



Introduction

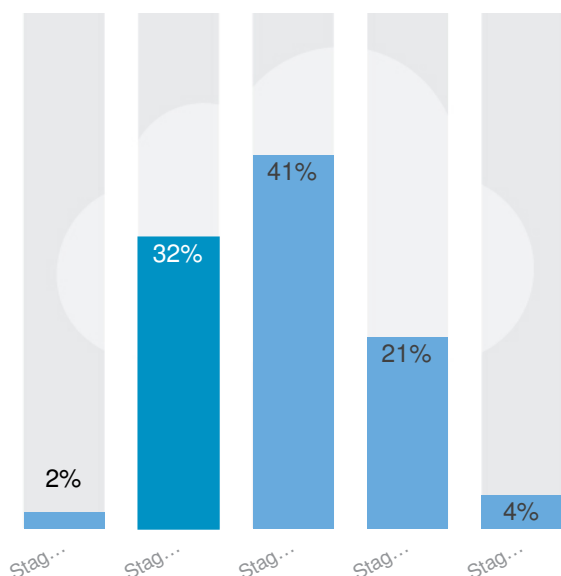
Thank you for taking part in IDC's cloud readiness assessment tool. This study enables you to position your business in relation to over 500 similar organizations across the U.S. and Europe, and provides you with some essential guidance in the development of your cloud business.

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.

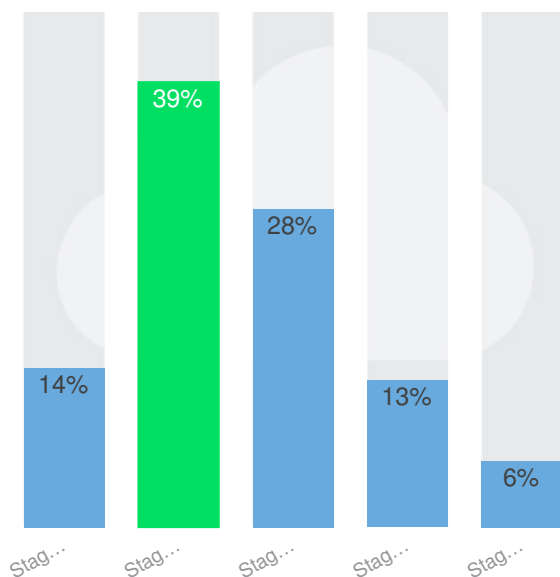
For further insight and detailed recommendations, the report takes you through the components of cloud strategy, delivering an assessment of your stage of maturity as well as individual recommendations on how to improve these areas.



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.

Stage 2: Time to Commit



Based on IDC's assessment, your organization is at Stage 2 in terms of your cloud strategy and vision. 39% 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 strategy and vision maturity share the following characteristics:

Planning:

Organizations at this stage in their cloud strategy and vision are beginning to develop cloud business models and programs. Typically, however, this is not granular enough to account for different product lines (e.g., volume versus value SaaS). While the cloud sales and client engagement strategy is fairly well defined, it tends to be focused on existing markets only. You may have a good grasp of the sectors and markets you want to prioritize, but there is unlikely to be a formal go-to-market strategy.

Execution:

While some cloud initiatives are taking place, investments in this area may be limited. These tend to be small pockets of strategic activity rather than elements of a more cohesive execution strategy. Sales are starting to execute on a cloud sales strategy, supported by revenue targets and the beginnings of a business plan.

Recommendations:

Defined product strategies:

As your cloud business gathers momentum it is recommended that you layer your planning strategy across different product lines. This is critical for volume and value SaaS businesses, where capabilities and go-to-market requirements vary greatly.

Executive buy-in:

Focus on securing executive endorsement and buy-in to your cloud strategy. This needs to exist across all key business functions: senior leadership, marketing, sales, operations, and finance in order to scale and invest appropriately as your cloud business starts to mature.

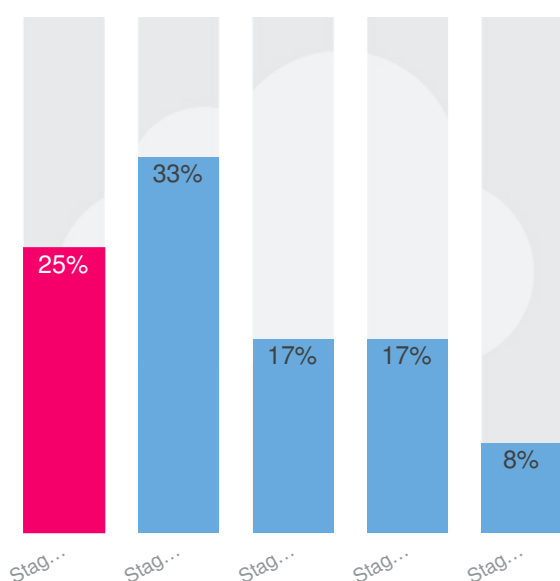
Create financial models:

Your cloud planning needs to factor in growth, revenue, and, critically, profitability. Seek guidance and create financial models exploring the potential impact of recurring revenue on your topline revenue and profitability.





Stage 1: Time to Act



Based on IDC's assessment, your organization is at Stage 1 in terms of the maturity of your cloud processes. 25% of the organizations benchmarked in our research were at this stage, with the majority of organizations positioned in Stage 2. Typically, organizations in this stage of maturity share the following characteristics:

Measurement:

Organizations at this stage in their cloud maturity tend to be reactive, with limited measurements in place. As a result, their cloud offerings are unmanaged and untargeted.

Automation:

Many cloud projects are delivered on an ad hoc basis, with very few processes or methodologies either formalized or reused. Limited automation in sales and delivery processes places even greater pressure on margins.

Capability gap assessment:

With a view to your short-term, mid-term, and long-term skills requirements, you should look to understand where you are falling behind and where investments need to be made. Start the process of building a training plan by individual department: technical, marketing, and sales, for example.

Recommendations:

Measurement is fundamental:

You need to start tracking recurring revenue growth by separating out cloud business revenues from existing license-based incomes. In addition, the delivery of cloud, and the impact of recurring revenue on your top and bottom line, needs to be understood longer term.

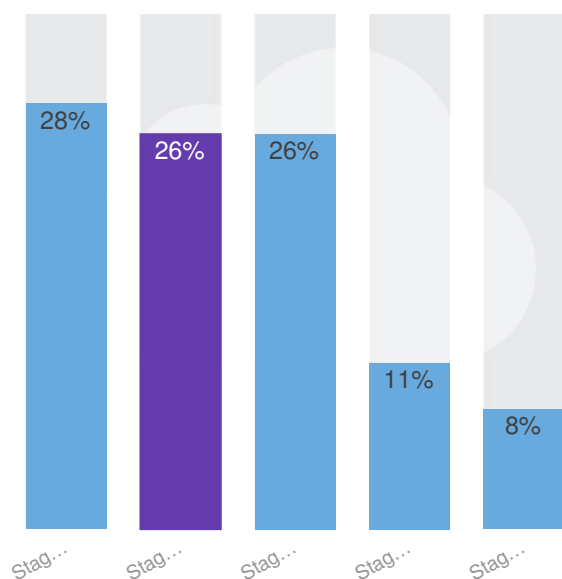
Automation:

While your cloud business is still small, the impact of limited automation is not felt. As it starts to scale, however, your organization will need reusable cloud methodologies and delivery mechanisms to ensure profitable delivery. Start by testing and trialing automation tools while the business is still small enough to manage without it. This way, you can plan for the future.

Capability gap assessment:

With a view to your short-term, mid-term, and long-term skills requirements, you should look to understand where you are falling behind and where investments need to be made. Start the process of building a training plan by individual department: technical, marketing, and sales, for example.

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:

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:

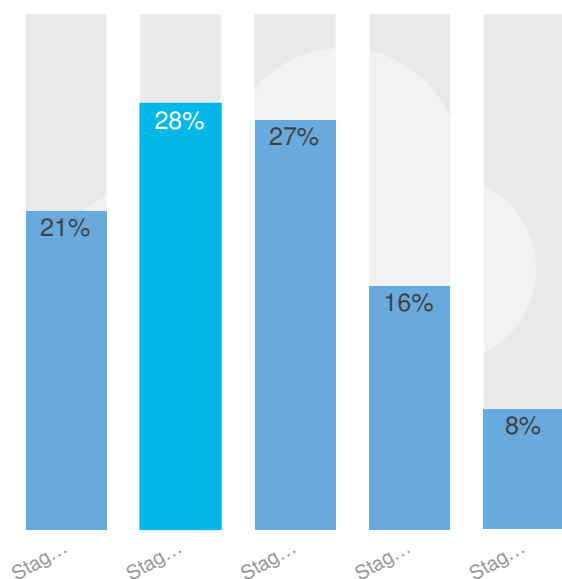
These should be created around lead qualification and generation. They should be tailored to each marketing activity and channel, such as traditional events based marketing, outbound marketing, and digital marketing. Metrics should also be defined in terms of wider marketing objectives, such as awareness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



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.

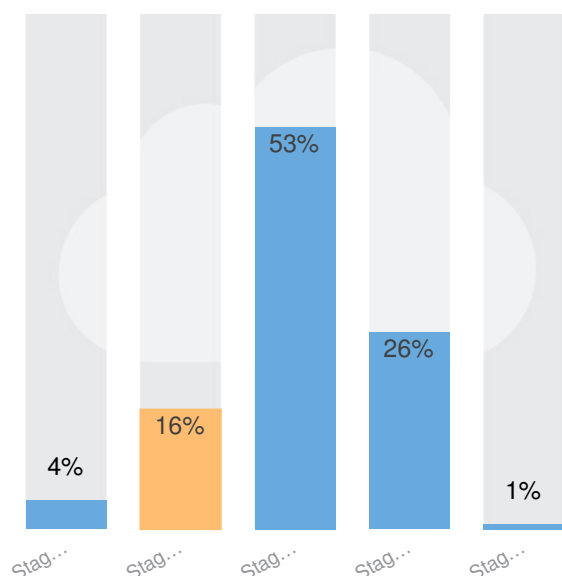
Focus sales on cloud:

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.

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.