Introduction

Thank you for taking part in IDC's cloud readiness assessment. This study enables you to measure cloud readiness in your business, 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.

Based on IDC's assessment, your organization is at **:result** in terms of its overall cloud readiness.

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.

Stage 3: Committed

Service providers at this stage of their cloud maturity have tipped the scale in favor of cloud models. Many have invested heavily in cloud technologies as part of a longer-term strategy and are beginning to convert project-based opportunities into recurring revenue contracts. This has resulted in the creation of a dedicated P&L structure for cloud, measured through cloud-specific key performance indicators (KPIs) and with sales personnel carrying fixed top-line cloud targets.

Service providers at this stage have begun to integrate cloud into all sales team portfolios and as a result they have launched their business down a path of which they must be certain. Despite this, the majority of the revenue is still generated by traditional offerings, with cloud offerings bringing the additional boost.

They must push on and not turn back.

Stage 3: Committed

- You have a defined cloud strategy for private and public solutions
- You have a clear cloud business plan
- There are dedicated cloud targets for the next two to three years
- Cloud business operates its own P&L
- Sales hold fixed top-line cloud targets

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Cloud service providers at this stage of their cloud maturity are building a defined strategy including private and public cloud solutions. As a result, they have also created a clear cloud business plan, with dedicated targets for the next two to three years. They are also operating their cloud business within a specific P&L structure, also incorporating cloud-specific metrics and KPIs to measure performance in this area. To support this, sales personnel carry fixed top-line targets for cloud.

Recommendations: Start segmenting customers based on their projected lifetime value. You should be investing in areas that will drive next-wave cloud adoption (e.g., DevOps and PaaS) while continuing to fuel the first wave. Share your cloud strategy and vision with key strategic vendors and start building in processes to conduct joint planning and regular performance reviews. Their support could significantly help you along your journey.

It is also recommended that you adopt and actively use cloud technologies across your own business, and many successful cloud service providers use cloud internally. This will not only familiarize the entire organization with cloud, but also develop best practices and intellectual property (IP), which can be commercialized and sold to customers.

Stage 4: Accelerating

- You have created processes and skills around reusable best practice
- This includes reference architectures and code
- Automation and predictive services are a central feature of managed services
- One-to-many repeatable services are also a key feature
- Support is now preemptive

Cloud service providers at this stage in their maturity have created processes and skills around a set of reusable best practices, methodologies, and tools. This includes reference architecture and code, which can be customized and modified for clients, on a multitenant basis. This reduces both implementation times and speed to value. Automation and predictive services are a central feature of managed service delivery, along with sophisticated tools that enable one-to-many repeatable managed services. Support is preemptive and is delivered through an integrated communications platform.

Recommendations: Build advanced metrics around customer satisfaction and efficiencies in terms of service delivery (including implementation and support). You can also look to incentivize service delivery teams on efficiency and customer satisfaction improvements. As your cloud business starts to scale, so efficiency will really make a difference to your bottom line.

Analytics capabilities should be integrated across relevant business functions, finance, sales, service delivery, marketing, and CRM. As you progress to the next stage of maturity this will be a key differentiator to your business.

Stage 3: Committed

- You have a well structured technology roadmap
- You offer multitenant cloud services (IaaS and PaaS)
- You connect applications across private and public infrastructure

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- Typically, you have started to offer software-defined storage
- Orchestration tools like OpenStack are also being used

At this stage, service providers typically have a well structured technology roadmap and continue to invest in tools and management technology. Infrastructure (both IT and facility) and network connectivity skill-sets are solid, with a good track record helping customers both on-premise and in hosted environments. Beyond pure traditional private cloud environments, service providers have started offering first- or third-party multitenant cloud services (IaaS or PaaS). They now have enough tools or scripting capabilities to connect applications across private and public infrastructures. PaaS is appearing on the horizon, but skills are often limited to traditional middleware (e.g., Java).

Storage services have become sophisticated enough to begin offering software-defined storage. Cloud orchestration tools like OpenStack are used as the cornerstone for at least some cloud offerings. Monthly billing based on consumption is being implemented, but not real-time spend monitoring.

Recommendations: Priorities should be around developing the support for hybrid environments. This includes more complex front- and back-end flows around unified billing, network optimization, cloud management, and security. You should start building, trialing, and testing cloud automation and management tools. It is also advisable to start exploring alternatives and options for cloud delivery infrastructure, whether that is through a third party or your own datacenter.

Your customers will start to demand a choice of delivery options (public, private, hybrid) and you will need to have the infrastructure (or agreements) in place. Future solutions, especially around application development platforms and PaaS, should continue to be a key topic of discussion. They should also be incorporated into both joint business planning sessions and technical planning sessions with your strategic vendor partners. Here, the ultimate objective is to start building joint solutions.

Stage 3: Committed

- Cloud is now integrated into all sales team portfolios
- Balance still retained between on-premise and new cloud business
- Customers now asking for demos and proof-of-concepts
- Metrics track marketing success against predetermined objectives
- Started to customize syndicated content from vendors

Cloud service providers at this stage have begun to integrate cloud into all sales team portfolios, but retain a balance between on-premise and new cloud business. Sales teams are increasingly trained in cloud capabilities and certification, and while incentive structures for cloud are well defined, they do not extend to the lifetime of a customer.

Sales and marketing efforts are beginning to target LOBs as well as IT, but still currently on an ad hoc basis. Some messaging is changed depending on the audience and its key requirements. Sales enablement has extended from training to active participation in lead generation activities by both internal marketing departments and cloud vendor partner initiatives. It is likely that at this stage of maturity, customers are starting to ask for demos and proof-of-concepts as part of the sales process

Organizations at this stage typically have a good understanding of customer requirements. They tend to communicate through appropriate channels using messages that resonate and guide cloud buyers through the sales cycle. Metrics are also utilized, tracking campaigns against predetermined objectives, and customer satisfaction is measured, but mainly through independent surveys, for example. Many companies have started to customize syndicated content from key vendor partners to tailor it to their audiences.

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Recommendations: Cloud service providers at this stage in their maturity should look to evolve commission structures. These should include specific KPIs, such as customer satisfaction scores, additional incentives for new customer acquisition, and renewal rates. It is advisable at this point to create a more formalized proof-of-concept strategy. Investing in your own demo and trial facilities will help new customers visualize their own solutions. This is a powerful sales tool, particularly if you can incorporate customer data and bolster presales capabilities to support the sales process.

It becomes imperative at this point to increase your online presence and start to build a digital marketing plan. Your vendor partner can help guide you in this process. Reassignment of marketing budgets, recruitment (or partnering) for digital resources, and a series of digital activities will all help awareness building, social selling (lead generation), and establishing thought leadership objectives. It is also recommended that you start building clear metrics and KPIs for all marketing activities (both traditional and digital). Awareness building and thought leadership are difficult to measure, but critical for long-term success.