## Introduction

Thank you for taking part in IDC's cloud readiness assessment tool. This study enables you to position your business in relation to over 500 similar organizations across the U.S. and Europe, and provides you with some essential guidance in the development of your cloud business.

The following report provides you with both context, in terms of positioning your organization against your peers, and recommendations on how to progress your organization toward a profitable and successful future in cloud.

Stage 2: Time to Commit

Based on IDC's assessment, your organization is at **Stage 2: Time to Commit** in terms of its overall cloud readiness. **32**% of the organizations benchmarked by IDC were at this stage, with the majority of organizations positioned in Stage 3: Time to Invest.

For further insight and detailed recommendations, the report takes you through the components of cloud strategy, delivering an assessment of your stage of maturity as well as individual recommendations on how to improve these areas.
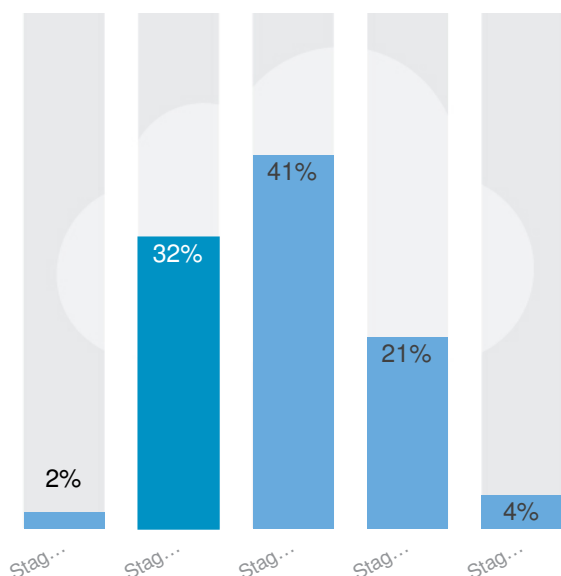
Organizations at this stage in their cloud maturity are beginning to develop and deliver cloud-specific business models. Typically, this is not granular enough to account for different product lines or individual P&L, and is often unmanaged and untargeted. With measurement limited, there is little in the way of automation, whether it is process, methodology, or sale and delivery. While businesses at this stage of maturity are beginning to build cloud sales functions and cloud-based marketing, revenue still comes from resale of on-premise solutions. Despite this, recurring revenue growth is outpacing traditional business.

The following report provides you with a more detailed understanding of the different areas of your cloud strategy and the progress you are making. It also provides you with some guidance on improvements within these areas of your business.

In association with **sage**

Stage 3: Time to Invest

Stag…	14%
Stag…	39%
Stag…	28%
Stag…	13%
Stag…	6%
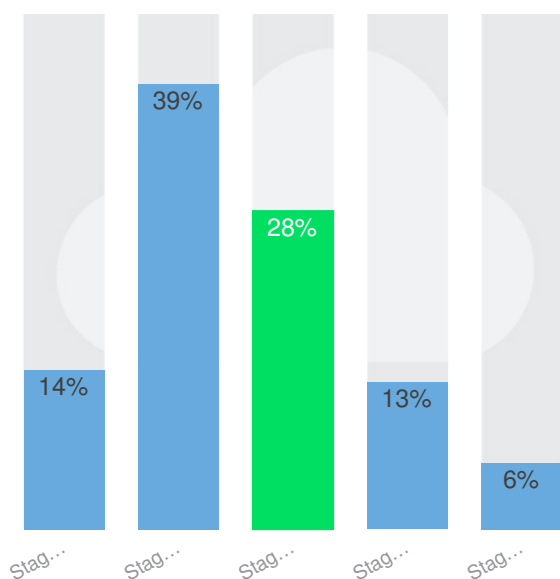
Based on IDC's assessment, your organization is at Stage 3 in terms of your cloud strategy and vision. 28% of the organizations benchmarked in our research were at this stage, with the majority of organizations positioned in Stage 3. Typically, organizations at this stage of their strategy and vision maturity share the following characteristics:

Planning:

At this stage, there is a cloud business plan in place. Product-specific strategies (e.g., volume versus value SaaS) are being developed, as well as plans around incorporating wider professional services propositions, such as business consulting, systems integration, migration, and managed services.

Execution:

Executive endorsement and buy-in of cloud now exists across core lines of business. As a result, you are proactively converting opportunities for cloud and have invested as part of a longer-term business strategy for the next two to three years. You are also looking for potential targets outside of their existing client base (new markets, new segments, new territories) to grow the business.

Recommendations:

Create advocacy:

Successful companies often use cloud internally as part of their own operations, and leverage these experiences to not only familiarize the entire organization with cloud, but also to potentially develop best practices.

Defined profitability plan:

Your financial planning needs to include a well-defined three-year profitability plan that factors in multiple scenarios regarding the impact of recurring revenue on your topline revenue and profitability.
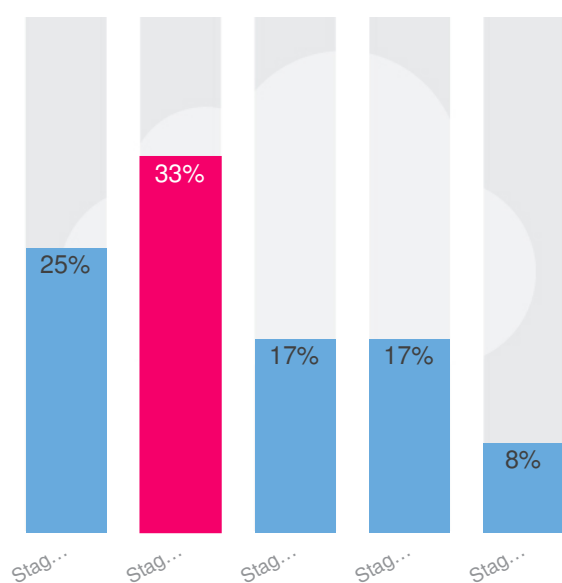
Work closely with vendors:

Provide some visibility of your cloud strategy and vision with key strategic vendors and start building in processes to conduct joint planning, as well as regular performance reviews. Their buy-in at this stage of maturity and support for your strategy could significantly help you along the cloud journey.

Stage 2: Time to Commit

Based on IDC's assessment, your organization is at Stage 2 in its cloud process maturity. 33% of the organizations benchmarked in our research were at this stage, with the majority positioned in Stage 2. As a result, the maturity of your processes may need some refinement and there is some work to do on your cloud development and delivery. Typically, organizations in this stage of maturity share the following characteristics:

Measurement:

Organizations at this stage are yet to separate out cloud in their financials. As a result, there is limited measurement of cloud success. Despite this, growth objectives are defined and targets are being implemented.

Automation:

There is typically a desire to build repeatable processes and methodologies to implement cloud projects. This includes recognition that automation is essential to running a profitable cloud business. Often, however, these capabilities are still in the early stages of development.

Capabilities:

At this stage, staff are starting to be encouraged to attend vendor-specific training, but this is still fairly ad hoc, often self-driven and not built into a formal training plan.

Recommendations:

Build KPIs:
Start to implement cloud-specific KPIs and metrics for both sales and operations, including growth targets for cloud. This will enable you to monitor and work toward defined objectives in terms of the recurring revenue contribution as a percentage of total revenue.

Creation of reusable processes:
This must become a longer-term goal, with systems, methodologies, and KPIs designed to optimize cloud profitability through high-margin recurring revenues.

Certification and training:
As you evolve to the next stage of maturity, it will become necessary to organize a structured vendor certification plan with training targets. This will help build the capabilities needed to advance your cloud business and progress through the tiers with your cloud vendor partners.

In association with sage

Stage 2: Time to Commit
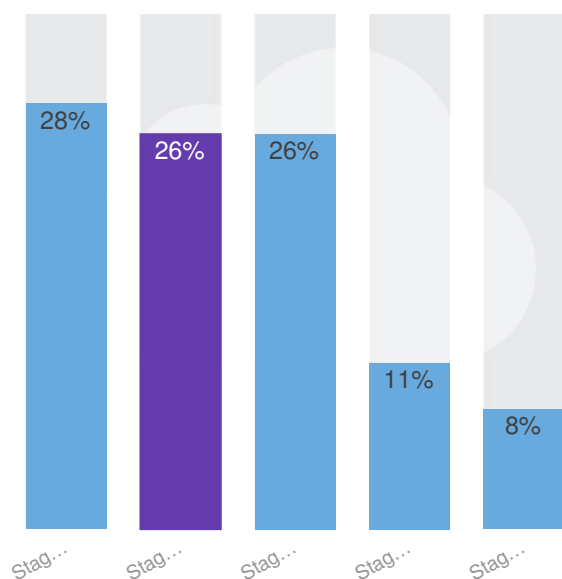
Based on IDC's assessment, your organization is at Stage 2 in terms of your cloud marketing maturity. 26% of the organizations benchmarked in our research were at this stage, with the majority of organizations positioned in Stage 1. Typically, organizations at this stage of their maturity share the following characteristics:

The chart shows:
- Stag… : 28%
- Stag… : 26%
- Stag… : 26%
- Stag… : 11%
- Stag… : 8%

Marketing activities:

Organizations at this stage in their cloud marketing maturity are primarily focused on traditional approaches (events, collateral, sponsorships) but are starting to explore digital marketing channels.

Sales alignment:

You most likely do a combination of your own lead generation activities and joint activities with your vendors. This enables you to qualify leads and continuously measure and refine your approach.

Thought leadership:

Companies at this stage typically focus on more traditional marketing and do not proactively build thought leadership content such as blogs, video tutorials, and white papers.

Recommendations:

Define a cloud journey:

Continue to build your digital marketing capabilities across the organization as part of a broader marketing transformation journey. As part of this process it is advisable to create alignment between your marketing and the cloud buyers' journey. This ensures that you are able to define your value proposition and generate marketing activities at each stage of this process.

Marketing metrics:

These should be created around lead qualification and generation. They should be tailored to each marketing activity and channel, such as traditional events based marketing, outbound marketing, and digital marketing. Metrics should also be defined in terms of wider marketing objectives, such as awareness building, branding, and lead generation.

Thought leadership:

At this stage it makes sense to customize syndicated content, which is widely available from your vendor partners. You also need to start building a plan for your own thought leadership activities in which you engage directly with your market and audience. This includes blogs, forums, papers, and references.

In association with sage

Stage 2: Time to Commit
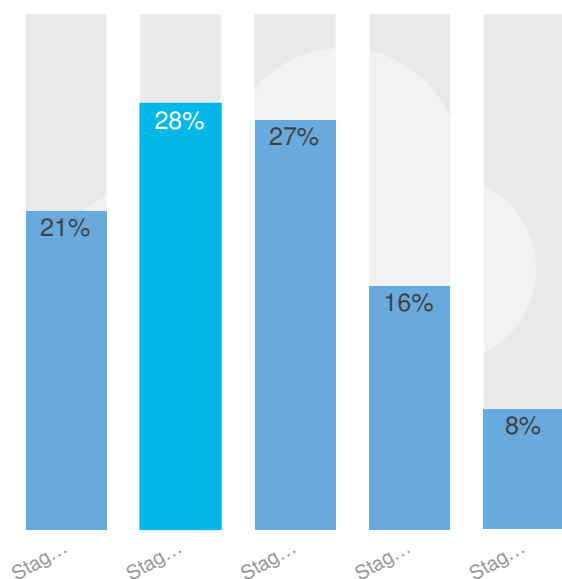
Based on IDC's assessment, your organization is at Stage 2 in terms of your cloud sales maturity. 28% of the organizations benchmarked in our research were at this stage, with the majority of organizations also positioned in Stage 2. Typically, organizations at this stage of their maturity share the following characteristics:

People:

You are beginning to build a team of cloud specialists with the capabilities needed to close cloud business. Commission structures have evolved to either a percentage of first-year revenues or a straight recurring revenue commission. Some are a combination of the two models. Very few organizations have put in place additional incentives for customer renewals and usage, but this should become a priority.

Enablement

At this stage of maturity, sales people are starting to actively use the sales enablement resources available to them (typically via vendor partner portals). Sales people are also going through sales certification training with key vendor partners.

Sales strategy:

Cloud is becoming core to sales strategy and is often a door opener for other sales opportunities (upsell). It is advisable at this stage of your cloud maturity to make it easier for sales people to upsell (products) and sell services attached to SaaS deals. You should look to incorporate "upsell" as a core component of sales strategy moving forward.

Recommendations:

Commission:
Look to evolve commission structures to incentivize sales people over the lifetime of the customer, and drive a focus on customer satisfaction and renewals.

Focus sales on cloud:
At this stage of maturity, you need to integrate cloud offerings into your sales effort and competencies, making this the core focus of the business and central to sales-based conversations. Leverage vendor sales toolkits, create your own playbooks, and continuously train.

Upsell services and solutions:
As your cloud business starts to gather momentum, make it easier for sales people to upsell related services and solutions. Consider associating standard service offerings such as training and support to your SaaS business. Package and bill these on a subscription basis so these can be sold alongside the SaaS subscription.

In association with **sage**

Stage 2: Time to Commit
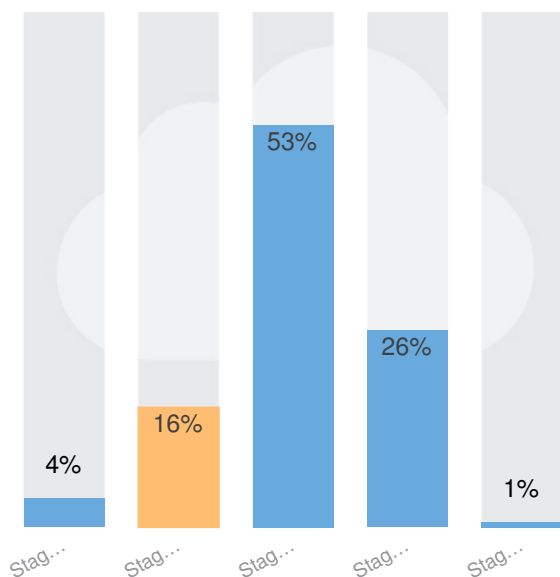
Based on IDC's assessment, your organization is at Stage 2 in terms of the maturity of your cloud business mix. 16% of the organizations benchmarked in our research were at this stage, with the majority of organizations positioned in Stage 3. Typically, organizations at this stage of their maturity share the following characteristics:

Revenue contribution:

While the majority of software revenue comes from the resell of on-premise licenses, recurring revenue growth is often outpacing that of traditional business. In this stage of maturity most organizations have just started assessing their recurring revenue contribution in relation to project-based business. Most are in the early stages of building a financial plan.

Partner programs

Organizations at this stage of maturity are prioritizing some vendor partners as strategic to their cloud business and are often progressing to a higher tier in cloud-specific vendor programs (although they may be in higher tiers for on-premise products).

Services

You are likely to be developing a services portfolio specifically designed for upsell from SaaS. This is typically focused on training, implementation, and support. As the cloud business gains momentum, so the company will start to build the experience and IP.

Cloud infrastructure:

At this stage of maturity it is unlikely that your organization has made significant investments in your own cloud infrastructure and tools and management technology. Many are, however, starting to build a well-structured technology roadmap for both the technology and skills needed.

Recommendations:

Financial plan:

At this stage of maturity it is advisable to build in a regular review process that monitors the contribution of recurring revenue, services revenue, and product resell revenue over time. Build an investment plan for scalable cloud infrastructure and tools to create value. This will also support efficient delivery of services, such as proactive managed services and hybrid management.

Develop IP:

Analyze past projects and identify technology solutions and services that have the potential to be productized as your own IP. Look to your existing account base to identify industries that present an opportunity for your company to develop specializations.

Vendor partnerships:

Explore with your vendor partners the potential opportunities for joint solution development (vertical or horizontal). You should also look to familiarize yourself with the requirements for advancement to a higher tier and continue to structure your own business planning to align with this. Requesting a joint business planning session with your cloud vendors will not only drive opportunities, but also signal your commitment.

Automation and upsell opportunities:

Successful cloud businesses use cloud as a door-opener for upselling services. The more automated and repeatable these services are, the more profitable they become. Even at this early stage of your cloud journey, it is recommended you design future services with automation in mind.

In association with **sage**