Four stages to becoming a Cloud Awesome business
The Cloud Awesomeness Roadmap

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Cloud is powering small business growth. Cloud access is now the rule, not the exception for small and mid-sized businesses. Among small and medium businesses (under 1,000 employees), 86% are using cloud resources — an average of 3.9 to 8.1 offerings\(^1\). It’s clear that Cloud represents the future of computing, yet many resellers are not capitalizing on the infinite opportunities here. In fact, the majority of Ingram Micro Cloud reseller partners (60%) sell less than three cloud-based solutions to their customers.

It’s natural for resellers of cloud offerings to start small, selling just one or two cloud-based solutions, yet many remain small while others are growing awesome cloud businesses incorporating multiple cloud solutions. What does it take to become a Cloud Awesome Reseller that is growing a strong recurring cloud revenue stream?

Ingram Micro Cloud is paving the road to Cloud Awesomeness for our partners. We’ve been on this road for years, mastering the shortcuts, learning where the slowdowns lie, finding the fast lanes, and mapping the journey. We’ve worked our own way through the four stages of Cloud Awesomeness we’ll introduce you to in this paper, so we speak from experience. Here we’ll guide you through the stages in the Ingram Micro Cloud Awesomeness Roadmap and reveal the best practices to success, to help inspire and facilitate your own company’s cloud journey.

### The Four Stages of the Cloud Awesomeness Roadmap

To understand where resellers are in their cloud journeys, we categorized them into four stages of what we call the Ingram Micro Cloud Awesomeness Roadmap: Build, Breadth, Depth, and Scale. Each stage is identified by what differentiates these resellers — in other words — what critical steps are needed to move from a Build reseller to a Scale reseller?

1. **The Build Stage**
2. **The Breadth Stage**
3. **The Depth Stage**
4. **The Scale Stage**

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\(^1\) Average number of cloud services by company size.
Resellers in the Build stage are just dipping their toes into Cloud, selling one to three cloud-based offerings. They likely got started by provisioning Microsoft Office 365, and few venture beyond that flagship cloud offering. Build Stage resellers are still assessing the return-on-investment of building a cloud practice. With a small number of cloud customers running just one or two offerings, these resellers have plenty of potential to grow into building a healthy monthly recurring revenue stream.

Minimal marketing to attract new and engage existing customers results in sales efforts that are reactive and opportunistic rather than proactive and well-conceived. Word of mouth and human sales interactions aren’t scalable, meaning the cost of sales for Build Stage resellers are high. And once a sale is won, few resellers in the Build Stage actively cross-sell complementary solutions, missing tremendous opportunities to build a recurring revenue stream.

Provisioning time for Build Stage resellers is typically 30 days or more, is largely manual, and is prone to error. Without the consistency automated provisioning provides, Build Stage resellers are still seeing some profit from their cloud businesses, but are far from maximizing the potential of the cloud. If you are a reseller in the Build Stage, what does it take to move on?

“If your customer is only buying one offering from you, it’s much easier for them to go to your competition than if they are buying multiple offerings from you.”
2. The Breadth Stage

I’m embracing SaaS and adding more cloud offerings.

- 4-10 cloud offerings
- Automated provisioning
- Digital marketing
- Increased cross-selling

Resellers in the Breadth Stage have embraced SaaS and are selling several (4-10) cloud offerings. They’ve replaced slow, error-prone, swivel-chair provisioning with automated provisioning, increasing accuracy, speeding deployment and billing, and allowing them to spend more time running their businesses.

Breadth Stage resellers understand that digital marketing yields measurable results, and have begun to engage in various digital marketing activities to supplement their traditional marketing efforts.

These resellers have learned the power of cross-selling as a proven way to boost profitability by growing a larger recurring revenue base and reducing the cost of sale for each new cloud solution sold.

Breadth Stage resellers are seeing success in the cloud. They are selling more cloud offerings, and selling more to each of their customers, boosting profits. What steps can these resellers take to improve profitability and drive top-line growth?
3. The Depth Stage

I’m moving into IaaS and growing my top line revenues.

- 10+ cloud offerings, plus IaaS
- Hybrid catalog
- Integrated digital marketing
- Automated provisioning
- Active cross-selling

Resellers in the Depth stage are actively selling 10 or more cloud offerings, plus IaaS, becoming an end-to-end vendor for their customers. Cross-selling is in these resellers’ DNA; they actively and creatively promote and sell the solutions their customers want and need. As a result, Depth Stage resellers have much lower churn rates and higher overall profitability than Build and Breadth resellers.

Depth Stage resellers may also incorporate a hybrid portfolio offering — selling cloud services through their Ingram Micro partnership, as well as their own services when they have a direct relationship with the vendor.

Importantly, these resellers have ventured into the data center to offer IaaS. IaaS is the greatest untapped revenue potential for cloud resellers today, and Depth resellers are capturing a growing share of the vast revenue stream. The cost savings, high reliability and availability, and scalability and flexibility outsourced infrastructure makes IaaS a smart solution for an ever-increasing number of customers, and Depth Stage resellers are working with Ingram Micro Cloud to deliver tailored offerings to their customers.

To continue to grow and build their cloud businesses, Depth Stage resellers create and leverage integrated, interactive digital marketing campaigns including videos, interactive media, and pay-per-click advertising. They also carefully monitor the results of their marketing efforts, so they can hone and improve outcomes.

“IaaS is the greatest untapped revenue potential available to cloud resellers today.”

Depth Stage resellers are growing their Cloud Awesomeness into a business model that is profitable and sustainable. The only thing they need to improve is the ability to scale this model to achieve awesome results.
Scale Stage resellers are responsible for a lion’s share of partners’ cloud revenues. What are these resellers doing right?

Like Depth Stage resellers, Scale Stage resellers are selling 10 or more cloud-based offerings, plus IaaS. And Scale Stage resellers are taking automated provisioning to the next level. Rather than ordering and provisioning on behalf of their customers, they’re empowering their customers with self-service options available through Ingram Micro Cloud Marketplace. This frees up more of their time to focus on building strong customer relationships, anticipate the needs of those customers, and seek out the cloud solutions capable of addressing those needs.

Many Scale Stage resellers had been maintaining their own catalog of cloud offerings, but determined it is not cost-effective, so they choose to outsource this function to the Ingram Micro Cloud Marketplace, taking full advantage of available partner branding to ensure a consistent experience and to reinforce their value to their customers.

Scale resellers may have reached a high level of Cloud Awesomeness, but they’re not sitting still — they actively cross-sell, aggressively market, and continue to build the number of cloud offerings in their catalog.
The amazing multiplying effect of cross-selling

Scale Stage resellers that are successfully growing and scaling their businesses have higher profitability, and while Scale Stage resellers place a large emphasis on acquiring new customers, they extend just as much effort (if not more) cross-selling to existing customers. Scale Stage resellers make cross-selling a priority because profits are higher when they can sell multiple products to each customer. Much higher in fact.

“The cost of selling to an existing customer is 4 times less than selling to a new customer.”

Revenue growth based on new customer acquisition comes at a cost. The cost of selling to a new customer is four-times more than selling to an existing customer. And new deals to existing customers close 40% faster than new customer deals. These are compelling reasons to focus much of their sales and marketing efforts on cross-selling to existing customers.

“Fries with that burger? We should all be masters at cross-selling.”

Cloud Awesome resellers should all be masters at cross-selling. In fact, we would argue that at least 30% of reseller’s revenue should come from expansion revenue.

While selling additional products (be it to new or existing customers) increases revenue, the true power of cross-selling lies in its ability to increase the lifetime value (LTV) of customers. How does it work?

When a customer is only buying one cloud offering from you, it’s much easier for them to switch to a competitor. Churn rates for resellers selling their customers only one or two cloud offerings is in excess of 15%. When the number of cloud offerings sold to each customer goes up, churn rates drop well below 15%. Successful cross-selling increases customer LTV while minimizing the cost of sales.
The typical small business sales journey looks a lot like this:

By starting with email and security services, and moving through finance and service desk applications, partners can expand their share of the wallet step-by-step, while meeting the real and growing needs of their customers. In fact, it’s quite possible to move from $2,000 to $50,000 in annual recurring revenue (ARR) from a single customer with about 40 employees.

“90% of B2B customer value is obtained after the initial sale.” — Forbes

Best Practices on the Road to Cloud Awesomeness

To summarize, we’ve identified best practices that our most successful Cloud Awesome reseller partners are taking to grow their revenues and their profitability. These lay the foundation for building a cloud business through the four stages of the Cloud Awesomeness Roadmap culminating in the Scale Stage. Scale Stage resellers have mastered these steps, and continue to grow their companies’ profitability in the cloud through scalable, extensible practices, strategies, and partnerships:

- Active cross-selling
- Automate provisioning
- Effective digital marketing
- Incorporate IaaS offerings
- Offer customer self-service tools
- Outsource cloud catalog
How Ingram Micro Cloud helps navigate the road

Just like our reseller partners, Ingram Micro Cloud is on a digital journey. From our initial launch, automating our processes and taking our Cloud Marketplace global, developing our exclusive APS integration platform, to building a comprehensive go-to-market and support network, we continue to grow organically and through strategic acquisitions, building one of the largest cloud commerce platforms in the world. The key to our successful journey is that we remain fast and fluid, with laser focus vision, a relentless approach to execution, and an unwavering commitment to our partners.

We understand that cloud is fast becoming core to our partner’s business success — and to their customers’ business success. Ingram Micro Cloud can be the binding agent that brings all the essential ingredients for crafting a successful cloud business together. Are you taking full advantage of the opportunities we offer? Are you embracing the extensive cloud catalog, automation tools, go-to-market strategies, and pre- and post-sales support Ingram Micro Cloud provides? We hope you’ll look to the Cloud Awesomeness Roadmap as inspiration to help guide your cloud journey. And remember, there’s no destination on the journey, as the road to Cloud Awesomeness is infinite, as are the opportunities.

Visit [www.ingrammicrocloud.com](http://www.ingrammicrocloud.com) to schedule a free consultation.