



# You built your business with VMware – now what?

## WHITEPAPER

According to Forrester Research's 2018 findings, 62 per cent of public cloud adopters are using two or more unique cloud environments/platforms. Meanwhile, 74 per cent of enterprises *today* describe their strategy as hybrid/multi-cloud.

What does this mean for MSPs that have built their business as specialists in a single private cloud infrastructure?

In 2017, Microsoft commissioned 451 Research to undertake a ***Hosting and Cloud Study***. This netted some 1,700 respondents, including SMBs, mid-sized companies and large enterprises. Half of these respondents consider a service provider to be a vital partner for their expected digital transformation projects. Sixty per cent want that partner to provide sourcing, implementation and management and would be willing to pay a 2x premium to have a "one throat to choke" trusted advisor.

Many MSPs view the rise of the hybrid or multi-cloud as a threat. And, frankly, it is. MSPs face a ticking clock and can ill afford to rely on business as usual. It's time to grow and evolve, or risk becoming irrelevant.

In this paper, we dive into the drivers of the cloud marketplace, the challenges and opportunities these create for small to mid-sized MSPs, and what they can do to overcome the former and seize the latter.

# PART 1: The danger of standing still

Why are enterprises, from small to multinational, embracing a hybrid/multi-cloud strategy? The answer is simple – the advantages of on-demand scalability:

- **Pay less, do more:** Why incur the time and expense of expanding an on-premise IT infrastructure, with all the tangential costs of personnel, licensing and hardware? With a public cloud, services can be obtained with a “pay-as-you-go” model without the costs, and headaches, of ownership. And why be limited to a single cloud when there is a proverbial buffet of services from rival providers to choose from, depending on capability, availability and price?
- **Avoid a rip and replace:** Few enterprise are eager to scrap an existing on-premise infrastructure investment. A hybrid or multi-cloud approach that supplements an on-premise investment with public cloud resources is the best way to make the most of the old and the new.
- **Innovate faster:** By the same token, expanding capacity and capability with a pay-as-you-go “\_\_\_\_-as-a-Service” enables an enterprise to quickly and efficiently expand its network, storage and processing capacities on a budget. The enterprise can also adapt with more agility to market shifts like the rise of mobile and the convergence of an IoT world.
- **Reap the benefits of standardization:** A converged world driven by ever-evolving needs for security, regulation and privacy has enterprises under constant pressure. Cloud services offer standardization and automation that eases the pain of compliance. By comparison, the old model of on-premise and private cloud services can very much be a dog’s breakfast of technologies, protocols and hardware that increases risk, complexity and cost.



## Hype versus reality

Consulting firm Enterprise Strategy Group notes in its “[Multi-cloud Strategies Are on the Rise](#)” brief that public cloud infrastructure services “are not a single, be-all and end-all solution, but part of a larger set of technologies that companies are leveraging as they navigate their IT transformation journey. The reality of companies today is that they are inherently multi-cloud, often choosing three or more public cloud service providers. Companies are also still open to deciding their cloud consumption strategy, balanced between infrastructure up and cloud down strategies.”

“In these new dynamic environments ... complexity is creating new risks for the enterprise and will demand expertise in protecting application and data migrations, securing distributed architectures, managing identities and access, and safeguarding APIs in dynamic and constantly changing environments.”

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2018 Trends in Hosting & Cloud Managed Services” report, 451 Research

Couple that with these data points from Forrester: Only 42 per cent of enterprises that self-identify as hybrid or multi-cloud regularly optimize their cloud spend, just 41 per cent maintain an approved service catalogue and a mere 37 per cent enforce capacity limits or expirations.

What makes cloud computing so appealing – on-demand scalability – is the very thing that can quickly turn it into a crippling cost centre. That’s because (as suggested by Forrester’s findings) many enterprises:

- Procure cloud services without a clear strategy in place. Their efforts to date have been ad-hoc.
- Haven’t asked hard questions about performance and service level agreements.
- Or adequately considered their needs around data privacy, security and even data sovereignty.

### **What does this mean for an MSP?**

Enterprise clients are embracing a hybrid or multi-cloud model. This is putting pressure on MSPs to innovate and expand on their service offerings.

But many enterprises are leaping before they look. This also creates a fresh opportunity for an MSP to become a trusted partner, even a strategic business advisor, to guide a multi-cloud strategy and help the enterprise avoid the common pitfalls that can lead to failure, excessive costs and security risks.

In either circumstance, enterprise clients want the convenience of a single partner to help them define and manage the right combination of on-premise and private and public cloud services that will reduce their IT spend, free key people and resources to focus on other core business activities, and drive their growth in the most efficient way possible.

## PART 2: But are you ready to take the leap?

451 Research draws a clear line between the winners and losers in its [2018 Managed Services & Hosting Trends](#) report. The losers will be those MSPs that:

- Don't have service and billing right
- Like to rest on their laurels
- Sell a limited range of services in traditional sectors
- Try to compete for new clients on price

From our perspective, making it in the winners column begins and ends with getting that service and billing part right.

### The challenge for MSPs

For an MSP to expand its service offering – whether vertically, horizontally or both – it takes a lot more than just expanding the size and technical capabilities of the team.

About half of MSPs still rely on manual, labour-intensive business processes. When an enterprise client need something, they will deal with an account rep, who will then confer with an engineer, who may then take hours or sometimes days to provision what's needed. At month end, someone from the MSP's finance team has to go digging to manually compile a metering report for billing purposes. Such a business model is slow, time consuming and prone to error. It is not the model with which to expand and grow a business.

### The challenges for their clients

Cloud service providers invariably think in terms of usage, not cost. They, like MSPs, enjoy predictability. But the bill at the end of the month for the enterprise client is often anything but predictable.

Provisioning and delivering cloud services across even a mid-sized organization can be complex. Different teams and departments with shifting needs can cause data processing, computing loads and capacity demand to regularly fluctuate. IT managers and CIOs often find themselves stung by bulk storage discounts that yield little if any savings, unanticipated network charges for pulling or moving data, and expensive support packages that fail to deliver when they are needed most.

### Creating a true white glove service

The common thread throughout all this is the need for transparent usage metering and reporting. This will ensure the enterprise client only gets and pays for what it needs and uses, and the MSP can easily obtain accurate and reliable information at month end to feed its billing system.

But manual processes and spreadsheets won't cut it. An MSP must upgrade and automate service provisioning and usage metering. This will enable clients to manage their whole order entry workflow in one place and gain the transparency to control costs. The MSP's team will save time and money with automated order entry and provisioning, and consolidated and simplified billing.

These are the fundamentals for an MSP to distinguish itself as a premium provider of a "white glove service" that will fuel the evolution of its business. Without this kind of investment, an MSP is bound to become a commoditized legacy business that will find it increasingly difficult to attract and retain clients.

## PART 3: From simple management to monetization

For an MSP to be more efficient and profitable, to stand out with a premium white-glove service, to become a true multi-cloud service provider, it needs a new data management toolset, a “cloud monetization platform.”

As Gartner states in its “[2018 Magic Quadrant for Public Cloud Infrastructure MSPs](#),” enterprise clients are “demanding more of their MSPs than ever” and automation is becoming increasingly important. “MSPs need to either build their own automation or have a strong ability to choose commercial tools and integrate them – or both.”

The need is for automation that creates true convergence between sales, provisioning and billing.

Consider it in terms of a single pane of glass or single point of data, where clients can adjust their service package on the fly in response to their changing needs, an MSP’s engineers can quickly provision new services and its finance people can easily pull reliable usage metering reports to feed the billing system.

This reduces errors and revenue leakage, and provides clients with true flexibility and cost management. They get what they need, when they

need it, and only pay for what they use. But how can this be achieved?

The big MSPs that cater to the F500 crowd have the resources to build their own internal automation and metering platforms. For the rest of the MSP market, a DIY build is a huge drain on the business. It pulls the best people on a modest team away from billable client work.

Small- to mid-sized MSPs are better advised to stick to their knitting. They must find a reliable technology partner that specializes in offering this kind of capability with an all-in-one platform for automatic provisioning and metering.

### Questions an MSP must ask

An MSP must go shopping, armed with the right questions for any potential technology partner:

- How easily can the platform be customized and understood by even the most novice of clients?
- Can access and permissions be configured to match a client’s level of expertise?
- Can any client view their service details, including consumption and pricing? (This transparency builds trust and reduces monthly billing questions.)
- How powerful and available is the self-serve capability for clients?
- Does the platform eliminate duplication of tasks for the MSP’s staff across different cloud environments?
- What automation capability is there to free staff from time-consuming tasks?
- How easily can consumption and usage data be pulled to feed the MSP’s billing system of choice?
- With this kind of functionality, an MSP will gain the flexibility and scalability to grow and evolve its business as a white glove for even the most demanding enterprise client.

# CONCLUSION

Small- to mid-sized MSPs that have built their business entirely within the VMware ecosystem can profit from the rise of the multi-cloud or be smothered by it.

An enterprise that banks its future on a hybrid or multi-cloud strategy will prefer an MSP that is multi-cloud capable, to ensure its blend of private and public cloud services are aligned, optimized and as cost-effective as possible.

MSPs that have built their businesses as specialists in a single cloud infrastructure must evolve to expand the depth and breadth of their service offerings. But a reliance on old manual processes makes it all but impossible to do this profitably.

They must invest in the automation tools that will create true convergence and transparency between sales (ordering), provisioning and billing.

This creates the foundation on which an MSP can evolve from an on-demand resource to a strategic business partner capable of delivering the white glove service enterprises today need to ensure their multi-cloud investments are aligned, optimized and cost-effective.

A single partner that can deliver on this full package will command a premium price and gain the competitive edge it needs to prosper in a rapidly evolving and consolidating market.



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