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HOW CAN VALUE ADDED RESELLERS STRENGTHEN MARGINS?

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How Can Value Added Resellers Strengthen Margins?

Value-Added Resellers (VARs) have combined their application and OEM hardware knowledge to deliver optimized hardware platforms with specialized applications. The shift to cloud services, particularly to "Software as a Service offerings", has significantly disrupted this business model. Customers expect access to their specialized applications without the hassle and cost of running the hardware.
Because of this, many VARs are looking to augment their traditional business model with one that capitalizes on their existing application knowledge to provide managed services. They are, in essence, becoming Managed Service Providers (MSPs).

Unchaining VARs from Hardware

As is clear from the "value-added" part of the VAR acronym, differentiation has always been key to the reseller's business model. VARs provide their clients with optimized hardware platforms containing customized applications; they often bundle specialized consulting and support with the platform.

Essentials

SlipStream
is a multi-cloud application management platform. Built on open source software, SlipStream is a real multi-cloud solution. It isolates you from the details of the cloud, giving you freedom of choice and leaving you to focus on your business.

Enterprise App Store built-in:
Self-service IT delivered for the enterprise, simplifying application provisioning dramatically.

Recipe/template/blueprint:
Define and execute deployments, based on high-level recipes (script, Puppet, Chef, Ansible, etc.)

Cloud Broker Enablement:
Supports most public and private IaaS.

Multi-cloud Management:
Supports hybrid and multi-cloud deployment scenarios.

In the cloud era, the VARs must break the connection between their hardware offerings and their application knowledge, allowing them to more flexibly monetize both aspects:

- The VAR's detailed knowledge of the client's applications is largely independent of the underlying hardware, making it straightforward to deploy on a cloud infrastructure and to provide the application as a SaaS.
- Their knowledge of the hardware requirements of the application makes it possible to either **1)** create their own data center to host their applications as managed services or **2)** use existing IaaS cloud providers to avoid the capital expenditures for a dedicated machine room.

In reality VARs are ideally suited to build a robust MSP offering while continuing to reap the benefits of their current business model and clients.

Becoming a Managed Service Provider

For VARs, the shift to providing managed applications is more of an evolution than a revolution. As they already have the requisite knowledge, it is really the adoption of a new business model rather than a completely new business.
Key to becoming a successful Managed Service Provider (MSP) is the creation of a service catalog of reusable application components or full-fledged specialized applications that can easily be started by customers. This catalog represents the unique business value of the MSP. VARs can reuse their existing catalog, giving them a significant head start.
Full applications provided by the MSP can be generic applications of varying complexity and/or complete, vertical solutions for a particular market. MSPs can therefore attract a broad range of clients whilst also providing advanced applications that appeal to particular industries. While VARs will no doubt initially focus on specialized, vertical solutions; they have the flexibility to provide generic applications, appealing to a broader market.
VARs with multiple applications probably have already broken them into reusable components, like authentication systems, security monitoring services, high-availability failover, or other high-level features. They can reuse these components to minimize the effort to build new applications and thereby expand their catalog more rapidly.

What are the Challenges?

While the evolution from a Value-Added Reseller to a Managed Service Provider is appealing, it isn't without challenges. The VAR must be able to manage the full application lifecycle with a minimum of personnel and cost. As they do now, the VAR must continue acquire the knowledge for their applications (installation, configuration, and management) and maintain that knowledge as the underlying components evolve.

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A simple path to automation

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Robust, high-value applications tend to have complex lifecycles. To provide managed services, the VAR must be able to manage the application lifecycle efficiently, for numerous customer-specific instances. Efficient lifecycle management requires that the provider:

- Automates the deployment/termination of the full application,
- Coordinates the configuration of individual services, and
- Monitors applications for load and faults.

Manual interventions for each deployed application are not economically feasible, so automated tooling is critical for success. The provider may want to provide geographic redundancy as a feature, making robust deployments an option for its customers. In this case, the provider must also be able to handle multi-cloud deployments.
Knowledge about the provided applications is the key business value for an MSP. To turn this knowledge into offerings, all of the knowledge around the applications must be captured in a form that can be consumed by their automated tooling and shared with the internal and external development teams. Application software is not static, meaning applications will evolve over time. MSPs must manage that change, ideally keeping track of all versions of the application.
Neither the automated tooling nor the application knowledge can be fully exploited unless its customers can easily access a full service catalog of the applications. The catalog must allow users to search for appropriate applications, understand their characteristics, and run the selected applications quickly.

Why SlipStream?

SlipStream, the cloud management solution from SixSq, helps Value-Added Resellers meet the challenges they face. A VAR can take advantage of SlipStream to:

- Capture and manage their application knowledge, the core value of the MSP.
- Share that knowledge between employees to allow efficient support and to promote reuse for new applications.
- Create a rich application catalog via the SlipStream App Store, allowing customers to easily browse, start and run a selected application.
- Scale an application dynamically, responding, for example, to peaks in demand.
- Deploy multi-cloud applications across regions and clouds for application redundancy and scale out.

The VAR can expose the App Store directly to its customers with a standard or customized skin, allowing its customers to select and launch their applications directly. Alternatively, VARs can use SlipStream internally and provide a more limited portal to its customers, keeping more control over the application definitions and deployments.

What's next?

To learn more about SlipStream and the rest of the SixSq product suite, visit our website http://sixsq.com. Or get in touch with our business development team to discuss how SixSq cloud solutions can help your business to transform and grow.