



The MSP Cloud Services Market Opportunity

The economy is rebounding in ways that are significant for both Hosting Providers and Managed Service Providers. IT spending saw double-digit growth last year and was fueled by data center modernization projects. Market researchers are projecting cloud services will grow at a rate 5 times faster than traditional IT products. Even more relevant to MSPs, the millions of businesses that comprise the SMB segment will be the next area of high growth and rapid cloud adoption.

While high growth in cloud services represents opportunity, there will also be a shakeout of channel companies who do not successfully make the transition to the cloud with a predicted 15% reduction in channel companies during the next 3 years. That is because significant product revenues will be displaced by cloud services. Companies that rely on product sales will fare worse while companies that offer cloud services will survive and thrive. Which category is your business in?

The Cloud Threat and Opportunity

Public clouds offer commodity IT services on a pay-as-you-go basis to business of all sizes. These businesses, many of which are your customers, are hearing more and more about the cloud through marketing campaigns from Microsoft and others. Because the SMB/SME has always wanted the same kind of IT solutions used by large enterprises, cloud services are attractive. They seem to offer an economical path to new technology. As a result, public clouds threaten to undermine the MSP value proposition and erode their business. MSPs must offer an alternative to commodity public cloud services or risk being replaced by them.

Managed Cloud Migration

- Virtualize the customer's data center
- Protect the customer's IT investment
- Scale IT with hosted virtual data center
- Hybrid cloud offers best of both worlds
 - On premise: Critical data & apps
 - Off premise: Data redundancy/archive
- Provide additional hosted services
 - Hosted exchange services
 - Unified communication/collaboration
- Maximize security, privacy & control
- Increase redundancy & availability
- Reduce capex & opex

The opportunity for hosting providers and MSPs is to manage the customer's migration to the cloud. This strategy involves a hybrid cloud solution that virtualizes the customer's data center and extends it to an off-site virtual data center managed by the hoster/MSP. This allows the MSP to resolve customer concerns over data privacy and control while enhancing their data backup and system redundancy. Then hybrid clouds allow MSPs to gradually introduce virtual resources and hosted services that continuously drive down their customer's capital and operating expenses - A perfect role for the MSP as the trusted advisor. We call this strategy "Managed Cloud Migration" and it requires an *MSP Cloud Integrator* to manage a virtual resource cloud that integrates the customer's IT infrastructure with a virtual data center provided by an *MSP Cloud Hoster*. Is your company positioned to play one of these roles?

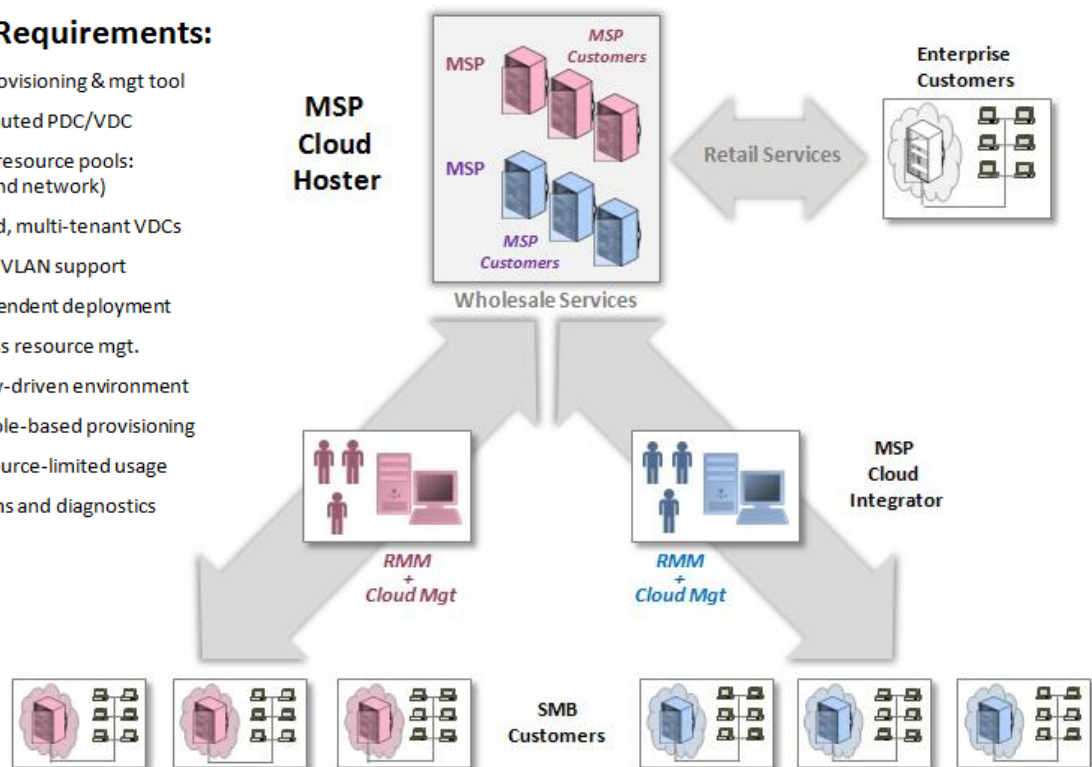


Cloud Hosters and Cloud Integrators

Why is a “Managed Cloud Migration” strategy good for the MSP and the customer? Because by managing this migration, the MSP controls the way cloud computing impacts his/her business – turning it from a threat into an opportunity. And from a customer perspective, it provides a graceful and non-disruptive transition from a premise-based infrastructure to a virtual one. It protects the customer’s investment in existing systems and allows them to use the cloud as a way to economically scale their IT infrastructure.

Technology Requirements:

- Cloud resource provisioning & mgt tool
- Support for distributed PDC/VDC
- Seamlessly share resource pools: (server, storage and network)
- Tiered, partitioned, multi-tenant VDCs
- Public and private VLAN support
- Hypervisor-independent deployment
- Single pane of glass resource mgt.
- Automated, policy-driven environment
- Self-service and role-based provisioning
- Metered and resource-limited usage
- Event driven alarms and diagnostics



This managed cloud migration requires new technology that will enable the MSP to manage multiple physical data centers as one virtual resource cloud and to do this with an open systems approach to accommodate any mix of operating systems and hypervisors already in place. The technology must be easy to operate from any remote location so the MSP can manage all customer resources regardless of physical location. And it must enforce business policies related to security and resource utilization separately for each customer in a multi-tenant environment while providing customer specific reporting, event notifications and billing information.

Abiquo is the leading provider of cloud management solutions for Hosting Providers, MSPs and large enterprises. Our software is currently in use by hundreds of thousands of active users around the world and we have signed MSP partners in global markets based on a rigorous evaluation of competitive solutions before selecting Abiquo. Are you ready to talk with us about your own managed cloud migration strategy?