



# Partnering in the Cloud: How to Find the Right Vendor

By David Ball

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**Sure, the technology is understood, but that's not the problem. The problem is with relationships.**

**F**ive years ago, a well-known and very large software vendor set off a panic among its partners when it announced it would eventually compete with them in hosting applications. In fact, the CEO of this company not only said that his firm would compete with its partners but that it would beat them. Sure, he said, partners would have the chance to make some money, too ... just not as much money as the mother ship would generate.

Like space a generation ago, the cloud is still largely unexplored, even in an era in which the term "cloud" seems to pop up in every other article on every blog and tech Web site. Sure, the technology is understood, but that's not the problem. The problem is with relationships, which are always the grease that keeps the wheels of business turning and which can often be much more complex than any set of code.

Channel partners, and managed services providers (MSPs) in particular, constantly face the threat of having the cloud vendors whose services they offer do what that major vendor did five years ago: pull the rug out from under them by launching a competitive product. It's nothing personal, just business, but it can have a devastating effect on a partner that has set its business up to rely on cloud-services revenue.

There's more to partnering in the cloud than just staying away from tricky vendors, though. For a partnership to work, the channel member has to be a responsible partner, and the technology vendor needs to be ready to support its partner efficiently and effectively. That's something not every vendor can do.

The key for channel players, then, is to select a cloud vendor carefully and to look for both positive and negative signs the vendor sends toward the channel. Fair licensing deals and excellent support are good signs. Wishy-washy talk about potential competition and long waits for support are huge red flags.

More important than anything else, though, is the willingness to invest in the channel and in the cloud that the vendor displays. Serious cloud vendors will devote both time and money not just to improving cloud technologies, but also to getting partners up to speed and supporting them in the implementation of cloud services.

This white paper will explore how partners can best choose a cloud vendor, based on the experiences of partners who are successfully providing cloud services today and working smoothly with the vendors that are right for them.

### **The Value Proposition of the Cloud**

First, it's essential to understand just how important the cloud is for partners. MSPs obviously build their businesses around it to a large

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extent, but other channel players need cloud offerings, too. Businesses are crying out for them, and cloud services can actually make partners' lives easier, as well.

Customers, particularly small to midsize businesses (SMBs) can realize major cost savings by investing in cloud services. Hosted solutions require little to no IT oversight, and the typical monthly payment model is simple and inexpensive compared to running IT operations in house.

But it's not just customers who can benefit from the cloud. Partners can, too. Just as the cloud facilitates management for end users, it lets partners offer services with little overhead and, sometimes, with few staff.

"Instead of having to run overhead on the server on a local network, I install an agent and that agent allows me to monitor that machine from anywhere in the world," says Chris Crittenden, sole proprietor of Bandwidth Services LLC, an IT and telephony service and support company based in Arlington, Va.

It shouldn't take a lot of convincing to get partners interested in offering cloud-based services, based on the potential benefits for both partners and customers. Most channel players are, or should soon be, involved with offering cloud services in some way right now. It's not the cloud that's the tough choice to make. No, the choice that's tough to make is with which cloud vendor to partner. The right vendor can forge a strong and mutually beneficial partnership, but the wrong one can lead to disaster.

There are several warning signs partners should look for when shopping for a vendor partner or when dealing with a current partner. Lack of communication, a Byzantine hierarchy and a just plain bad reputation are the primary red flags. So are overly complex service-level agreements (SLAs) or the lack of an SLA altogether. The same goes for dense pricing policies or long-term contracts that are difficult to terminate. They're all potentially bad news. These red flags usually aren't too hard to spot, but due diligence is required of partners nonetheless.

### **Avoiding a Disaster**

One major (and totally justified) fear partners have is that the vendors they're working with will turn around and compete directly with them, often undercutting partners' prices. It happens, as David Bruyere, owner of MIS Partners Inc. in Margate, Fla., discovered when a vendor started competing with his company without warning.

"I don't think we had any warning," Bruyere recalls. "I don't think they even told us. A couple of customers were sold to by them. That's how we got wind of it. We were pretty angry."

**Simply pay attention to how responsive the vendor is from the very first point of contact. Push for responses, and if they don't come, move on.**

When Bruyere inquired as to what was going on, he got the brush-off. "They just said, 'We're moving to an in-house model, and we're hiring salespeople.' They were going to compete with us, so I said, 'I guess we're just not selling that anymore.'"

Lack of communication from a vendor can often be a sign of devious moves to come. If nothing else, it's a sign that the vendor doesn't care enough about a partner to return phone calls or e-mails. At worst, though, partners can experience exactly what Bruyere did.

Channel players shopping for potential cloud services providers need to be diligent about their interactions with potential vendors. It's not difficult, but it's easy to ignore: Simply pay attention to how responsive the vendor is from the very first point of contact. Be unforgiving about delays. Push for responses, and if they don't come—or if they arrive only with seeming reluctance—move on. Not much good can come from any one-sided relationship.

Further to that point, it's important to know how a potential vendor works, not just on the technology side but also organizationally. Vendors with multiple levels of hierarchy can be trouble, not necessarily from the turn-and-sell perspective, but simply from the perspective of being able to get a hold of someone when something goes wrong.

There's nothing more frustrating to individuals than having to "press or say" various digits in order to get to a person on the telephone and then having to navigate through three or four customer service people in order to get anything accomplished. Partners should be wary when they feel that frustration from vendors or potential vendors. Having a single point of contact is important; having a single point of contact that actually picks up the phone is critical. The more navigation involved with customer service, the less beneficial the partnership is likely to be.

It's preferable, of course, to know whether a vendor is going to be responsive before partnering with that vendor, not after. That's where good, old-fashioned research comes into play. Companies develop reputations for a reason. Talk to colleagues. Read message boards and blogs. Get to know a vendor by more than just name and product. Taking the time to thoroughly research a potential vendor is an investment in time that will generate significant return, especially if it helps avoid disaster.

Luke Stone, CEO of KGB Communications LLC in Tucson, Ariz., made sure he did his homework before choosing a cloud vendor. Given the emerging nature of cloud technology, the market for cloud services is more likely than others to have shifty or unreliable vendors. Stone knew that and chose accordingly.

**A lot of what's involved with the vendor-vetting process is taking the time to execute simple precautions and do thorough research.**

"You couldn't tell if it was a real legitimate company or if it was just someone somewhere and you don't know if they're going to be there in a year," Stone said of his cloud vendor search. "You partner with a hosted company, and it's just somebody trying to make a quick dollar, jumping on a bandwagon. That hasn't happened, but that's because I've been selective with the vendors I've chosen."

Partners need to keep a few important factors in mind. Is the vendor established? Does it have an active partner and customer base that will offer references on its behalf? Are its products mature, and, more important, do they actually exist, right now, today? The answer to all those questions should be "yes." Also, who runs the company? Is it a well-known industry figure or an outsider with a shady background? The cloud is full of frauds; choosing a vendor that isn't one is the obvious first step to success.

### **Getting Comfortable with the Right Vendor**

A lot of what's involved with the vendor-vetting process is taking the time to execute simple precautions and do thorough research. Ideally, that research will turn up positives about a potential cloud vendor, not negatives. Essentially, everything a partner should look for in a vendor is the opposite of the red flags of the vendor search, plus a bit more.

Obviously, responsiveness is important. Any company that wants a partner's business needs to earn it. Companies with smaller customer service hierarchies, again, are better than those with layers and layers of "help." And there's no substitute for signing with a reputable firm that has a good reputation, solid products and known leadership.

But there's more to choosing the right vendor than just not choosing a bad one. For instance, one critical factor is the cost of doing business with a vendor. Vendors with variable cost structures can be dangerous. Just as IT departments look to the cloud for fixed operating costs, partners need to look to cloud vendors for fixed costs as well.

In that same vein, partners need to be able to deliver services from a central location, not by constantly dropping in on customer sites. A central point of management is critical for partners looking for cloud vendors, just as it is for IT professionals looking for cloud services providers. Anything less could negate the cost benefits of the cloud for both the partner and its customers, whether the customer chooses to have cloud services delivered or manage them in-house.

"What I'm doing is finding partners that will allow me to deliver the service locally so that I can reduce the cost," says Crittenden. "I've got a fixed price that I'm working with instead of a variable cost."

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Also, the vendor's cloud offering has to deliver. In terms of functionality, response time, security and support, any vendor offering has to be top-notch. If it isn't, customers will quickly find out and they'll be more likely to take their anger out on the partner than on the vendor supplying the original service.

The difference between choosing a standard vendor and choosing a cloud vendor lies in the fact that partners are putting their entire cloud business model in the hands of the cloud vendor. Just as customers are turning just about everything over in their IT departments, partners are doing the same with the cloud elements of their businesses, which are becoming more and more critical.

That's why the need to do due diligence on a cloud vendor is amplified, and the nature of the selection process is so critical. Delivered to the wrong vendor, a partner could see its cloud business grow too slowly, be sabotaged or simply disappear. The new world of the cloud has also introduced a new level of trust between vendor and partner that's necessary for success. Establishing that trust up front with the right vendor is critical.

### **The Importance of Investment**

"Follow the money" has long been a mantra in business as in other areas of life. And it's usually a good idea. For partners looking to link up with cloud vendors, there's no single metric more important than investment—real money and hours spent upgrading the cloud backbone and integrating partners into the cloud vision.

Experience counts. The term "cloud" might be a buzzword that has cropped up in the last few years, but the concept of the cloud is not at all new. Some vendors were working with hosted applications in one way or another long before the word cloud or even the phrase Software as a Service (SaaS) came into vogue.

Those vendors with the most cloud experience are the best vendors potential cloud partners can find. There's simply no substitute (to quote another popular phrase) for experience. In the case of the cloud, though, it's truer than ever before. Vendors with experience in the cloud provide stability and confidence to partners, who can then turn those intangible but extremely important qualities over to their customers. With the hesitation in many IT departments surrounding the cloud—and it does still exist—a little experience can go a long way and a lot can go even further.

Vendor investment isn't just about the cloud, but the cloud should always be part of vendor investment. The best vendors for partnership keep the cloud in mind when improving and enhancing their on-premises technologies. That's to say that as they invest in on-premises systems, they

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make the same investments in corresponding cloud-based services. For these vendors, the pace of innovation is constant and all-encompassing.

Not every vendor has made enough of a commitment to the cloud to pursue that sort of strategy. Some software vendors, such as the customers partners ultimately serve, are nervous about the cloud and hesitant to go all out to deploy it either in the channel or at customer sites. The cloud is all about buy-in—from vendors, partners and customers—and confidence and trust all the way up and down the chain. If a vendor can't display confidence in its own cloud strategy, it won't provide partners and customers with any, either.

It's not always easy to judge how much a vendor is investing in the cloud, but some factors should provide clues. Does the vendor update cloud solutions along with on-premises solutions? Is there some level of parallelism or integration between the two offerings? Is the vendor enthusiastically approaching partners about the cloud, even leading with it? Does the vendor have an actual cloud product tailored for resellers and services providers? For partners looking for the right cloud vendor, the answers to all of those questions must be "yes."

### **The GFI Advantage**

For partners looking to link up with a vendor of hosted network security and management solutions, GFI Software checks all the boxes. The company meets and exceeds all of the non-technical but still important requirements a partner should look for in a cloud vendor. And its commitment to the cloud and to its core on-premises products is unquestionable, as is its commitment to putting partners at the center of its business model.

As for being responsive and tending to partners' needs, GFI channel members say the company is exemplary. Support calls not only don't involve layers of so-called "tech support," they can go right to the company's executives. "What I like about GFI is there's not a big hierarchy you've got to go through," Bruyere says. "I've got the COO's number on my phone, and if I've got a problem and can't get resolution, she's always right there."

Having dealt with the black holes of 800 numbers with other vendors, Stone appreciates GFI's direct approach. "With another major vendor, getting tech support or if you needed more licenses, it would have been through a generic 800 number, whereas with GFI we have a name of a person we can call if we have any questions."

Perhaps most critically, GFI partners don't worry about the company turning around and competing with them. GFI CEO Walter Scott is a longtime trusted industry veteran (see ["Q&A with GFI CEO Walter Scott"](#)).

**GFI created the platform so that partners could simplify the deployment and use of business-critical services, and also to simplify and accelerate the sales process for members of the channel.**

The company has developed a strong reputation for loyalty to the channel that permeates among partners.

Bruyere, already burned by another vendor, says he won't have the same experience with GFI. "I'm confident that GFI's not going to do that," he says. And Crittenden agrees: "They keep you involved," Crittenden says. "They don't cut you out."

Most importantly, though, GFI has demonstrated serious and direct investment in its cloud offerings and in the partners who sell them. The cloud is nothing new to GFI. The company has years of experience with cloud-based solutions. And GFI is reinforcing its investment with GFI Cloud, a new product for the channel from a company that continues to push the cloud into the future.

GFI Cloud gives IT admins control of their company's IT in minutes with patch management, antivirus, asset tracking, workstation and server monitoring, and remote control in one simple, Web-based platform.



For busy IT admins GFI Cloud is the easy and affordable way to stay on top of their company's IT. With a single management console to secure the network, catch problems early and fix them fast, GFI Cloud streamlines IT operations, saves time and cuts costs. With an expanding range of award-winning software services, GFI Cloud offers a single integrated platform to provide services.

For many partners, GFI Cloud has become a new delivery platform for the company's long-standing, on-premises software offerings, which it continually develops. GFI created the platform so that partners could simplify the deployment and use of business-critical services, and also to simplify and accelerate the sales process for members of the channel.

Another advantage of GFI Cloud is that it delivers to partners the ability to sell multiple services to their customers all within a single pane of glass. And, critically, as GFI develops its on-premises products, it also creates ways to take those solutions into the cloud.

All of this is happening without partners or customers having to update, dedicate extra manpower or search for additions to the product. GFI makes new services available via the GFI Cloud portal. When a partner or customer logs in, the new service is there for trial or purchase.

Very few vendors can claim such a broad depth of solutions that cover all the major IT pain points for the SMB community while offering those solutions in multiple delivery platforms: on-premises, hybrid, cloud or MSP models.

**Choosing the right vendor requires diligence, patience and the tenacity to only accept the best.**

## **A Critical Choice for the Future**

The new era of cloud computing brings both promise and potential pitfalls. When choosing cloud vendors, partners are making decisions that could impact their businesses for years to come. The whole basis of an MSP or partner business model can succeed or fail with the choice of a cloud vendor. Choosing the right vendor requires diligence, patience and the tenacity to only accept the best. Unresponsive vendors can be trouble, and companies with bad reputations probably have those reputations for a reason. The better choice of cloud vendor is the one that responds, that communicates openly, that has a legitimate and excellent product and that hasn't pulled the rug out from partners in the past.

More than anything else, the sign of a serious and trustworthy cloud vendor is investment in both on-premises and cloud technologies and in the channel partners who will deliver them. GFI is committed to investing time and resources to those critical technologies.

Worrying about choosing the right vendors is not only normal, it's healthy, especially given the trend of vendors turning the tables on their partners. Fortunately for the channel, GFI meets all the requirements a partner should look for in a cloud vendor, and more.

Choosing a cloud vendor can be a complicated process, but in the case of GFI, it's easy.

## **Q&A with GFI CEO Walter Scott**

Walter Scott is an industry veteran with a long track record of success at channel-focused companies. He offers his insight to how MSPs and other partners can succeed in the evolving world of the cloud.

***A lot of partners are unsure about their role in the cloud. They're afraid the vendors they work with will pull the rug out from under them and sell directly, thereby cutting them out of deals. How realistic are those fears? How much of that are you seeing?***

I think that current vendors will find it very difficult to move away from the channel due to revenue impact in the short term. I think new start-ups and newer software ISVs will be less likely to move to the channel, or those that engage in consumer, which would upsell into the SMB, will be less likely to want to work with partners.

***What kind of role can a partner—let's say a consultant or systems integrator rather than a simple reseller—play in selling and servicing the cloud? Why are partners necessary in the process? Are they necessary?***

As the U.S. economy moves more to a rental-type basis or pay-as-you-go, the vendors and partners that find ways of renting services to make companies more effective are going to be the ones that are going to win.

**“The best partners are those that have great relationships with their customers, are those that can provide added business value and guide their customers.”**

*Walter Scott, CEO,  
GFI Software*

Everything is being outsourced today. Small businesses are looking for guidance. More than saving a couple of points on buying a piece of hardware, they’re interested in understanding what products are suitable for them, which apps they should be using and so on. We’re also going to see partners become more “vertical,” especially in larger markets, focusing on health, law, education and financial services. In the smaller cities, what I call the non-football cities, you will see much more of the generalist services providers serving the micro-SMB—“the very small business.” According to a Cisco study, the cloud services market in the U.S. is estimated to grow to \$16 billion by 2015 for micro-SMBs.

***What types of warning signs should partners look for from vendors that might be signals that vendors are about to cut them out of deals or take accounts away from them?***

I don’t think you can hide such a move or decision from the channel. The channel is experienced enough to read the signals—changing discounts, reduced leads, reduction in market development funds, etc.

***How would you describe your best partners? What characteristics do they have? What do they do for their (your) customers? And for GFI in particular?***

The best partners are those that have great relationships with their customers, are those that can provide added business value and guide their customers. These are the characteristics we are looking at in partners.

***How should partners prepare to be players in the cloud for the future?***

I think they have to be forward-looking, vigilant and look for those products that solve the needs of their customers. ■

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*David Ball is director of channel marketing for GFI Software*