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A Fueled by NetApp Insight

Service Design Insights for Future-Thinking Cloud and Hosting Providers

Building a cloud strategy is quite a complicated affair if you are the CTO of a traditional enterprise company. Now put your cloud and hosting provider CTO hat on for a minute and think about how complicated it is to develop a three-to five-year technology strategy when you have to support the technology needs of potentially thousands of customers and their unique individual requests. Then bill them for it accurately every single month.

The implications of getting your next generation data center strategy wrong can be fatal for a cloud and hosting business. The Fueled by NetApp Consulting team has seen a trend with service providers testing the waters with many different go-to-market strategies due to these high stakes.

A “Rising Tide Floats All Boats” Strategy

Many of the larger, less agile service providers are pursuing “me too” strategies and building similar services to their competitors with the hope that if everyone builds similar services then none of them can fail catastrophically—a “rising tide floats all boats” strategy. Other, more innovative service providers are forging their own paths by developing interesting new offerings with vertical focuses in different industries (e.g., healthcare or media and entertainment) or focusing on application verticals like supporting Oracle, SAP, or others. Some are leaning forward to target a set of enterprise customer applications that have not been deployed into the cloud due to performance variability and mission critical or security issues. Others are attempting to combine all of these strategies at once, but ultimately they become inefficient or unreliable for those designated services and are unable to adjust for future strategy.

Dare to be Different

The one key takeaway learned from the Fueled by NetApp Consulting engagements is that there is no definitive Holy Grail strategy that can help service providers define their future strategy with 100% certainty. The technology world is changing as fast as ever, and enterprises are complicating things by accelerating the pace of their own cloud strategies to a frantic pace. These and many other factors make the cloud and hosting business a tough business to be in, but for those brave enough to take on the challenge, the future rewards will be incredible.

The Fueled by NetApp Consulting team has recorded some of the leading factors and strategy indicators observed from the most successful service providers in the industry to lead the planning of your unique future cloud and hosting services strategies.

The Shift from Build to Consume

Respected industry analyst firm McKinsey & Company use the terms “build” and “consume” to represent the massive shift taking place in the enterprise IT world, where IT moves from traditional capex purchasing models and build-your-own infrastructure services toward more opex-(cloud)-driven technology consumption models. Service providers must create engagement models (services) that align with how enterprise

IT wants to consume them. These products and solutions and their strategic packaging are the key to building profitable, customer-focused solutions that enable enterprise IT to achieve their business objectives as part of their unique and individual IT cloud transformation goals.

Here are 12 key insights and recommendations to build a successful next generation data center strategy:

- Next generation data center customers require next-generation thinking.
- Enterprise IT wants to choose service providers that can help them attain technology-driven business outcomes using language like profitability, differentiation, business value, operational efficiency, business acceleration, and other like terms.
- Being everything to everyone will not be a successful future cloud strategy.
- Understand your customers, their applications, and their unique business objectives and outcome requirements. Use your infrastructure portfolio to build them their unique solution.
- Enterprise IT has changed. IT does not own the budget anymore. The application owner has the budget, so build your NGDC services to support the technical and the business requirements of the application owner.
- Understand the application demands and environments that the application owners are running and build related services to make it easier for them. Can you give them access to your “Infrastructure API” to make their DevOps process more agile? Do your support teams understand Chef, Puppet, Kubernetes, Docker, etc.?
- Multicloud strategies are all the rage it seems. Focusing on the applications and the business outcomes driven by those applications is key. Understand why they want to use a multicloud strategy, and message your sales solutions to appeal to the buyer. E.g., “Let us choose the right place to host your application; we will give you the same SLA, availability guarantee whether it’s on AWS, Azure, or your own cloud platform. We make it easier, reducing the migration stress so you can focus on your core business and achieve the growth goals your board is demanding.”
- The application focus, rather than the speeds and feeds technology focus, parallels perfectly with the enterprise IT shift away from Mode 1 toward Mode 2 or 3rd Platform.

- Many service providers looking to build object storage-based services such as Analytics as a Service, IOT as a Service, or Big Data as a Service to attract stickier workloads.
- Build cloud and hosting platforms that are always on the front end of the trend cycle to enable your prospects and customers to develop their applications with the latest functionality.
- Understand your customers—period. Survey them. Call them. Talk to them. Understand what they are hosting with you and why (and what they are not hosting with you and why). Understand what they might move to you if you had the ability to support it.
- Product management 101.

While none of these ideas are earth shattering, they make sense in today’s rapidly evolving IT and cloud-services landscape. The one key theme is the ability to support, and even accelerate, core business outcomes by changing how businesses deploy technology. These same enterprises are choosing cloud and hosting partners whose go-to-market strategy aligns with theirs—providers that can offer services and support that helps them achieve these core enterprise business outcomes.

Service providers that partner with the right next-generation technology vendors and deploy the right future-leaning technologies—delivering the solutions that are message and positioned to appeal to prospects and customers with laser like focus—are the ones that are winning the hearts of the transitioning enterprise and are growing their cloud and hosting businesses.

Finally, it truly comes down to understanding your current and future customers. Understand why they buy (or don’t buy) from you and how you can mine that dataset to identify a common service thread that you, as a service provider, can exploit. Then you’ll find yourself building a set of next generation data center services to drive your cloud and hosting business into the future.

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