

Cloud – Apps – Data Centres – It's All Connected!

When it comes to Cloud, Connectivity and Data Centres the channel told us it has lots of questions to ask so we put a few to key suppliers in the market to gauge opinions. Here's what we found.

Why are so many businesses moving to the cloud? The benefits are well documented, cloud computing increases efficiency, helps improve cash flow and offers benefits such as flexibility, and scalability while increasing the disaster recovery options available to the business. It provides increased access to up to date applications and it lowers IT support costs, since there is less infrastructure to maintain and there are less applications to support.

So is this a panacea – the perfect solution for businesses everywhere? IT departments will need less staff and have nothing further to worry about and resellers will have no value added advice to give or products and services to offer.

Unfortunately, says Derek Watkins, Vice President of Sales EMEA & India for OpenGear, for the enterprise and fortunately for the reseller community the cloud is not a silver bullet. Businesses still have a physical infrastructure to deal with so problems can and will continue to arise.

The new reseller skill needed in this new cloud based world is to identify these risks and understand how to remove or reduce the potential impact. The outsourced and managed cloud removes the risk of infrastructure failure but

introduces a potentially even more serious new network connectivity risk.

The cloud means you off load all critical infrastructure, but if your users at remote sites can't reach resources and applications in the cloud then they can't work. Computer and cloud intensive workers in remote offices without a connection to the cloud are at risk of coming to a complete standstill. To the business the cost of network downtime has just gone up.

In your opinion, how has the channel responded thus far to the cloud sales opportunity?

Peter Tebbutt, Country Sales Director, UK&I, Alcatel-Lucent Enterprise says the response has been mixed. Size is a critical factor and we at Alcatel-Lucent Enterprise are seeing larger system integrators building out their own cloud services to complement offerings, while many smaller resellers are simply white labelling another cloud service provider's product.

The challenge here is that the channel is getting commoditised at the low end, and with no differentiation it could become a dog-eat-dog price war. The danger is then that the customer may lose all the value-added services, and the only one who will make any money is the wholesale cloud service provider.

Damon Crawford, Sales and Marketing Director at Outsourcery: The channel has been a little behind the curve in terms of adapting to the changing requirements of providing IT to customers. An issue for some has arisen from the fact that selling IT-as-a-service, rather than as an asset, involves a different way of thinking, as well as new business processes and skills. It is not a simple process that can change overnight, however cloud-based IT has become a huge part of how organisations of all sizes address their IT needs. The latest research from the Cloud Industry Forum (CIF) shows that 78 per cent of organisations use some form of cloud service.

Paul Taylor of Voiceflex: We

have a large and evolved channel and as you would expect some embrace change whereas others resist change. Nonetheless, there's still a lot of non-cloud business. Education is key to the understanding of data connectivity.

Tim Loveday, Wholesale Sales Director at Coms: The cloud based opportunity is gathering steam but as this is usually quite difficult to deploy, there is an element of continuing to go with a fixed line product as it is easy to install and straight forward to manage

What would you say to a reseller that says, "I still make great margin selling on premise solutions, I don't need to move into cloud services"?

Damon Crawford at Outsourcery: I would say good for you! There is certainly money to be made from selling IT as an asset. However, in the same way that there is a market for hardback books, it is a diminishing market and one that is starting to be squeezed. In the medium to long term, it will be harder to stay afloat and the opportunities to profit from selling IT-as-a-service are far stronger. Whilst both serve a purpose, Amazon arguably has a more secure future than your high street bookshop.

Paul Taylor of Voiceflex: Correct you can, but you need to keep an eye on market trends. From our point of view our SIP Trunk sales are increasing month on month so CPS is still very strong, with the cloud (SIP Trunks) paying a small but integral part within the whole application.

Graham Harris, Product Director for Cloud at Daisy Wholesale: With the continuing increase in connectivity performance, end customers will see subscription-based models as being more predictable for their business. Whilst one off margins on hardware are good, they do not build the same value in the reseller's business as downstream revenue models.

Tim Loveday of Coms: It's not always about the margin on day one, the cloud based solutions offer much better flexibility to the end customer and if sold correctly on an Opex model, offer much higher margins over a longer period. Is it beer today or champagne tomorrow?

Is it reluctance or lack of understanding that is holding some resellers back from the cloud opportunity?

Steve North of Stripe 21: Neither of these is



Peter Tebbutt of Alcatel-Lucent

significant, resellers are generally well aware of the cloud opportunity for voice. With a supplier guaranteeing end-to-end QoS and lower forward operating costs than any on premises / ISDN-based option, the main barrier to entry is the re-tooling cost. Migrating a legacy base and re-training sales and support teams is a lengthy and costly business, as well as a distraction from day-to-day operations.

The solution, in part, comes down to working with the right partners – partners that will take the time to provide support and education as they move towards the new product or service range. Outsourcery's own partner programme for example, offers partners the opportunity to attend workshops and webinars to help them get to grips with the technology and the cloud concept, as well as providing a wealth of sales resources from campaign materials to white-labelled collateral.

Graham Harris at Daisy: Both. I believe there is a reluctance to alter their business model and invest in reskilling. Also, there is a concern that delivering a cloud-based model reduces their control over the customer. In fact, with every additional cloud service that is deployed, it increases that dependency within the relationship, which the reseller is looking to achieve.

On obstacles/ barriers to entry for providing cloud services... are these still the same as they were twelve months ago?

Damon Crawford at Outsourcery: Yes: resellers should look at how they structure their business and workforce and make the required adjustments in order to best sell cloud services; learning how to ensure a smooth migration from legacy IT to the cloud, and how to integrate services with remaining IT assets in a hybrid model, is critical for success. Another major consideration is how to successfully meet demands from service level agreements as well as providing cloud services in a clear and transparent way.

Whilst the key issues have not changed in the last twelve months, what has changed is the familiarity within the channel of the issues in this market, along with a greater willingness to tackle them head on and adopt a cloud approach.

James Arnold Roberts of Genius Networks: While the barriers to adoption of cloud services are eroding, channel businesses still have to tackle their own barriers to providing them. The main concerns focus on the network security, speed, reliability and global network performance.

Resellers that can demonstrate strength in in these areas hold the key to winning customers' confidence and their business. For example, latency is an important network issue

for multi-national businesses, particularly those in financial services that rely on cloud services, where latency delay to online transactions can incur losses. Traditionally, the cost of provisioning high performance networks to avoid latency has been prohibitive and a barrier to cloud services.

Paul Taylor of Voiceflex: Lease lines are still perceived as expensive, and cloud may save money but connecting to the cloud can also be expensive with the advent of GEA-FTTC a cost effective Ethernet application. Cloud entry costs will be slashed.

Skills: do channel sales teams have the right skills to sell cloud/ hosted applications? Do we need to retrain our salesmen?

Steve North at Stripe 21: It is far wider and deeper than putting together the commercial model. Resellers should engage in a 24-month plan to re-shape their entire business, if they are serious about selling hosted telephony on an enterprise scale.

Damon Crawford at Outsourcery: Absolutely, yes, as the basic sales principles are the same. However, in order to advise on which specific cloud solutions will work best for end-users, a certain level of know-how, and therefore training, is required. Some CSPs will offer training to resellers along with sales tools to help with the process.

Tim Loveday of Comms: Yes and yes, train them well enough to sell the product, treat them well enough to want to stay!

Capex to Opex... Why do some resellers find it so hard transferring from one to the other? How can they get around this and still keep the suppliers, salesmen and, more importantly, themselves happy?

Peter Tebbutt at Alcatel-Lucent Enterprise: While some resellers may be finding it difficult to make the transition between Capex and Opex offerings, it is important to recognise that they are both valid business models. Successful resellers will be the ones offering a mixture of the two, and able to address cash flow as well as different business models.



Tim Loveday of Comms

Lee Norvall of Fusion Media Networks: The de facto impression is that Cloud can be used to turn CAPEX into an OPEX model and this may not be the best view when considering a cloud strategy. With review, on premise equipment can be implemented into a hybrid cloud solution or a full migration to a service provide or public cloud can be achieved, in which case further emphasis needs to be placed on connectivity to maintain maximum access to the external cloud platform. Careful planning is required and all aspects must be reviewed in order to meet the business requirements.

Graham Harris at Daisy: The typical telecoms reseller of yesteryear had a predominantly CAPEX sales model, however 15 years on, most resellers are not relying on CAPEX sales as much.

Maintenance, minutes, broadband and other services, often build the core of the business with CAPEX sales providing the cherry on top. The transition to cloud-based sales should not be a big move for resellers in this position.

Tim Loveday of Comms: I find that a lot of resellers live hand to mouth and going through the transition from Capex to Opex will crucify their businesses. Essentially a middle ground is needed where the Capex doesn't all disappear day one meaning they can underpin the changes over a 3-6 month period.

Do you think CSP's invest enough in the educational piece when it comes to cloud?

Steve North at Stripe 21: No – I think most CSP's only offer hosted **Continued on page 44**



David Barker of 4D Data Centres

services via the Internet, and without QoS resellers can only sell hosted into the SOHO market without causing themselves problems.

Damon Crawford at Outsourcery: Education is important not only for those working in channel companies but also for their customers. Cloud is a new experience across the whole supply chain, right through to the end-user. In a lot of situations, the education piece is there but the experience is lacking. Like so many things, it is only when you throw yourself into a situation and go through the experience of selling cloud, servicing a customer in a live cloud environment that the real education happens. What is important is that during this process, you have sound suppliers who understand what is needed and can provide advice whenever it is needed.

Graham Harris at Daisy Wholesale: No, I believe that they can always do more to dispel the myths and simplify the technology for both resellers and end users.

Tim Loveday at Coms: Probably not, the more information we can throw at someone the better, whether they read it or not is a different matter!

Are end consumers really clued up about cloud/ hosted? Or is it a case of a few people wanting the latest and greatest tech regardless of the benefit?

Steve North at Stripe 21: I think the SME market is really clued up – they are aware of the benefits, especially around data services.

David Barker, Technical Director at 4D Data Centres: Most customers aren't that clued up about how a cloud or hosted solution is delivered (i.e. the underlying hardware and software) but it is something that they are aware of as a term. Most customers don't actually need to know how their service is delivered, just that it works and that it is available when they need it.

A good example of this is a VoIP service, the customer doesn't need to know whether they have a large PBX on-site or whether it is running through a software PBX hosted in a suppliers data centre. All they want to know is that they can make / receive phone calls, setup new lines and have a conference call.

Peter Tebbutt at Alcatel-Lucent Enterprise: End users just want services that meet their business requirements and cloud is just one of the delivery models for these services. Choice, TCO, features, agility and not locking businesses in are I believe more important factors to consider.

Paul Taylor of Voiceflex: We all use the cloud. I went to my bank branch which used to be full or have 20 plus staff, today there were five people rambling

around. When I asked why I was told, 'For the last 8 years every new and existing customer we were told to set up with an online banking account, online banking provides a host of benefits'.

Graham Harris at Daisy: Inevitably, at the beginning of every technology curve, the early adopters often base decisions on religious grounds. However, as the market matures, rationales are becoming more robust, supported by need rather than desire.

Cloud is cheaper...fact or fiction?

Steve North at Stripe 21: Fact – if you partner with the correct supplier

Peter Tebbutt at Alcatel-Lucent Enterprise: It really depends on what your business goals are, both on and off the balance sheet. What's more appropriate for your business? Opex, Capex or overall TCO? Cost is obviously important, but it is business requirements that should be driving the decisions concerning technology and delivery models, not just price.

Damon Crawford at Outsourcery: With cloud, capital expenditure is removed and there are many different types of agreements and means of paying for services rendered. It is important for resellers and end-users alike to do their homework and understand the short, medium and long-term costs and savings of 'going cloud'. Done properly, cloud should emerge as cheaper for both parties.

However, a mistake made by some resellers is to think that end-users are only looking to the cloud because it is cheaper. In fact, it is the benefits of flexibility and scalability, along with removing the need to manage hardware in-house, that end-users are reporting as the primary reason for moving to the cloud. Cost is, of course, important, but it is not the primary driver.

Tim Loveday of Coms: In most cases fiction but there is a sweet spot for most products where cloud is cheaper.

For a business that has appropriate connectivity for hosted solutions is cloud always going to be the best option?

Steve North at Stripe 21: Therein lies the Holy Grail – appropriate connectivity. For data services, the faster the internet connection, the better the result. For voice, this is irrelevant. A VoIP connection has to have perfect throughput, zero packet loss, zero contention, and delivery as a fully managed service with an SLA. However, only 1Mb/s bandwidth is more than enough to deliver 30 simultaneous calls.

Graham Harris at Daisy: Probably, but not definitely. Depending on the speciality of the business, it may be better for that business to operate with equipment on premise, this is not a one size fits all solution.

Try before you buy, how critical is this service to the uptake of cloud services? Do you offer it? If not, why not?

Steve North at Stripe 21: We do, yes, along with guaranteed QoS engineered into our portfolio, full end-to-end NOCC management to prove we meet our SLA, and a money-back guarantee.

David Barker of 4D Data Centres: We do offer trial periods of our cloud hosting products and find this to be a very powerful way of demonstrating the benefits of using the cloud platform for running servers, especially if users are new to cloud hosting having used dedicated servers or colocation previously.

It also lets customers ensure their websites and applications will work as expected before committing to a full, live environment.

Peter Tebbutt at Alcatel-Lucent Enterprise: Of course there are many elements within any given solution, but most of this is just the detail of how you deliver. What is critical in the cloud solution is the ability to offer choice, agility and differentiation to the customer – and as a result a solution that meets the customer's business requirements.

Damon Crawford at Outsourcery: This really depends on the service or application in question. For example if an end-user needs a simple hosted email solution, it isn't necessary or effective to set up a trial as the customer is ultimately already familiar with the offering. However for cloud technology that is completely new to a business, such as Lync or SharePoint, there is a really valid case for undertaking a proof-of-concept (POC).

Paul Taylor of Voiceflex: Test SIP Trunks & hosted licences are available from Voiceflex. We would prefer channel partners to test before signing contracts. The set up process provides the customer with an insight to tech support and our backend portals and applications, which is very important in assessing any carrier.

In your opinion what is the critical element in the cloud/

solution? E.g. connectivity, data centre, hardware, software... other?

David Barker of 4D Data Centres: All elements are critical to a good cloud platform. However, some parts will be more critical than others depending on the applications you are running over them i.e. data centre security might be more critical if you are dealing with a lot of sensitive client data for the NHS while software could be more important for a business which needs a slick web portal for administration.

The one area that is key to everything though is connectivity. A cloud provider that can also offer a dedicated link back into the platform can ensure a quality of service that can't be assured by using the general internet. This is because over the general internet the cloud operator has no control over that network traffic, so an application like VoIP could experience packet loss or jitter due to something entirely out of the providers control.

Good connectivity is the plumbing that holds all cloud services together and so it shouldn't be forgotten, you may find you need to upgrade your network connectivity as part of a cloud migration project, especially if your users have been used to experiencing those services on a 1 Gbps local LAN and you only have a 8 Mbps ADSL line into the office.

Damon Crawford at Outsourcery: Gone are the days when organisations simply thought of the cloud as 'hardware', 'kit' or servers in a datacentre. The cloud is not about hardware, but rather a change in approach to managing IT and communications, rather than the technology itself.

The 'wrapper' and services provided by the CSP are the main differentiators in cloud service provision. How a reseller meets SLAs, provides on-going customer service and responds to the need for flexibility, scalability and transparency are the elements an end-user should be most concerned about.

James Arnold Roberts, Genius Networks: Cloud service is only as good as the network. The quality of the core network is fundamental to its capabilities, security and performance, and this includes the cloud. It is key to partner with a carrier like Genius who has a forward thinking network built to provide the transmission layer for cloud applications.

Paul Taylor of Voiceflex: Connectivity - you may have the most beautiful home in the world but if it's on an island and the bridge is too weak to cross, it's not worth having.

What steps do you think data centres need to take top make their offerings more channel friendly?

Steve North at Stripe 21: Perhaps if more of the large data centres offered the channel low-start

build-up packages to take some of the initial risk out of developing new products and services, we would see more innovation across the board.

James Arnold Roberts, Genius Networks: To be more channel friendly, data centres should have a single goal: to integrate the network delivery with the cloud solution under a single service level agreement.

Genius provides a single source for cloud delivered services powered by a direct connection to the network infrastructure. With this, we can provide guaranteed quality of service across the entire core and global carrier network, delivering uninterrupted voice and data services supported by a single end-to-end, carrier-grade SLA.

Lee Norvall, Fusion: Encouraging resellers to think 'beyond the box' comes down to giving them the opportunity to experience cloud service delivery first-hand. At Fusion we offer our channel partners a free trial of our Virtual Data Centre solution and the opportunity to visit our Volta Data Centre to experiment with virtualising a server. Quite simply, we believe the better a reseller understands cloud services, the easier it is to sell them.

How can resellers determine which connectivity solutions is best for the customers?

David Barker of 4D Data Centres: They need to work with their cloud and network providers to understand how the client is going to be using the cloud services to make sure they have a correctly designed network. If the network is lacking in capacity or can't perform quality of service then the client isn't going to have a good experience of your cloud services and they will either abandon cloud entirely or move to another provider.

James Arnold Roberts, Genius Networks: By working with a network aggregator and integrator that takes a holistic view of network provisioning and communications services, resellers can benefit from a multi-provider solution, individually designed to meet the end user's specific needs

With real collaboration across the network supply chain, aggregators can provide the network integration skills, the worldwide partner relationships and the technical capabilities necessary to create next generation, seamlessly integrated global networking solutions using services from

multiple carriers.

Network aggregators with specialist engineering capabilities can build-in extra resilience where it's needed, reduce problems like latency by utilising regional hubs and use smart routing technologies to ensure the reseller has the best solutions for their end users.

Will the 4G roll out have an impact on sales of fixed line connectivity?

Steve North at Stripe 21: I think that this is unlikely, due to the reliability requirement that cannot always be met by increased speed alone. Mobile networks by their nature are contended, so the user experience will always be varied depending on prevailing local conditions. I think that 4G is brilliant and will only enhance the user experience, but there is still growing demand for fixed line services which will only increase in years to come.

James Arnold Roberts, Genius Networks: It will have an impact on fixed line connectivity but will be hampered by the coverage in the UK.

Tim Loveday of Coms: I don't think so, the 3G roll out never really made as much of an effect as people thought so until 4G becomes standard fit in new builds, the comparative ease of installation for services like DSL and Ethernet will prevail.

Graham Harris at Daisy: Yes, it will create more demand for mobility applications that are often best provided by cloud-based solutions and as a result, this will be a driving force for the overall connectivity market.



Graham Harris of Daisy Wholesale