Solution Selling Cloud Computing

Creating Cloud Buyers in Difficult Selling Markets

Cloud-Revenues.com
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Introduction

Cloud Computing

The general concepts of Cloud Computing are now well established and understood throughout the IT buyer market.

Utility supply, on demand provisioning are all the key features they relate to and that offers business value through increasing commodization of IT.

Amazon is the flagship example of this approach, and this commodity effect highlights our critical point – That actually this is one only segment within the overall spectrum of what the Cloud market is and will become.

Solution Selling

In selling terms this business model is facilitated through ‘transactional selling’, mainly defined through a process where buyers know exactly what they want and their primary motivations are price, product features and convenience of ordering workflows.

Hence why Amazon is so successful at this model. They have the scale required to offer very low pricing and their services are all automated for credit card ordering.

The critical point is that the buyers in this scenario are typically IT developers, sourcing infrastructure for their software.

In contrast our program is focused on an entirely different market, one that is best serviced by an equally different sales approach, known as ‘Solution Selling’, a sales best practice defined in the book by Mike Bosworth.
Cloud MSP

This market is defined by a contrast to the points above.

First and foremost, the solution aspect refers to the fact rather than just servicing the web hosting requirements of one application for the IT developer, this is more a scenario of managed services – Clients are looking for outsourcing of a number of systems.

Critically it’s also driven by different buyers, by the CIO and with different motivations, which can vary and while price is important, it’s not the primary factor.

From applications like email, collaboration right through to enterprise ERP and more, Cloud will ultimately expand to encompass all of the IT landscape, and present opportunities that require a consultative approach to selling and products that go beyond simple Cloud hosting into more complex managed services.

For this market each sale is therefore much more intense in terms of the pre-sales requirements and have much longer sales cycles, but they yield much higher revenues and profits.

All of these points are the driving factors for our Cloud MSP program. This combines this sales expertise with a channel partner program that can enable these new managed services deals.
Product Strategy

This approach is powerful because it isn’t limited only to sales techniques.

Rather as the name suggests Solution Selling provides a holistic framework that can also drive product strategy and channel partner programs, as a number of different component parts are needed to meet customers’ requirements.

Magic Quadrant positioning

Research from the analysts can further detail and shape this strategy.

For example listing AT&T and Savvis as the Magic Quadrant leaders, the Gartner report 'Cloud Infrastructure as a Service and Web Hosting' provides a framework for a product strategy for Cloud service providers.

Providers who want to drive their way to the top of this ranking can do so by responding to the core message and opportunity at the heart of the report, that the traditional web hosting and Cloud markets will converge over the next five years, and that this will provide a platform for expanding a full MSP solution portfolio (Managed Service Provider).

Gartner explain that the Cloud supply market is a new one that has grown out of the existing web hosting sector, and although it sits within this segment it offers a new level of technical capability that can enable an entirely new set of services.

Cloud services that supply the existing web hosting demand are typically servicing technical buyers who are making a tactical decision on where and how to host their web application. Hence this is a technical, 'transactional' buying decision where they make decisions on technical criteria.

In contrast Gartner also introduce the key to this article, a second, new type of customer who is looking for more; Cloud has inspired a new market of demand, where this group is approaching the trend strategically, they’re looking to:

"understand what Cloud can do for their business". and "over time, intend to try and move some, if not all, of their data center infrastructure to the Cloud."
This corresponds with the most important point of Solution Selling, what Mike Bosworth describes as the "Conceptual Sales Territory" for salespeople to prospect new clients.

He makes the point that salespeople typically approach prospecting as a process of looking for clients in an active buying cycle for what they sell, like an RFP.

However these are the most aggressively contested, force the lowest prices and as Mike also explains they are likely to be already influenced by another salesperson.

Instead expert sales prospectors focus on the much larger market of those 'Not Looking', and inspire new project opportunities through a process of needs creation. They are then in control of the buying process and enjoy much higher win rates with larger margins.

This provides a context for the Gartner MSP strategy because Cloud products that supply the web hosting market are essentially servicing the existing 'Looking' market, technical buyers looking for a hosting service for their web applications.

In contrast a broader set of new products will cater for proactive prospecting into the much larger 'Not Looking' market, because as Gartner says this segment "is looking to understand what Cloud can do for their business." They're more likely to be business people open minded to new use case scenarios.

Gartner highlight that the most heavily weighted criteria for their assessment is the product portfolios offered by the service provider, and their associated sales and service excellence.

Therefore quite simply and logically new product innovation is the key to industry success in the forthcoming Cloud market. A suitable product set will provide expert salespeople with the toolset to prospect very effectively in the Not Looking category.

The reviews by Gartner of each providers differentiating offerings quantifies the framework for this:
• **Core client needs:** CSC is catering for software developers needs in a more in-depth manner, through working with Skytap to offer a greater set of value adds for them.

• **Vertical solutions:** Media Temple specializes in the media industry and offers relevant micro-site application hosting, and Carpathia is tapping the gigantic government sector through Compliance capabilities.

• **Horizontal solutions:** Sungard is a well-established player in the Business Continuity market, and is moving to exploit the Cloud market that will drive new demand for this type of service.

• **Telco Cloud Services - AT&T** is ranked as a leader because their Cloud services are tightly integrated with their core network products. VPNs et al are key to the MSP model as they bridge the gap between the clients LAN and the Cloud.

Savvis is also listed with AT&T as a leader of this Magic Quadrant, being recognized for their broad portfolio of solutions that includes the full range of MSP components, like managed enterprise applications, Business Continuity and SaaS platforms, as well as Cloud IaaS services.

Gartner also list this as a weakness though, in that these options sit on different platforms and this diversity can cause market confusion. However this repeats the message of where they see the market developing over the next five years, that the leaders who will ultimately win the market will be those who converge these two environments.

**Level 5 Transform Selling**

Our MSP program is based on what we call ‘Transform Selling’. This builds on Solution Selling by adding business transformation expertise, and ties in with the other main foundation of the book, which is that closing deals is achieved through a process of ‘Business Value Justification’ – In short documenting a business case that demonstrates how the solution will save and/or make more money for the organization.

Business transformation refers to a major re-invention of organizations and business models, so that significant improvements can be achieved for these types of goals and also others like improving customer service, and is enabled through the use of maturity models.
In the case of Sales there is the BD-CMM, which provides the 1-5 maturity levels for improving this overall Solution Selling capability of the organization.

Furthermore vendors can improve their sales effectiveness by utilizing business transformation models as a value justification framework for Solution Selling their products.

For example this can be used for Unified Communications tools. This case study we developed at BT, Transforming Team Communications (8-page PDF) illustrates this eloquently. This documents how the ‘bleep process’, one of the most inefficient communications processes within the acute clinical environment, was transformed through a UC deployment.

The paper documents the transformation business case, how the UC installation was justified through a clear business case that identifies the process improvements that deliver the cost savings that pay for it. This business case approach is the backbone of Solution Selling, which is contrast to a product-centric feature/benefit selling and provides a repeatable methodology for building these engaging proposals.

**Conclusion – Building Solution Selling teams**

Not only does this approach offer to maximize sales and profits for service providers looking to expand into more premium markets above and beyond their traditional commodity web hosting, but it also does so by offering other organizational benefits too.

For example this evolution also offers the means to better structure sales teams and offer career paths, where the transactional Cloud hosting services is a good place to start for junior salespeople, and then as they mature they can be promoted into more senior teams who take on broader responsibilities including channel management and where they can engage more senior CIO buyers in conversations more about the business value that can be enjoyed through larger outsourcing deals.
Solution Programs

The CBPN Cloud MSP program is intended to support hosting providers who want to embrace and expand into this higher level of solution selling. It provides sales training and other support for growing teams of this type, and also the portfolio of channel partners required for these new complex outsourcing scenarios.

Detailed on our site here, these cater for the main scenarios where buyers are seeking new business value:

- **Vertical industries**, like GovCloud.info for the public sector, looking to embrace digital transformation and online service delivery.
- **Business solutions**, like Salesforce 2.0 to help customers improve their own selling, or Cloud BCP to meet pressing business continuity requirements.
- **Product and vendor-centric**, where they are keen on a particular technology but still need it wrapped within an overall solution delivery.

About the Author

Neil McEvoy began his career in sales at the street level, cold calling and closing photocopier deals, and from there charged his way up the business ladder, launching his first business at 28. He is a veteran of the web application hosting market, and has continually driven revenue growth for service providers through being first to market with new product innovations fast-tracked to market through Solution Selling programs.

Endorsements:

“Neil was creative and dogged in developing and bringing in business. From the time he joined the company he made a significant impact on how we attempted to enter and gain a foothold in new markets and with new products. Although we were often hard pressed to keep up with his demands in terms of product development he was persistent and by working together we overtook most of the competition with an investment of substantially lesser proportions…gratifying when you think and compare the results.

I have no hesitation in recommending him as a creative and talented member of any team.”

Valerie Holt
Former CEO PSINet UK.