



Cloud Partner Success Guide

Learn how ISVs drive success with Oracle Cloud

An IDC eBook, Sponsored by Oracle



Introduction

In recent years, widespread adoption of cloud computing has revolutionized the contemporary IT environment and served as a key accelerator of digital transformation initiatives.

By delivering self-service provisioning, elasticity, scalability, high availability, and pay-per-use functionality, cloud computing has expanded options available to organizations with respect to developing and hosting applications and workloads. In addition, cloud computing has expanded access to technology solutions delivered by cloud-based applications, development environments, databases, and APIs.

IDC forecasts that by 2021, spending on cloud services alone will more than double
TO OVER \$276 BILLION FROM \$130 BILLION IN 2017


By 2021, enterprise apps will shift toward hyper-agile architectures, with **80%** of application development on cloud platforms (PaaS) using microservices and cloud functions, and over **95%** of new microservices deployed in containers

Choosing the right cloud platform is a key success factor in an Independent Software Vendor's (ISVs) ability to capitalize on this paradigm shift. The right platform partner can provide ISVs not only with a solid technical foundation but also with the supporting programs and expertise they need to adapt and thrive in this new environment.

This guide will help make sense of available cloud platforms and programs — and understand how ISVs can choose the platform best suited to their needs. The guide will explore the specific aspects of Oracle's cloud technology platform and partner program and how they align with ISV requirements.

About This Guide - Voice of the Partner

To aid our recommendations, IDC conducted in-depth interviews with senior decision makers at eight ISVs spanning the Americas, Europe, and Asia/Pacific regions that take advantage of the Oracle platform to serve a broad range of industries. The ISVs interviewed have been in business from as little as 3 years to as many as 30, some of them bringing the perspective gained from their roots in on-premises solutions while others shared a “born in the cloud” viewpoint.



“We expect cloud revenue to grow more than 100% year-over-year for the next 3 years”

Nishant Nair, Founder and CEO, RecVue

The Imperative of Migrating to the Cloud

“We wouldn’t have been in such a competitive position had we not been able to deploy on the cloud.”

**Alan Dormer,
CEO, Opturion**



Public Cloud Services Growth
(2016-2021 CAGR %)

SaaS
(Software as a Service)
17.0%

PaaS
(Platform as a Service)
30.9%

IaaS
(Infrastructure as a Service)
31.4%

Few industries have been altered by the advent of cloud computing to the same extent as the software industry. The cloud model has transformed solution delivery and shortened time to market. It has eliminated the need for customer-side patching and fixing and has remade the software development process. And this model widely enables recurring revenue across all industry segments. Cloud services offer an improved customer experience by enabling greater flexibility and by eliminating support overhead and service risk that stem from dependency on customer-side IT teams and their unknown skill sets and resourcing levels.

Cloud-based revenue is expected to continue demonstrating impressive growth over the next few years. IDC forecasts that the overall compound annual growth rate (CAGR) from cloud revenue is 21.9% for 2016 to 2021. One of the key reasons for the growth of the market for cloud computing revenue is the growing industry-wide recognition that the cloud has enabled and accelerated innovations related to AI, machine learning, DevOps, predictive analytics, voice-activated computing, IoT, chatbots, and quantum computing.

ISVs recognize the cloud’s importance to their industry and foresee cloud-based services as an important growth area. Several ISVs interviewed stated that software as a service (SaaS) represents 50% or more of their revenue today or will do so in the next few years, and all are keenly focused on cloud as a key service area necessary to maintain customer satisfaction and deliver value in the form customers need.

To enable this delivery model, ISVs must become cloud-enabled in their own business operations, which includes of course, adopting cloud delivery of their software offerings. ISVs with legacy on-premises software products have strong motivations to migrate their applications to SaaS models and are heavily focused on this transformation. In the meantime, newer “cloud-native” ISVs are fully committed to the SaaS delivery model.

“We needed to be ‘bank grade’ in terms of scalability of the database.”

Ian Dunbar, CEO, SuiteBox

“The idea is to move all of that over to the cloud... because of the value proposition we saw. Especially from a go-to-market perspective.”

Dan Radunz, Chief Technology Officer, IQMS

For delivery of SaaS offerings, cloud platforms provide many advantages over an ISV-run datacenter:

- » **Scalability.** For all but the largest ISVs, cloud platforms from major providers have for all practical purposes unlimited capacity. That means the cloud platform can scale to the exact just-in-time needs of any individual service. As ISVs add customers or spin up new capabilities, the cloud computing platform is available to handle the additional workload required.
- » **Security.** Major cloud platform providers offer designated security teams to ensure their platforms are protected against known threats and vulnerabilities. Few small- to medium-sized ISVs are able to invest in security to the same degree.
- » **Availability.** Major cloud platform providers offer high uptime and low-latency service across broad geographic regions. Providing service on such a platform can help ISVs to offer and fulfill on more stringent SLAs.
- » **Agility and speed to deployment.** The extensive available capacity of commercial cloud platforms imparts ISVs with the ability to deploy services quickly and on demand. This agility enables more frequent software releases, reduces the resources and time needed for rollout, and facilitates roll-backs should they be needed.
- » **Alignment of costs with benefits.** Because cloud service models couple expenses to services consumed, ISVs can closely align costs to actual usage. If a business grows rapidly, additional hosting costs can be covered by additional service fees. And if a business line fails to grow or even shrinks, the ISV doesn't find itself on the hook for large computing capacity it can't take advantage of.

ISVs are in the fortunate position that they have a choice of cloud platforms from major providers. Partnering with one or more of these providers can contribute to an ISV's success. And by building on and deepening their relationship with their provider(s), the ISV can extend the benefits it gains from the cloud platform.

“Our build-to-deployment time has been accelerated by a factor of four.”

Ian Dunbar, CEO, SuiteBox

Technology Considerations When Choosing a Cloud Partner

“The most important criterion was to build a platform for the enterprise. And that requires scalability, security, and auditability.”

Nishant Nair, Founder and CEO, RecVue

A suitable cloud platform must first and foremost meet the software service’s technical needs. ISVs should consider these factors when considering which platform to use.

- » **Enterprise-grade service-level agreements.** Any SaaS offering in a business-critical area requires a trustworthy platform. ISVs must select cloud platforms that offer enterprise-grade levels of scalability, reliability, availability, and security.
- » **Infrastructure as a service.** Infrastructure as a service, or IaaS, offers core infrastructure functionality in a cloud-based service with all the benefits that come with a cloud platform.

The platform simplifies ISV service delivery by providing:

- Compute
- Networking
- Storage
- Load balancing
- DNS

IaaS serves as a surrogate for traditional on-premises infrastructure and supports a broad selection of applications and workloads reflective of ISVs’ needs. IaaS is well suited for use cases where software capabilities are already developed or well understood and where relevant in-house resourcing and skill sets are high.



“Big data management, integration layer, and mobile were critical to our decision.”

Nishant Nair, Founder and CEO, RecVue

- » **Platform as a service.** Platform as a service, or PaaS, offers a broad toolkit for companies to put services together. PaaS includes capabilities for:
 - Data management
 - Application development
 - Enterprise integration
 - Data integration
 - Business analytics
 - Security
 - Content generation and management
 - Big data analytics
 - IT operations management

“If you’re using a cloud service provider, one of the biggest components you’re looking for is your ability to turn on and off capability. You know, scale it up, scale it down.”

Ian Dunbar, CEO, SuiteBox

By providing extensive cloud tooling options, PaaS allows ISVs to focus on their core differentiators and removes development overhead for undifferentiated service components. PaaS is a good alternative for entirely new applications or projects operating on tight resources or timelines.

- » **Newer generation platform support.** ISVs should ensure their cloud computing platforms are able to support next-generation computing capabilities that allow them to optimize their service delivery. Microservices, virtualization, blockchain, machine learning, and IoT architectures can all play a key role in the success of a service. Even if ISVs choose not to develop on these technologies today, they may want to leave the door open to doing so in the future, so it’s important to choose a platform that will stay current.
- » **Openness and deployment flexibility.** To avoid vendor lock-in and offer the most decision-making flexibility, ISVs should choose a platform that offers open, transparent, and flexible deployment options, including scaling up, scaling down, migrating, and repatriating services.

“We are definitely looking at containerization as well as part of our technology stack. And we’re starting to take our legacy application and break it apart and build out microservices.”

Dan Radunz, Chief Technology Officer, IQMS

Business Considerations When Choosing a Cloud Partner



A cloud platform with a robust technical foundation is an important beginning. For many ISVs, though, it is equally important to choose a partner that can help them use the platform to its fullest and maximize their success in the marketplace. Software vendors should consider the full extent of support offered by potential cloud partners, and the other business considerations they bring.

- » **Technical training and assistance building a cloud business.** Seek a platform provider that offers the training and other learning resources you need to use the platform effectively. Your platform provider should offer guidance and other information to help you make the business decisions that will optimize your cloud business model.
- » **Service-level agreements and access to expert help.** For SaaS vendors, maintaining high service levels is necessary to succeed. The SLA to your customer is only as good as the SLA your cloud platform provider offers you. Make sure you're confident in your provider's ability to maintain the service levels your customers require and is able to provide the expert assistance to keep your services running correctly day in and day out.
- » **Go-to-market assistance.** Some platform providers offer programs to help ISVs market and sell their SaaS products. These programs can include market development funds (MDF), partner participation in marketing programs, expert marketing advice, and the credibility that comes with promoting their service as a SaaS offering's backbone.
- » **Market and technology leadership.** The cloud partner(s) you choose can affect your own business' reputation. You should consider providers that have a strong record of market and technology leadership and association with whom will enhance your standing in the marketplace.

Oracle Cloud Technical Overview

“Technically when we have some issues it’s very easy. We are calling one or two people and they can give us contacts to better understand how we have to install our software in the information system.”

Tanneguy de Bourmont,
CEO, GISmartware

“Oracle allows us to decrease our costs and host more customers in the cloud with less personnel. We could probably host five times more customers with one cloud specialist compared to other platforms.”

Dan Radunz, Chief
Technology Officer, IQMS

Oracle Cloud offers a strong set of technical capabilities well suited to SaaS services and business models.

- » **Choice of deployment between public, private, and hybrid cloud.** Oracle offers public, private, and hybrid cloud alternatives to suit the specific needs of different enterprises. ISVs can choose to deploy services across any of these architectures, mix and match them, and even change them over time.
- » **Oracle’s cloud infrastructure.** Oracle offers bare metal infrastructure for faster and less expensive compute power.
- » **Dedicated compute capacity.** Some cloud providers oversubscribe capacity in the belief that not all customers will run at peak capability at the same time. This strategy can mean trouble for ISVs when processing choke points affect their operations. Oracle’s platform is architected to provide enough capacity to serve all customers at peak usage so that these slowdowns don’t occur.
- » **Migration assistance.** Oracle provides “lift and shift” migration for porting traditional on-premises software applications to its cloud infrastructure. Plus, Oracle’s application modernization services help ISVs update their service offerings to take advantage of the latest technologies and architectures.
- » **Cloud-native development support.** Oracle provides support for cloud-native application development and related technologies such as Docker and Kubernetes to aid the creation of new applications intended to run natively on cloud services.

Interviewed ISVs state that the Oracle platform has eased their task of deploying and operating software services in a variety of ways:

- ✓ Shortened time to deployment of services by months over on-premises equivalents
- ✓ Faster customer onboarding
- ✓ Reduction in costs and employee time needed to maintain applications, increasing the number of clients a single technical representative can support by as much as a factor of five
- ✓ Introduction of quick and easy POCs to the sales process
- ✓ Increased ability to operate reliable, secure services at scale
- ✓ Enablement of advanced technologies like containerization and blockchain that otherwise might have proven impractical

Oracle Cloud ISV Program Overview

“We’ve taken advantage of quite a bit of technical training. And we did leverage them as part of building out the business model and the different offerings and packages we would put together.”

Dan Radunz, Chief
Technology
Officer, IQMS

“With other providers...there was no strategic value in the relationship. It was a very transactional relationship, we buy cloud off them, they send us a bill and we send them money. Whereas with Oracle, I perceived there would be a more potential strategic relationship.”

Alan Dormer, CEO, Opturion

Oracle’s Cloud ISV program offers a portfolio of resources to help vendors.

- » **Technical enablement.** Technical workshops and hands-on labs help ISVs learn the necessary skills for migration, application modernization, and cloud development. Oracle’s production on-ramp program provides a systematic process for accelerating deployments. Oracle also provides access to its Oracle Cloud Architects.
- » **Business transformation assistance.** Oracle offers its partners guidance on how to optimize business for the cloud, including financial models, operating models, and sales strategy. On-site or online business transformation workshops help ISVs address common concerns and challenges and provide financial models and benchmarks for projecting and comparing business results and measuring TCO.
- » **Flexible commercial models.** A selection of commercial and pricing models supports a variety of ways ISVs can structure their businesses. ISVs may choose between a direct SaaS model where they sell services to end customers, a resale model in which end customers purchase their own Oracle environments, and an influencer model in which they reference customers to Oracle for purchase or allow customers to use their own Oracle Cloud environments. Each customer may take advantage of one or more of these models.

Available pricing options include:

- **Universal Credits.** Universal Credits allow universal access to all Oracle IaaS and PaaS offerings and can be flexibly allocated across any Oracle Cloud datacenter around the world.
- **Pay-As-You-Go (PAYG).** PAYG requires no up-front commitment, and ISVs only pay for what they use.
- **Bring Your Own License (BYOL) to PaaS.** BYOL provides license mobility from on-premises to cloud, including Oracle Cloud at the customer site. It provides up to a 90% reduction from the PaaS list price and offers a simplified buying experience as well as the flexibility to upgrade, expand, or move services across data centers.

“Oracle helps us develop our business.”

**Joachim Ndiaye,
CEO, AgiLab**

- » **Go-to-market assistance.** Oracle directly helps partners build awareness, generate leads, and sell their services through:
 - Branding and logo programs
 - Press releases, case studies, and other outbound communications
 - Inclusion in Oracle’s internal newsletter promoting ISVs to Oracle sales team
 - Joint sales planning and engagement for targeted accounts
- » **Oracle investment.** Oracle offers MDF programs to Oracle Cloud Platform ISVs to assist with demand-generation programs, online marketing, events, and more.

Oracle ISV partners report a long litany of direct benefits they have received from the Oracle relationship:

- ✓ Leads generated and business closed from the Oracle Marketplace and direct Oracle lead pass
- ✓ Technical training and advice that has saved individual ISVs as much as six months of time and hundreds of thousands of dollars executing against business plans
- ✓ Participation with Oracle in events, seminars, and press opportunities that have extended their visibility and marketing budget efficiency
- ✓ Introductions to important ecosystem partners and resellers

“Few of the modern marketing, sales online environments are built into our company. To build that we would have to totally start from scratch and Oracle is preventing that. It’s saving us \$250,000 and six months of time.”

Dan Radunz, Chief Technology Officer, IQMS

Advantages and Challenges for Oracle as a Cloud Partner

A long tradition of market leadership in enterprise technology affords Oracle many advantages as a choice of cloud platform provider. These advantages include:

“Working with Oracle means that we’ve got more of an inbuilt reputation that we can use when we go to some of these larger companies.”

Alan Dormer,
CEO, Opturion

“For them we are very small, but they try to help us in terms of marketing, communication, and strategic decisions.”

Tanneguy de Bourmont,
CEO, GISmartware

- » **Credibility with prospects and customers.** Interviewees said that Oracle is synonymous with enterprise-grade services. They believe that partnering with Oracle brings additional credibility to their service offerings, especially in the enterprise market. The halo effect of working with Oracle is particularly valuable for smaller or newer ISVs that may not already enjoy brand recognition with target customers.
- » **Best-of-breed cloud technology offerings.** Oracle’s suite of IaaS and PaaS services give ISVs a platform upon which to build their applications.
- » **Flexible choices for business model and pricing.** A broad selection of available licensing and pricing plans makes it easy for ISVs to structure agreements with Oracle that match their business models – and to evolve their relationship as their businesses mature and expand.
- » **Go-to-market assistance.** Oracle’s ISV support includes packaged campaigns, MDF, marketing advice, and the ability to participate in Oracle PR and other marketing programs.
- » **Advice in transitioning to the cloud.** Training, transitioning workshops, and on-call technical help all help traditional ISVs to migrate applications, operations, and business models to make them cloud-ready.
- » **Oracle Cloud Marketplace.** ISVs can integrate into Oracle’s SaaS portfolio and promote their services to the over 450,000 customers in the Oracle Cloud Marketplace.
- » **Attentiveness to partners.** Participants report that the Oracle Cloud ISV program offers a high degree of support and responsiveness to their needs.

“Oracle is ... [helping us] make it a one-stop shop for the consumer to come into, see it, experience it, learn about it, and eventually sign up for the whole deal.”

**Mark Bremmer,
Senior Marketing Manager,
PS Technology**

Oracle’s challenges as a cloud provider to ISVs stem from the company’s relatively recent entry into the cloud market.

- » **Market visibility.** Unlike some providers that are well known for their cloud platform offerings, Oracle is still well known for its traditional IT offerings. ISVs may not understand the value Oracle brings as a potential cloud partner.
- » **Maturity in cloud operations.** As Oracle has shifted focus from traditional on-premises to cloud operations, the company has had to revisit its own organization and processes, and some partners have had to adapt in the way they interact with the company. This transformation has been a learning process for both Oracle and its ecosystem.

“Oracle’s capabilities as a business platform for computing is a kind of well-kept secret.”

Mark Bremmer, Senior Marketing Manager, PS Technology

“We get support and focus and attention from Oracle that is disproportionately valuable given our size. That’s fantastic. I feel like a giant part of the Oracle network even though we are merely a tiny speck in their global business.”

Ian Dunbar, CEO, SuiteBox

Oracle is investing to build strength in its cloud platform business. Oracle maintains 20 datacenters across the globe and offers its services in more than 200 countries. Oracle invests \$5.2 billion per year in research and development for cloud services and another \$1.3 billion per year in its data centers.

Oracle Cloud boasts more than 1,500 ISVs worldwide, including deployments in every major region. More than 70 million users and 50 billion transactions run on Oracle cloud every day. The Oracle Cloud Marketplace showcases more than 4,500 applications, and Oracle's cloud ISV business has enjoyed 95% year-over-year growth.

“Oracle provides a complete cloud platform including IaaS, PaaS, SaaS, and DaaS giving fintech startups and financial institutions the ability to build more blocks into their service offerings using technologies like blockchain, chatbots, AI, and ML.”

Ghassan I. Sarsak, Chief Technology & Innovation Officer, ICS Financial Systems

“We picked up Oracle because we saw that they are very aggressive in their pricing and their R&D spending and they were trying to grow new partners in new ways that others were not going to.”

Wael Malkwai, Executive Director, ICS Financial Systems

“It's all wrapped around these two or three avenues. Technical knowledge, the capability for comarketing opportunities, the marketing dollars, and the visibility as part of the ISV program.”

Dan Radunz, Chief Technology Officer, IQMS

Essential Guidance

ISVs operating on or moving to the cloud should follow these guidelines to find and implement the strategy that best suits their needs.

Evaluate and act on your optimal cloud strategy today

The market is moving to the cloud and ISVs who are not aggressively deploying services on the cloud risk being left behind. Further, cloud services have extensive, compelling advantages for ISVs. They enable new service and pricing models; foster agility and innovation; and offer scalability, availability, and security at levels that are difficult for ISVs to match. ISVs should make a point of exploring cloud strategies and determining how best to take advantage of this new paradigm.

Select the right platform

Your chosen cloud platform should offer you improved scalability, security, availability, agility, and time to deployment. It should offer licensing options that match your business model and align your costs to the benefits you and your customers receive. Make sure you choose a platform that meets these needs.

Develop and execute on a digital transformation strategy

Define your digital transformation strategy for the next 3-5 years by paying careful attention to contemporary technology trends such as increased adoption of cloud computing, containers and microservices, functions as a service and artificial intelligence and machine learning technology. Make sure your strategy recognizes the needs of developers to deliver solutions quickly without compromising quality or security. Update your strategy annually.

Invest in both a technical platform and a business relationship

When choosing a cloud platform to serve your applications, you're also choosing a partner that you'll depend on to help you use it effectively. The best partners will even provide additional support such as expertise, go-to-market assistance, and even a channel to reach potential buyers. Consider the specific programs potential providers offer, their flexibility, and the degree of individualized attention you can expect to receive from them.

Take advantage of your cloud provider's expertise

A good partner doesn't just provide a platform but also the training, consulting, and assistance you need to make the most of it. Make sure to avail yourself of these services to shorten your time to market, minimize service errors, and optimize your promotional and selling opportunities.

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