CHOOSING A CLOUD VENDOR

How to Maximize Your Cloud Vendor Relationship

green cloud
TECHNOLOGIES

INTRODUCTION

Choosing a cloud vendor (or vendors) may be one of the most difficult feats to tackle on the journey to building a cloud practice. The industry is full of options, and many vendors target multiple sectors of the cloud computing market. From the outside, it may seem that the cloud vendor list has narrowed to a few tier 1 players: AWS, Microsoft and Google. The reality is that the cloud industry is filled with great tier 2 and tier 3 providers, some of whom are ideal partners for MSPs entering the cloud space. As you develop your cloud practice and portfolio, you may find that one vendor meets your needs. There are advantages to having one strong partner, but you may also find that you need to partner with several vendors to meet the needs of your customer base.

In this ebook, we will walk through 10 questions that you should ask as you work to select your vendor(s). We will also talk about important things to watch for in the answers to those questions.

Unless you are a unique business who plans to build your own private cloud solution and already has the expert knowledge needed to build such a solution, the next 10 questions may be 10 of the most important for you to consider as you build your cloud practice.

TOP 10 Q'S TO ASK A POTENTIAL VENDOR

1 WHAT PRODUCTS AND SERVICES DO YOU PROVIDE?

As you select a vendor or vendor set to support your cloud practice, you are looking for vendors who provide products and services that you will utilize to build out your portfolio and offering to your customers. Make sure to look for things such as availability, security and security compliance, redundancy, backups and recoverability as you examine the vendor's offerings and how those support your needed portfolio.

2 WHAT IS YOUR PRICING AND BILLING STRUCTURE?

It is in your best interest to understand the answer to this question early on. Many cloud vendors do not have a pricing and billing structure that aligns well with the monthly recurring revenue approach of MSPs. As you look for products that are tailored to MSPs, also look for price modeling that is tailored toward MSPs with the ability to layer on margin. Be sure to ask questions about things like volume commitments or other areas where there may be more margin available. Many customers do not want to deal with the hassle of cloud billings, as they can be confusing and difficult to understand. You will want to ensure an easy process for billing to your end customer and will need to decide if it is important for you to own that process or not. You should also understand if billing comes to you segmented in a way that allows you to bill out the service or if you will have to do additional work to allocate expenses to your customers. These things may or may not be important to you in your final decision, but make sure to understand them.

3 HOW SECURE IS MY CUSTOMER'S DATA?

Security policies of your vendor(s) should be heavily vetted. This is the number one hesitation of end users as they enter the cloud. You'll want to look for vendors with SSAE16 Certification (Standards for Attestation Engagements 16). As organizations consider which applications can run where, they must also consider compliance, identity management and data protection associated with those application workloads. Privacy regulation associated with data sovereignty may limit certain workloads from crossing geographical boundaries. In addition, regulatory requirements such as the Health Information Portability and Accountability Act (HIPAA), Payment Card Industry (PCI) or Sarbanes-Oxley Act (SOX) require that the infrastructure where data resides for a specific application has been deemed compliant. Some regulations require an agreement. For example, HIPAA requires a Business Associate Agreement (BAA). You will want to ensure that is available from the vendor to the end customer.

Take time to ask about and understand how the vendor might use your customer's information and data. There are inexpensive cloud services (price is always a consideration) that offer low or no end user fees as they mine your data and use that information as a source of revenue.

4 WHAT HAPPENS IF YOU LOSE DATA?

People have a strange trust of the cloud and assume that their data is secure and backed up (including email). That may or may not be the case. Make sure to ask additional questions here, such as:
-What provisions are in the company's Service Level Agreement (SLA) that address potential data losses?
-Will the provider compensate you for losses?
-What data redundancies are in place to mitigate the risks of data loss?
-Is full backup included, or just file retention?

5 WHAT TYPE OF SUPPORT SERVICES DO YOU OFFER?

There are several things to look for and ask about here. Often times, technical and post-sale support is the only consideration when making a vendor choice. That is important and should absolutely be considered, but don't forget to ask about design and integration support and pre-sales support, including architecture.

6 CAN YOU SCALE TO MEET MY NEEDS? HOW QUICKLY?

The ability to scale and scale quickly is one of the biggest advantages to utilizing a cloud solution rather than an on-premise solution. If scaling will be an important feature for your customer, be sure to understand what options exist and how quickly that ability to scale can be activated. Understand what kind of provisioning control the vendor offers. You may even want to discuss Microsoft or Citrix license rental options. On the other extreme, the ability to downsize rapidly to reduce costs, if necessary, also needs to be understood. Billing should be connected to actual use, and expanding or contracting service billings should be automatic based on customer usage.

7 WHAT IS YOUR DOWNTIME HISTORY?

It may seem that this question is an easy one, but there are several important considerations as you listen for the answer:

1. Make sure that you understand the importance of their answer. Most will report uptime as a percentage. Make sure to do the math and understand what is an acceptable level of risk for your business. A typical provider may offer 99.95% uptime, which equates to approximately 4 hours of downtime a year. A 99.99% uptime equates to less than 1 hour of downtime a year, or less than a quarter. You should determine if that is important for your customers or not.

2. If all they will talk about is their downtime and downtime stats and history, they may offer a great technical service but fall short in other areas that are very important for your success. Make sure to dig in and push past this statistic.

3. What is their remedy to downtime? Do they pay a fee, or provide free service in the event downtime exceeds their SLA? This is a very important thing to understand before signing the contract.

8 WHAT KNOWLEDGE DO YOU HAVE ABOUT MY INDUSTRY?

At the end of the day, a great vendor partner will not only provide you with a top level technical solution, but will understand your customer's needs and can assist you as you build your cloud practice. This may be especially important if you serve certain verticals with high regulatory or uptime requirements. Be sure to ask your vendor to share knowledge they have that will help you serve your customer and meet any requirements that they have. Ask for white papers, practice builders, case studies and other documents that can help you understand their expertise and experience. Remember that you are selling a business solution and not technical specs, so this industry knowledge is more important than ever.

9 HOW DO I GET STARTED WITH YOU?

Take a close look at your vendor's programs, including their partner program. Take the time to evaluate each program for what is important to you and weigh your options. Then ask questions related to what you see in the programs. Talk with your potential vendor partner about what it takes to get your first customer onto their/your solution. You should be a customer first! If you haven't utilized the solutions or services that you are planning to sell to your customers, you don't understand the solution as well as you should.

Their program should provide sales and marketing tools that will help you ramp up your cloud business. There should be support – both phone and field – to help close sizeable deals and bring large opportunities to a close. Make sure you understand how they will assist your success, and what investment is required on your part, as well as the investment they are committing to on theirs.

10 WHAT DOES A RELATIONSHIP LOOK LIKE?

There are a few standard things to look for when you discuss a relationship with a vendor. Be sure to look for things such as joint business planning, marketing assistance including lead generation, MDF and deal registration, and training and certification opportunities. This type of support is new in the cloud market so there are big differences in what is being offered. Be sure to also understand the partnerships and synergies that this potential cloud vendor has with your current vendors. Some vendors and service providers are building go-to-market partnerships that may provide additional benefits or even complete solutions.

It's also important to understand how they integrate and work with other cloud providers. It is not uncommon to have cloud solutions across various providers, especially when line of business (LOB) applications are involved. Does this cloud vendor work well with others? Do they make it easy to connect to other cloud or even on premise solutions to enable connectivity? Make sure you understand the costs and technical requirements to be able to work well with other data sources.

BONUS: DOES THIS VENDOR INTEGRATE WITH MY ERP/GP/PSA SYSTEMS?

There is one final consideration that should not be overlooked as you choose a vendor and that is integrations with the key systems that are used to run your business. This is a question that most MSPs are used to asking but that should not be overlooked as you integrate a cloud practice into the business.

CONCLUSION

Selecting a solid vendor partner or partner set as you build your cloud practice may be the key to your success. Knowledge is not limited to your vendor partners, but they can help you move quickly and with great accuracy as you build your portfolio and start selling your solution. Make sure that you work hard to maximize the value in your vendor relationships!

It is also important to remember that many cloud vendors are not used to working with MSPs. Find vendors that speak your language, understand your business and understand the customers that you serve. Vendor selection is a major part of long term success as you build a cloud practice!