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In this InfoBrief

This IDC InfoBrief, commissioned by Google, looks at the substantial opportunity for partners to get involved in public cloud solutions. Incredible market momentum, global megatrends such as convergence of technologies and the consumerization of IT, and customer recognition of tangible benefits through embracing the cloud — including improved IT efficiency, improved business agility, and improved time to market — all contribute heavily to the accelerating growth of cloud.

IT solution providers that excel at delivering services are well positioned to take their customers’ business to the next level. And Google Cloud provides the raw materials to help them get there, as proven by compelling examples of high impact cloud-based solutions from three Google partners.
The Public Cloud Opportunity

The worldwide public cloud software market grew 58.8% between 2013 and 2015, while the traditional software market declined 1.3% over the same time period.
There’s Lots of Money In the Cloud

The cloud software market as a whole reached **$64.6 billion worldwide** in 2015, representing a **26% increase** in revenue from the previous year. IDC projects cloud software to grow to **$151.6 billion** by 2020 at a five-year compound annual growth rate (CAGR) of 18.6%, **over five times faster than the growth of the traditional software market**.

Public cloud services will be the long term revenue “winner” over private cloud services, driven by solution migration to public clouds. In 2015, **over 90%** of net new software offerings were built for public cloud delivery and 60% of software market growth will be driven by cloud from now through 2020.

**$151.6 BILLION BY 2020**

A FIVE-YEAR COMPOUND ANNUAL GROWTH RATE (CAGR) OF 18.6%

Customers Are Buying Into the Cloud

The vast majority of customers – 80% - have either fully embraced using cloud to power their business applications and infrastructure or are in the process of deploying cloud solutions. Only 8% are not interested at all (down from 21% in 2014). The fact is that if you aren’t offering cloud options you are missing out on substantial opportunity.

The majority of growth in cloud spending over the next two years will be from organizations that were previously only light users or who have not yet adopted cloud. There is lots of room to land and expand.

IDC Cloudview: Overall cloud adoption (all respondents)

- **Not interested**: 8.0%
  - Respondents indicating that they have no interest in, or plans for, cloud computing at this time.

- **Evaluating**: 12.5%
  - Respondents indicating that they are educating themselves about cloud or the cloud approach for a specific service, without firm plans to implement.

- **Deploying**: 20.3%
  - Respondents indicating that they have firm plans to adopt cloud within 12 months or are using the public or private cloud for one or two small applications/workloads.

- **Embracing**: 59.3%
  - Respondents indicating that they are currently using public or private cloud for more than one or two small applications/workloads.

Source: IDC CloudView 2016 Survey, 2016, n=11083
What Customers Really Want

Technology buyers see a very important role for IT service providers on their cloud journey. The majority (64%) expect to need help in a number of ways including consulting, training and implementation expertise.
Businesses Believe In Technology

IDC asked 400 business executives how they feel about technology and we found that customers are overwhelmingly bullish on technology and are looking for new options. Almost nobody is happy with what they have now – an ideal scenario for gaining traction with the Google portfolio of cloud technologies.

TECHNOLOGY IS AN IMPORTANT COMPETITIVE TOOL

- 94%

WE ARE INCREASINGLY INTERESTED IN CLOUD

- 88%

THE INTERNET HAS REALLY TRANSFORMED THE WAY WE DO BUSINESS INTERNALLY

- 87%

WE ARE GENERALLY OKAY WITH OUR EXISTING TECHNOLOGY

- 35%

Source: IDC IT Buyer Survey 2015 N=400
IT Service Providers Are Very Important

You might think that customers place a big emphasis on price when they decide who to buy from. In fact, the vast majority are willing to pay more if the IT solution provider has excellent customer service.

There is lots of money set aside for IT services. In fact, **41% of the average technology budget is allocated to professional services, business consulting, training and ongoing support.** However, customers want to work with experts that deeply understand their business. There is lots of opportunity for solution providers that have built a solid niche in a particular industry or business function to help customers maximize the effectiveness of technology like Google Cloud.

**Top 5 attributes customers look for in an IT service provider:**

- Has a reputation as a reliable service provider
- Can be a trusted technology advisor
- Can provide exceptional customer service and support
- Has expertise in security, privacy and compliance
- Is able to understand our business and speak to our line of business staff effectively
The Opportunity for Google Cloud Partners

Google Cloud is the complete collection of Google Cloud Platform, G Suite (formerly Google Apps for Work), machine learning tools and APIs, enterprise maps APIs, and the Android phones, tablets and Chromebooks that access the cloud.
Creating a Thriving Partner Ecosystem

Unlike almost every other technology vendor, Google does not charge a fee to become part of its partner ecosystem. The resources and benefits provided free of charge through the Google Cloud Partner Program are designed to help solution providers build profitable businesses around Google's technology.

Every partner can:

**Profit and reinvest**
Earn margin on new orders and renewals, and incentives for volume sales.

**Increase competency**
Get access to business and technical resources.

**Build an offering**
Take advantage of the Sandbox toolkit via demo/test licenses and credits.

**Generate and manage leads**
Receive lead generation incentives, partner branding and badges, a listing in the partner directory, and access to Google trademarks.

**Manage and support customers**
Utilize the reseller console and partner program dashboard.

**Leverage the ecosystem**
Attend sales and technical workshops and partner Meet Ups. Use Google Perks.
The Building Blocks for Success

There are three key success metrics for Google Cloud partners:

- **Competency**
  Measured by obtaining business and/or technical credentials.

- **Business results**
  Sourcing and closing business and finding new customers.

- **Collaboration**
  Collaborating with Google on the sales pipeline and building a joint business plan.

By excelling in the achievement of these metrics, partners can move up from the Partner level to the Premier Partner level and receive enhanced benefits such as additional margin and Sandbox credits, a Partner Success Manager, a Customer Success Manager, and other valuable resources geared towards providing an excellent partner experience.
How Partners Have Helped Their Customers Transform With Google Cloud

Google Cloud capabilities and functionality are well aligned with the technology needs customers have today, including IoT, mobility and digital transformation.
Delivering IoT via Google Cloud

IDC predicts that by 2018 the number of Internet of Things (IoT) devices will more than double, sparking the development of over 200,000 new apps and solutions that take advantage of them. By 2020, devices will triple and apps will exceed 250,000. Enterprises lacking an IoT strategy and infrastructure will be like individuals functioning without most of their five senses.

PA Consulting, a Google Cloud partner based in London, worked with Rentokil Initial, a global leader in commercial hygiene and pest-control services, to extend remote monitoring for PestConnect (a system that adds wireless connectivity to rodent traps) and HygieneConnect (a sensor-driven handwashing app) via a cloud solution that can ingest data continuously at a massive scale. PA replaced the company’s legacy app with Google Cloud Platform to provide the necessary durability and resilience to scale with demand and handle unexpected spikes in traffic.

“We were able to deliver a real IoT solution in just 3 months across multiple countries. We’re proud to have helped grow Rentokil Initial’s connected business.”

Dan Rossner, PA Consulting partner
Enabling Digital Transformation via Google Cloud

Organizations face the imperative to innovate or grow, or do both, because the past decade of focus on cost efficiency has not been sufficient to ensure survival. And as more organizations start to implement digital transformation, their competitors will be compelled to respond more quickly with their own digital transformation initiatives or become uncompetitive. The worldwide digital transformation professional services market is forecast to reach $218 billion by 2020, growing at a CAGR of 16.5%.

MediaAgility, a Google Cloud partner based in India, worked with Mahindra & Mahindra, a leading Indian multinational automobile manufacturer, to move the business of transporting cargo in India online to the benefit of both the cargo provider and carrier. Transporting cargo in India can be a slow and unreliable process. Mahindra & Mahindra, with the help of MediaAgility, transformed it with the SmartShift app that instantly connect businesses with drivers – built entirely on Google Cloud Platform.

“SmartShift is an example of using paradigm-shifting technologies to improve the lives of people in a meaningful way – quickly, effectively, and by getting them connected.”

Deepak Garg, Director, Cloud Solutions, MediaAgility Inc.
Reaching the World via Mobility and Google Cloud

IDC has seen massive growth in the number of mobile applications for enterprises as well as in the number of individuals inside and outside the company that are relying on these applications. The drive to enhance the user experience for applications is giving rise to new user interfaces, including those optimized for mobile devices.

CI&T, a Google Cloud partner based in Latin America, helped Coca Cola create the Happiness Flag, a crowd-sourced symbol to celebrate the FIFA World Cup, by leveraging the whole Google Cloud Platform stack. Coca Cola invited fans around the world to share their photos to create the world’s largest mosaic flag from thousands of images submitted by people in more than 200 countries. Google Cloud enabled CI&T to handle millions of images via Twitter, Facebook, Instagram and email, and searches for images and view requests.

“The campaign runs smoothly 24/7 and includes redundancy, failover techniques, backups and state-of-the-art monitoring. Plus it’s affordable.”

Daniel Viveiros, Head of Technology, CI&T
Cloud is no longer the way of the future, it is the way of today and the norm of tomorrow.
The Way Forward

There is no doubt the technology industry has changed and we have entered the new normal. The critical success factors for IT solution providers moving forward include:

**Solve business problems.** Within the next two years, two-thirds of Global 2000 enterprises’ CEOs will have digital transformation at the center of their corporate strategy. The scale-up of digital business strategies will drive everything that matters in enterprises’ IT investments. Google’s products, technologies and services are designed to help customers operate easily in a digital world.

**Double down on IP.** IDC research shows that solution providers that package their own IP into repeatable offerings achieve the highest gross profit. Google Cloud is a broad portfolio of capabilities that partners can use as a base for innovative solutions and apps that could grow into a robust IP revenue stream.

**Embrace recurring revenue.** Recurring revenue, like annuity margin from cloud subscriptions, is very desirable even though it comes in over time rather than via a single large transaction. IDC research has shown that recurring revenue promotes higher company valuations. Google provides its partners with the opportunity to earn margin both on new orders and on renewals to continue to earn revenue over the lifetime of the customer relationship.

**Align with a forward-thinking technology vendor.** Google has built its products and applications specifically for the cloud and Google Cloud has been engineered in an enterprise appropriate way. Vendors like Google are looking towards where technology is going and helping businesses transform via smart data, analytics, machine learning and digital communications.

To join the Google Cloud Partner Program or learn more go to  https://enterprise.google.com/partners