RIs): a reservation of resources / capacity for a 1 or 3 year period, at a significantly reduced hourly rate from purchasing 'on-demand'. However, whilst investing in RIs has the potential to save them money, getting it wrong can result in a diminished ROI, or even unexpected costs that can quickly leave budgets in disarray.
With AWS for example, there are more than 2,000 types of RIs – each with their own 'break even' point – so keeping a close eye on the level of reserved capacity in relation to the upfront cost paid is imperative. Get it right and by using RIs, customers can save up to 75% compared to purchasing 'on-demand'.

At the Mainstream Adoption stage

As your customers realize the ROI from their early stages of cloud adoption and choose to move more workloads to the Cloud, you'll be able to help them further increase flexibility and lower TCO by optimizing their IaaS footprint and right-sizing IaaS solutions.

When organizations first consider RIs as a means of cost optimization, they tend to focus on just the compute capacity (EC2). However, reservations are also available for baseline database workloads and content delivery networks (CDN) – both potentially easy sources for cloud cost savings.

You can also support your customers in optimizing cloud economics by leveraging the right mix of RIs and 'Spot Instances' – which offer an even greater ROI at up to 90% off on-demand prices. Spot Instances are ideally suited to any workloads without a single point of failure.

At the Strategic stage

Help your customers to move cloud adoption up the stack – leveraging PaaS and SaaS, along with advanced Cloud Service Provider (CSP) services, to optimize cloud costs and ROI through a hybrid approach. As your customers start to adopt enterprise solutions such as business intelligence (BI), IoT and big data analytics as part of their overall digital transformation strategy, that they will start to unlock the true value of their business data.

Use Case: Microsoft PaaS + DaaS

Talk to your customers about combining the deployment of both Azure cloud servers and SQL database servers to achieve greater cost savings and ensure best practice.

Leverage analytics to support security

Despite understandable concerns amongst IT traditionalists over the security of data in the cloud, it's now widely accepted that placing workloads in the cloud does not require a security trade-off.

In 2018, the **60%** of enterprises that implement appropriate cloud visibility and control tools, will experience **one-third fewer security failures**

Through 2020, public cloud infrastructure as a service (IaaS) workloads will suffer at least **60% fewer security incidents** than those in traditional datacenters.

Through 2022, **at least 95% of cloud security failures will the customer's fault** – having failed to take a lifecycle approach to cloud that governs policies on ownership, responsibility and risk acceptance.

SOURCE: Smarter with Gartner article, 'Is the cloud secure?', March 2018

Support your customers by providing vulnerability assessments and recommendations across key areas of cloud consumption and data access, including virtualization and CSP-specific knowledge, identity and access management, workload protection, and network security and encryption

By leveraging the programmatic infrastructure of IaaS providers for security automation, your customers can not only minimize the potential for human error, but they will also gain access to invaluable data insight. This data will help you to support your customers in choosing the right platforms and models to reflect the different risk and control ramifications associated with specific workloads. You can then look to develop a truly hybrid approach to cloud – starting to move IaaS-based workloads to PaaS, SaaS and embedded service models, as appropriate.

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Leverage analytics to help manage performance

Whatever cloud environment they have in place, by looking at utilization trends across time, you can support your customers in right-sizing their IaaS instances - tuning workloads to maximize cloud agility. For example, it's possible to identify servers where only a percentage of the available capacity is being utilized. Moving to a smaller server for those workload instances can obviously save your customer significant costs, without impacting on performance.

Use Case: AWS
AWS is on its 4th generation of servers, but most customers are still on 1st generation machines. Migrating to a new generation of servers is as easy as turning off a machine and attaching the image to a newer or better server. In doing so, the customer can save the equivalent of up to $30 per month.

How to get started with analytics

Take the following simple steps to begin leveraging data analytics as a means of growing your cloud business:

1 Select a cloud platform to operationalize your business

Make sure that you select a cloud platform that enables efficient management of an end user's cloud lifecycle. This requires that the platform captures the right data and offers robust reporting and analytics capabilities to provide you with the data-driven insights you and your customers need to fully embrace all the benefits of cloud computing. Platform features to consider include:

User experience: Consider speed and ease of use from your perspective, as well as from an end-user customer perspective, should self-service access be a requirement.

Procurement and billing: Look for a consistent and consolidated experience across multi-cloud IaaS, PaaS and SaaS solutions. The platform should offer a single billing model across all accounts, whilst providing visibility at each level.

Billing and operational capabilities: Ensure billing data is available in real-time for reporting accuracy and that you will have administrative rights to edit the service catalogue as required.

Reporting and analytics: The platform should give you detailed visibility of cloud spending at any level within a customer organization, as well as providing the analytics to help customers control cost optimization, performance and security improvements.

Build-your-own solutions and branded storefronts: Customizable storefronts and build-your-own solution options will enable you to expand your cloud business and undergo digital transformation at your own pace.

Opportunities for growth: Finding a platform that has a unified ecosystem will enable you to expand your reach through a network of different vendors, ISVs, MSPs, resellers and end-user customers.

2   Segment customers based on their cloud maturity

With the right platform in place as the operational foundation of your cloud business, partners are positioned to strengthen customer relationships, upsell solutions, and drive profitable revenues. Leverage the platform's reporting dashboard to access customer data that is captured throughout the customer lifecycle - including billing history, IaaS usage types, trends and more. The analytics can help you to group customers by cloud maturity - Discovery, Adoption and Strategic.

3   Proactively monitor and analyze customer consumption data

Start with customers in the Discovery phase with the largest monthly recurring revenue spend. Use the analytics to uncover opportunities to reduce IaaS compute-based consumption by reserving computing capacity for a pre-determined duration. The major cloud providers all offer a committed versus on-demand compute purchase option including Google Committed Compute, AWS RIs and Azure RIs, enabling customers to optimize costs and save up to 70%.

Target customers with the best opportunities to optimize cloud spend – presenting reports that demonstrate targeted IaaS compute instances that would be ideal candidates for potential cost savings. Document and report on the savings that you have helped your customers to make. This will not only strengthen your relationship with that particular customers, but also provide you with valuable data to help drive additional cloud business with other organizations.

Why work with Tech Data Cloud Solutions?

Working with Tech Data Cloud Solutions, enables partners to deliver expert, specialist practice areas – helping you to chart a successful and profitable path in digital transformation. Build end-to-end cloud competencies, complete the technology ecosystem to meet customer demand and exceed future expectations – acquiring the talent needed to support your burgeoning cloud practice.

Tech Data's in-depth technical expertise and specialist knowledge of vertical markets enables you to support your customers' needs along each stage of their DX journey – leveraging our project management skills, in-depth knowledge of next-generation technologies and consultancy expertise to enhance and expand your own capabilities.

Complete Cloud Control

As a global leader for technology and cloud solutions, Tech Data has a vitally important role to play in enabling our partners to understand, deliver and manage the hybrid cloud solutions that are such a critical component of success in today's data-driven world. So, wherever you are on the cloud maturity journey, Tech Data Cloud Solutions is perfectly positioned to give you complete control over how you transform your business and secure profitable growth into the future.

Explore Tech Data Cloud Solutions' capabilities in more detail and get in touch with our team of experts by visiting our website at: techdatacloud.eu or techdatacloud.com