



## Getting On The Cloud

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Though many organizations, large and small, have put non-critical applications such as email, HR and payroll on the cloud, there is still a lack of proper understanding about the cloud and its benefits.

According to industry estimates, SMBs will become the largest cloud adopters in India since they operate on lower IT budgets and hence, the cloud is the perfect option for them. Indeed, cloud adoption among SMBs grew 40 percent in 2010-11.

Key opportunities for partners came from the manufacturing, retail, BFSI, education, real estate and tourism sectors for cloud security services, online back-up and storage, IT infrastructure, network solutions, collaboration, database and utility applications.

Opportunities also exist for smaller brands and start-ups which offer customized applications or white-label services on the cloud. According to market research firm Zinnov, 60 percent of SMBs are willing to try solutions from new brands.

"Tech-inclined partners are talking the language of storage on the cloud, SaaS, DR, business continuity and verticalized applications with reference to hardware, support and maintenance cost, and savings in real estate," says Kalyan Banga, Manager, Product Development, Netscribes India.

What does all this mean for the partner? We take a look at the existing opportunities and highlight some new ones which partners can explore to increase their share in this evolving segment.

### Messaging

Industry leaders and analysts are unanimous that email and unified communications will be the services that move to the cloud the fastest. One of the reasons for this is that almost all users have been exposed to hosted email services, and are comfortable with the idea when large vendors are willing to back it up with security, reliability and quality of service.

"In our SMB study we found that over 85 percent of SMB customers were willing to move their email to the cloud. Small business customers are already exposed to the hosting model, and are comfortable with the idea of cloud-based hosting," says Neha Jalan Goenka, Senior Associate, AMI Partners. According to the latest research from AMI, SMBs (companies with less than 1,000 employees) in the Asia-Pacific region (excluding Japan) will invest \$16.5 billion in cloud computing solutions in 2012.

While hosted email was for very long the territory of shared hosting providers, the entry of Microsoft, Google, VMware, IBM and a host of cloud service providers reselling their cloud offerings has changed equations.

"While shared email hosting remains the best option for a start-up or small business to have a business email, there are scalability issues. There's also the perceived security threat," says George Zachariah, GM, Host Cats, a Bengaluru-based hosting company.

Most shared hosting providers run their email servers on a free email server application such as Sendmail,

Postfix or Exim Mail, and host hundreds of customers and thousands of email accounts on a single server. They set several limitations on the attachment size, number of emails which can be sent and received within an hour, and so on. Typically, the pricing is included within the Website hosting charges, and are usually Rs 100-500 per user per year.

"We used to advise customers with over 100 users to set up their own mail server," notes Zachariah. "Now with the cloud we can service customers of virtually any size."

Google is offering a free Google App version for customers with less than 50 users. The only caveat is that the service is the same as the free Gmail service, and comes with Web ads but no strong SLA. At \$50 per user per year, Google is offering not just mail, messaging and calendar, but a whole suite of office applications.

Microsoft is offering hosted Exchange for as low as \$2 per user per year. There is also a package at \$8 per user per year with Exchange, Lync and Sharepoint integration. Compare this to the cost of an on-premise deployment of Exchange—roughly Rs 1,400 per user in terms of licensing alone. Apart from the licensing cost, there are server, storage, power system, administrator, redundant network and bandwidth costs. Often, the cost of hosted email is estimated to be around Rs 2,500 per user per year for a server catering to 500 users over a 3-year period.

Messaging solutions off the cloud offer no real entry barrier in terms of technical knowledge for channel partners. Microsoft has even engaged regular distributors such as Redington to engage with channel partners for enablement. Migration services (from premises to a hosted model) and other integration opportunities can result in extra services revenue for systems integrators.

### **Office & small biz apps**

Office applications off the cloud is a business opportunity that requires channels to make little or no investment.

Puneet Thakkar, CEO, Shivaami Corporation, Mumbai, who has been selling Google Apps to his existing customer base, says that he has not made any investments. "Since Tata Communications have taken over the distribution, we have been pushing Google Apps to customers. We make around 20 percent, and there is no technical challenge or financial issue."

Google, Microsoft and Zoho are the three main players in this space. Microsoft India has initiated one of the most aggressive pitches to woo channels to sell its Business Productivity Online Services (BPOS) offering, Office365, through the Microsoft Cloud Partner Program.

BPOS consists of cloud versions of Microsoft Office, Exchange, Sharepoint, Windows Intune and Microsoft CRM Dynamics, as well as Microsoft's cloud computing platform Azure. The pricing cuts across several slabs with the highest slab presently priced at \$24 per user per month. The company is offering standard commissions of 12 percent for the first year and 6 percent from the second year onward. "Over a period of time we will be introducing various channel rebate schemes that increase the profitability of the partners," says Sanjay Manchanda, Director, Business Division, Microsoft India.

Meanwhile, Zoho is offering, on monthly rates, a number of services including office applications, CRM, invoicing, project management, remote support and accounting.

Tata Communications, which offers Google Apps through a white-label service called InstaOffice, is also offering Zoho products.

TCS is another vendor. It has floated a cloud-based model called iON, which offers, apart from messaging, office applications, CRM, business analytics and ERP. "Over the past few months we have seen a lot of interest from customers for the TCS cloud offering. The market is just starting to mature. Customers are keen to look at a pay-as-you-go model," says Edward Jeevan, Director, Binary Systems, Bengaluru

Smaller vendors are also looking at delivering business applications over the cloud. One example is

GreeneStep Technologies, a Bengaluru-based company which is offering a suite of business applications including CRM, ERP, ticketing, ecommerce and supply chain for as low as Rs 2,500 per user per month. "We are actively scouting for partners who can provide level one and two support, and can hand-hold customers. Partners need not make any extra investments," says Sunil Kumar, CEO, GreeneStep.

While some partners sound excited, others point out that selling business applications or office software off the cloud will not be easy. "While Microsoft and Google have simplified the entire process by evolving compelling cloud models, a few users may be unwilling to shift from a desktop-based Office suite to a Web-based Office suite," points out Vishal Bindra, CEO, ACPL. "Nevertheless, I see a huge market shift; give it a year and a half."

Adds Ajay Sawant, MD, Orient Technologies, "At present, the Internet here costs a bomb compared to what it does in the west. But bandwidth prices are going down, so adoption would begin in a couple of years as prices rationalize."

Vinod Menon, Director, Ashtech Mumbai, is more upbeat. "Without doubt, selling business applications through a cloud-based model is more exciting than other opportunities. This is because for a solution provider like us it is a space which is fairly new, and proposing a cloud-based model makes it easy for us."

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