



CloudBlue

C L O U D B L U E I N S I G H T S

Cloud is changing the way the world does business

Top trends driving transformation in B2B cloud commerce

A must-read for MSPs, DSPs, distributors, ISVs and tech vendors

Gartner, Inc. forecasts that in 2023, worldwide public cloud spending will grow 20.7% to total \$591.8 billion, up from \$490.3 billion in 2022.

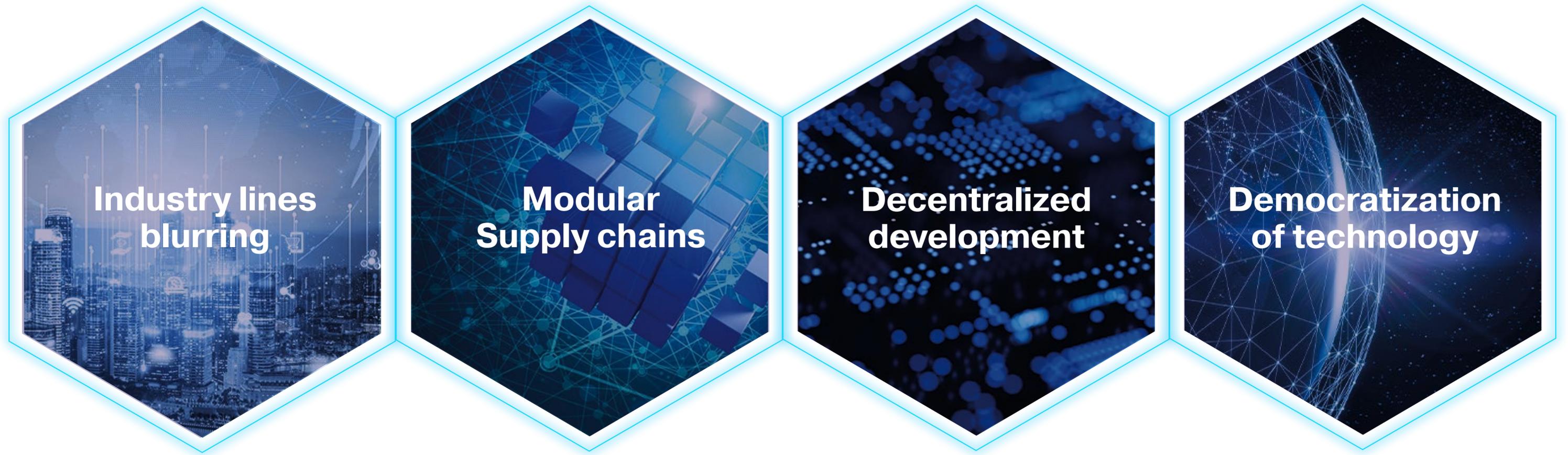
“The law of large numbers pretty much dictates that growth rates must decline,” Dinsdale warned, “but in absolute terms the market continues to grow at a healthy rate, driven by the fundamental benefits of cloud adoption.”

John Dinsdale, chief analyst at Synergy Research Group

Cloud subscription-based solutions change the way the world does business

In this e-book we look at this huge and fast-growing opportunity, breaking down **four fundamental trends** which have caused a massive industry shift over the last few years.

This is essential reading.



Chapter One

Technology in Evolution

A natural ecosystem is a system of interdependent complex networks. Coral reefs, rainforests, all the life inhabiting them – they all naturally balance the consumption and provision of resources. Is “ecosystem” just the latest business buzzword though? According to research by Accenture*, ecosystems have the potential to generate tremendous growth and offer huge efficiency gains that have the power to transform business profitability.

The way natural and digital ecosystems work is the communication between members. What the natural ecosystem has been doing for millennia, we are doing at a much faster rate thanks to the automated transfer of data across interconnected networks. The crucial element in this communication is that there be a standard. There must be a way for all systems to communicate without the need for human intervention. This standardization is how we eliminate waste across the global supply chain. Automation means speed. It means accuracy. This feeds the continued improvement and evolution of the ecosystem.



*Accenture Cornerstones of Future Growth: Ecosystems

IBM launched an ambitious initiative in 2010 to identify how the global supply chain could become leaner and more agile.

The modeling done by IBM made it obvious that resources are being wasted at an industrial scale. On the flip-side, what a huge opportunity to eliminate unnecessary processes and forge more efficient connections across ecosystems.

At the time, the market was valued at 60 trillion USD, yet in just two decades this figure is predicted to reach +100 trillion USD.

This extraordinary growth of the cloud economy is fueled by the four trends we'll focus on in this ebook.

Chapter Two

Four Fundamental Trends of Ecosystems



Industry lines blurring



Modular Supply chains



Decentralized development



Democratization of technology

1: INDUSTRY LINES ARE BLURRING

In the past, industry segments were clearly defined and largely static. Whether distributing products, selling software, or delivering in-house IT support, each partner on the supply chain had a distinct role.

As the cloud economy evolves and matures, more and more companies -regardless of their core activity - are opening up new lines of services business. They are establishing new services divisions to support their MSP-like lines of business. They are also growing their ecosystem accordingly.

An example of this is Schneider Electric, who moved from being a manufacturer of electrical accessories and appliances, to being a leader of managed energy service provision and automation*.

*i-SCOOP – “Schneider Electric Exchange: a thriving digital business platform and ecosystem” 2021

Launched in 2019, the company took a three-pronged approach:

1. First came EcoStruxure, the IoT architecture, which was key in the value proposition of the company's channel partners.
2. Second came EcoXpert, the go-to-market and partner program for Schneider Electric and EcoStruxure. Essential in the broader partner ecosystem of Exchange.
3. Finally came Exchange, the platform connecting it all with partners. This also provided the tools to make it a business accelerator for partners, for Schneider Electric, and also for EcoStruxure.

Although traditionally it was just MSPs who delivered services, in today's XaaS economy a holistic approach prioritizing service delivery – not product sales – is fundamental to the growth of ecosystems.

2: THE SUPPLY CHAIN IS BECOMING MODULAR

The next key industry change is the transformation of the supply chain from a linear, tactical support system into a strategic part of any organization. During the COVID pandemic, with a global lock-down and worldwide disruption to traditional supply lines, the shift from boxes to bytes became a necessity.

An example of this is Spanish telecommunications giant Telefónica who announced their new business model*. They plan to become a true ecosystem, using a modular approach. Customers can now sign up for service modules, as opposed to individual products. This way, Telefónica can help customers build a package that best suits their needs. On top of the connectivity package (internet, voice, and data), for instance, they can now add TV content and value-added services.

Telefónica have also partnered with a US telemedicine & virtual healthcare company for their health package. They can offer alarm systems thanks to a joint venture with insurance provider Prosegur, and entertainment services like gaming with Microsoft Xbox.

The result of this evolution and expansion will lower churn and increase ARPU.

source: https://cincodias.elpais.com/cincodias/2022/05/04/companias/1651644786_021005.html

3 : D E C E N T R A L I Z E D D E V E L O P M E N T

The range and availability of apps and software products have exploded. The resulting widespread trend of decentralized app development means every industry partner now has the opportunity to become a solutions developer. This fuels ecosystem growth. With a many-hands approach, entire ecosystems benefit from agile development. They also no longer have one single point of failure and are naturally less fragile.

One example of this is Akash Network (AKT)*. When traditional cloud storage providers have excess capacity, they can sell it on Akash Network's blockchain-based marketplace to maximize the output of their unused resources. Akash Network also strives for interoperability and is compatible with major existing cloud infrastructure and cloud-based apps. This increases partnership viability for major cloud service providers.

85% of Akash Network's cloud services are leveraged from already existing and under-utilized data centers.

At its core, Akash is a decentralized, open-source cloud services marketplace and self-described "DeCloud for DeFi."

*Akash Network | The Unstoppable Cloud

4: DEMOCRATIZATION OF TECHNOLOGY

The final trend shaping the future of ecosystems is the democratization of technology. More and more people have the ability to co-create, understand, and expand their technology. As a result, we see more flexible subscription models, opening access to XaaS solutions and reducing barriers to entry for customers. This all powers innovation and growth.

An example of this is 4G Capital. It powers micro and small business growth to build economies and generational success. It strives to deliver highly accessible solutions, as disbursements and repayments are made via mobile money to provide instant working capital for traders and enterprises.

- 4G Capital's client profiles actually highlight the democratization of technology:



Owner-operators of micro-businesses in low income informal markets



\$2-5 per day net income but with high buy-at/sell-at margins



Very short business cycles of 1 to 30 days

Source: www.4g-capital.com

Chapter Three

A Blueprint for the future



Composable Commerce
System of Systems

These incredibly important market trends represent a system of systems - a blueprint for the future of a new modular reality.

A helpful example of this modular approach and how the ecosystem expands, is the car manufacturing industry. In the early 20th century, Henry Ford wanted to industrialize and democratize his factory line making it cheaper and faster to produce cars.

To do this, he built an ecosystem around Ford, including towns for workers, rubber plantations, OEMs for parts, and delivery networks. He also decentralized development of specific physical parts. The result was faster and cheaper manufacturing, making it easier for people to buy Ford cars. The company blurred industry lines and transformed the automobile sector - from slow, manual production to high-quality, agile mass production.



Fast-forward to today and we see how the automobile industry continues to transform. Take BMW. They have expanded beyond car manufacturer, blurring industry lines to become a software company producing physical devices for its smart cars.

They have also built a complex ecosystem around their brand worth 20% of their revenue (\$20Bn) from subscriptions.

The company has formed relationships with ISVs and service providers, decentralizing much of its development. It has also democratized the experience of luxury cars through subscriptions. Today, many more people can dream of driving even the most expensive BMW, albeit only for short term.

If a BMW customer today would like to add in-car infotainment for holidays, add extra engine power, or connect to smart city to find a parking space, they can easily do it. This is a series of subscriptions, powered by an ecosystem and they raise ARPU over customer lifetime.

The benefits of this modular approach have tripled BMW's revenue from 2020 to 2021, when they reached \$149Bn.



With modular production and subscriptions there are essentially no limitations. Customers don't need to own anything or be stuck with configurations or functions they no longer use.

Life is changeable, for both people and businesses. Someone might move from the city to the country. Someone might become a parent. Businesses might grow faster than expected, and all of this opens up new growth opportunities for partners. With transactional software sales, the relationship ends when sales are made.

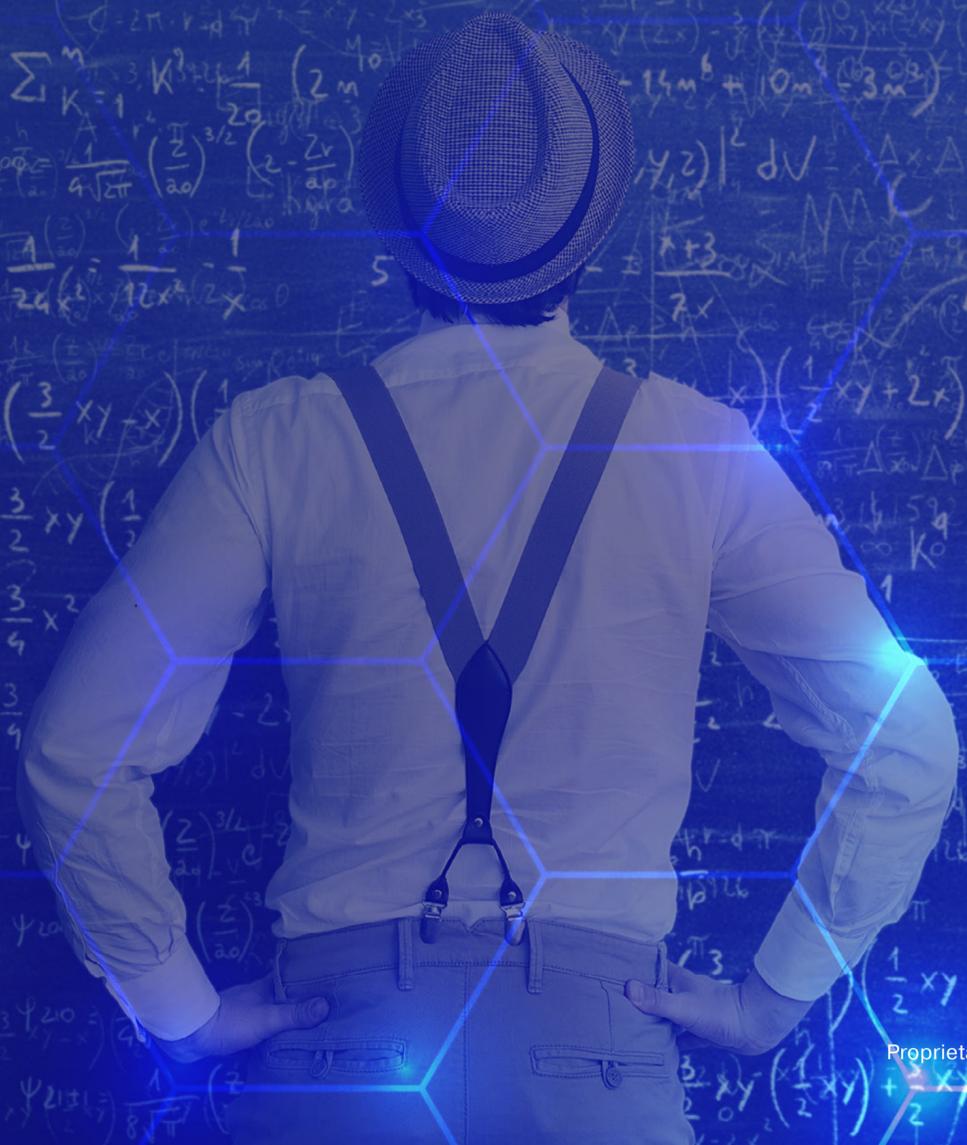
With the subscription model, suppliers can tap into invaluable usage insights that will help improve customer experience and identify new-upsell and cross-sell opportunities.

Ultimately, this creates a way to build higher-value, long-term customer relationships – and unlocks reliable recurring revenue streams for every business.



Chapter Four

Digital transformation is extremely complex...



...until it's not

The CloudBlue Marketplace Platform automates cloud subscription ordering, fulfillment, and billing between all players in the supply chain using their own or a third-party marketplace.

With CloudBlue, businesses can monetize the cloud

BUT... HOW DO YOU GROW YOUR BUSINESS WHEN YOUR MARGINS ARE SQUEEZED?

Start by designing your catalog with your own services or combine with a choice of over 400 top third-party cloud solutions. Delight your customers, offer them solutions which solve their business challenges whilst increasing your ARPU.



...HOW DO YOU SCALE WHEN YOUR PROCESSES ARE MANUAL?

Make designing and implementing your subscription business easier. Automate procurement, provisioning, billing (including proration, refunds and reconciliation). Manage SKU updates, price changes, and subscription renewals frictionlessly. Automate revenue recognition for better reporting and analytics.

HOW DO YOU ENTER NEW MARKETS IF YOU'RE NOT THERE?

You need a multi-language and multi-currency platform to run your business across your subsidiaries, OpCos and/or partners and vendors. For robust, scalable marketplaces and distribution channels, multi-tier capabilities are vital.





The way the world does business has changed forever. It's modular, standardized, decentralized, and democratized.

CloudBlue technology does the heavy lifting so our customers' cloud businesses can thrive.

Whatever their needs.
Whatever their size.
Whatever their business goals.

*API integration with customer systems available in Enterprise version only, otherwise it's standard data export.



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