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VIRTUALIZING DESKTOPS IN THE CLOUD

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'DAAS'ED & CONFUSED BY VIRTUAL DESKTOP TERMINOLOGY

Not far into my initial research for our first Cloud Insights Digital Issue on virtualizing desktops in the cloud, I ran into a problem of terminology. Anyone in the technology space is all-too-familiar with the alphabet soup that we ingest and spit back out as if they were pearls of wisdom. But in this situation, we have two acronyms competing to describe similar concepts. One, which is backed by Gartner Inc., is HVD for hosted virtual desktops, and the other, which follows the "as-a-service" naming convention, is DaaS for desktops-as-a-service.

So which should we use? In practice, both are used in surprisingly similar numbers. That may be why trade journalists take care to mention both terms. For this Digital Issue, we have done the same on first reference, but opted for DaaS on second reference. The reason is that HVD sometimes is used to describe virtual desktops hosted in an enterprise data center while DaaS, in all instances that I have found, is used to describe a third-party, cloud-based service, which is the focus of this Digital Issue.

Truthfully, I prefer the term "cloud desktops" since it's the least ambiguous, and I have used that most frequently.

While you may be comfortable using both HVD and DaaS to describe desktops in the cloud, don't confuse cloud desktops with virtual desktop infrastructure (VDI), which refers to on-premises implementation of virtual desktops. Cloud delivery completely changes the economics — and value proposition — of virtual desktops for the customer.

Regardless of what you call them, cloud desktops represent a growing market. A September 2012 study from Visiongain estimated the global cloud-based virtual desktop market would grow at a compound annual rate of 14.77 percent, increasing from $11.2 billion in 2012 to $22.3 billion in 2017.

To take advantage of this opportunity, channel partners need to gain an understand of the service, how to sell it and their preferred business model — provider or reseller. This Digital Issue offers guidance in each area.

As always, we would welcome your feedback on the content and the Digital Issue experience. You can contact me at khenderson@vpico.com or on Twitter.

Enjoy!

Khali Henderson, Editor-in-Chief
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By Jo Peterson and Donna Kruse

Defining
Cloud Desktops

Cloud desktops, known as hosted virtual desktops (HVD) or desktops-as-a-service (DaaS), is the outsourcing of a virtual desktop infrastructure (VDI) to a third-party service provider. Typically, DaaS features a multitenancy architecture and the service is purchased on a subscription basis. The service provider manages the back-end responsibilities of data storage, backup, security and upgrades. Meantime, the customer's personal data are copied to and from the virtual desktop during logon and logoff, and access to the desktop is device-, location- and network-independent.

HOW IT WORKS

In the simplest form, DaaS is like remote desktop protocol (RDP), virtual network control (VNC) and similar setups dating back to the PCAnywhere days. In this model an end user had a screen, keyboard and mouse (at minimum) connected to a remote computer, so as to use that system as though they were sitting comfortably nearby.

Today's iteration includes those basics plus sound, local drive and local ports, such as a USB. DaaS's selling points are hosted external applications, shared storage resources, extended existing (or new) Active Directory infrastructure and

MORE INFO////

ARTICLES
Desktops in the Clouds

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DESKTOP DELIVERY SPECTRUM

THERE ARE FOUR MAIN DESKTOP ENVIRONMENTS IN PLAY TODAY:

1 **Typical Traditional Desktop Environment** — In the typical environment, 50-70 percent of software is centrally managed and pushed to desktops, laptops and tablets, with the rest manually maintained. With many users having administrative rights and able to install software themselves, this percentage can be much higher, causing an increase in support costs.

2 **Best Practices Traditional Desktop Environment** — Employing best practices in a traditional environment, around 95 percent of desktops, laptops, and tablets are deployed under a centralized software management system for virus protection, patching and application distribution.

3 **Terminal Services Environment** — Terminal services are the conventional means of delivering applications to remote locations when network bandwidth makes application performance unacceptable. Terminal services typically use costly and labor-intensive banks of servers and software for the virtualized application, but leave the rest of the desktop in the traditional model with the same limitations, risks and costs.

4 **Managed Virtual Desktop Solutions** — Virtual desktop enables a full-featured and mobile desktop experience by moving all processing, memory and storage from the desktop to centralized infrastructure. Users have a fully functional desktop that can be accessed from any authorized device, and they can pick up exactly where they left off without having to reopen applications or files. Virtual desktop solutions also provide a bridge to applications-as-a-service and other cloud-based solutions such as virus protection, patching and application distribution.

Source: Dell Inc.

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extended device compatibility for a mobile workforce. For the administrator, rolling out a new desktop user is simplified since the user profile is created in the cloud and accessible from any device. Additionally, since client data is not stored at the device level, it is secured in the event of theft, loss or failure.

Note that DaaS works best for clients with Windows 7 and Windows 2008R2 terminal sessions. Mac OS is not supported due to Apple's licensing constraints and hosted Linux is difficult to find.

HOW IT'S SOLD

DaaS pricing is based on the amount of desktop RAM, CPU, bandwidth and persistent storage, and ranges from $30-$80 a month per user. Some pricing will not include Microsoft licenses, so it's important to verify with the provider.

Some providers have different pricing packages for users based on the resources needed. An example of this model is offered by TuCloud, which breaks users down into three distinct categories:

• A **Cloud User Desktop** is a very small footprint, light desktop meant to run only Web browsers, document readers (Adobe Reader, Microsoft Reader, etc.), light applications such as Skype or MSN, streamed virtualized applications or browser applications (SaaS). This desktop is non-persistent meaning that every time the user logs out of his desktop, it is refreshed back to its "virgin" state. This prevents a virus or malware infection and "illegal" applications cannot be installed for any longer than a session.

• A **Knowledge User Desktop** is meant for the average user who needs to run applications such as Office, Acrobat or Sage natively on the desktop. It can be persistent/non-persistent

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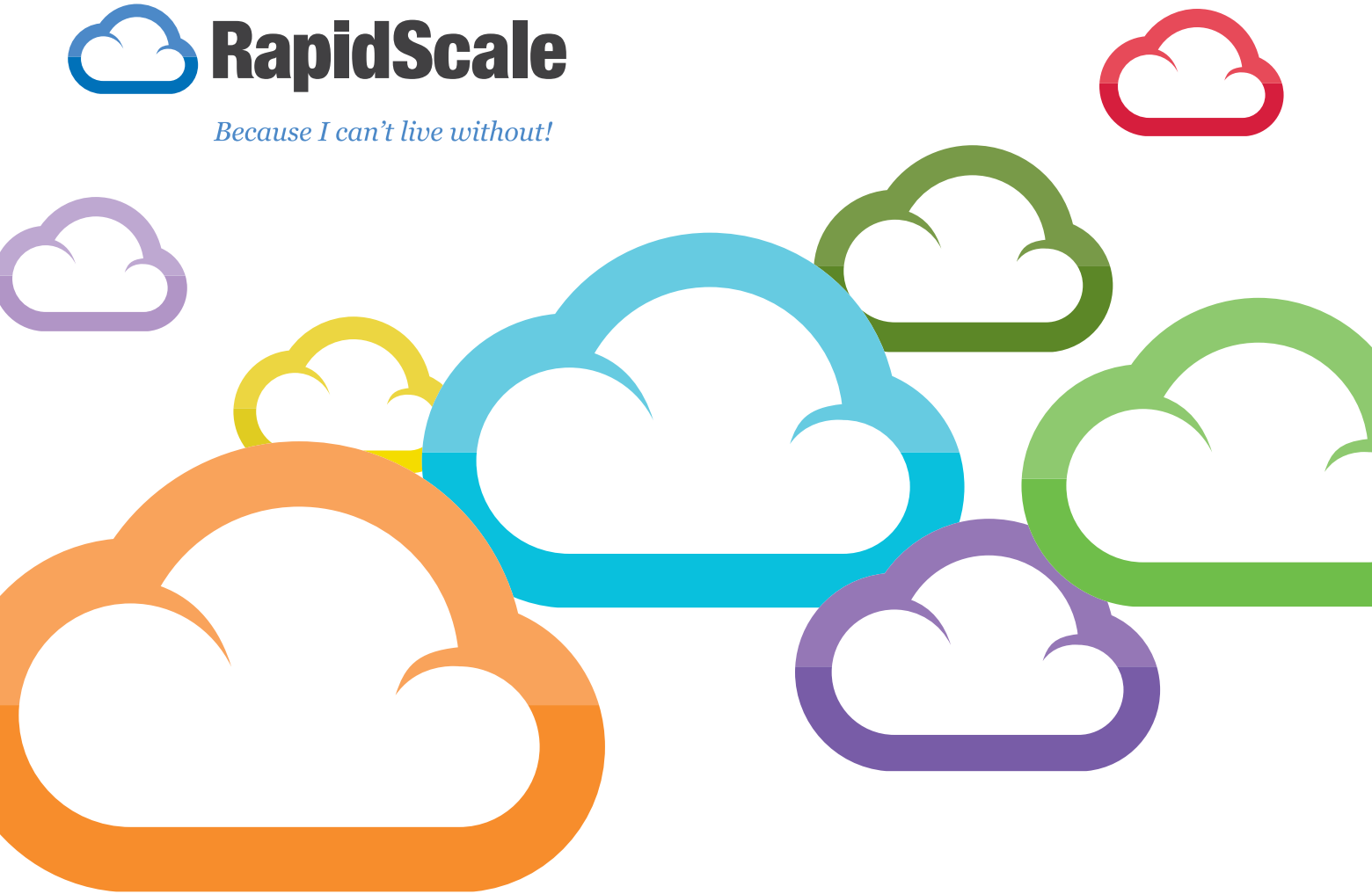
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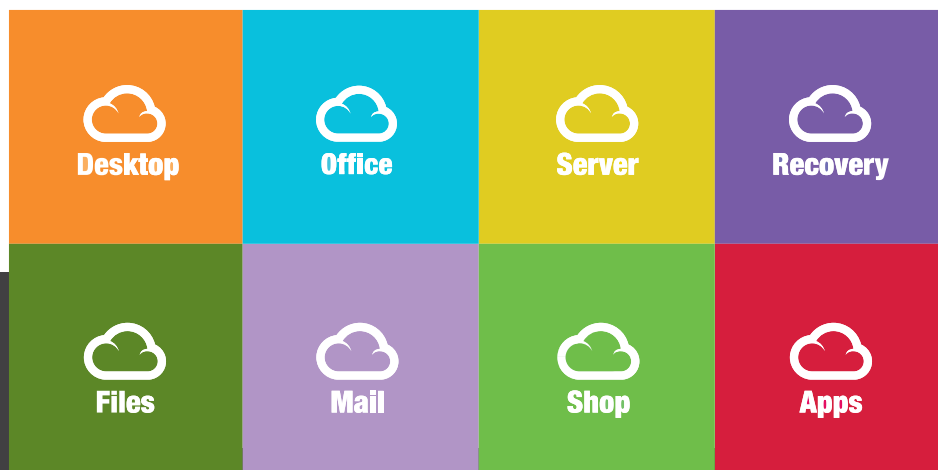
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and is designed to work with shared cloud file servers, rather than provide local storage.

• A **Power User Desktop** provides double the usual RAM and an extra CPU. This is the desktop option for those who need power to run audio/video/graphic intensive and/or heavy applications.

WHY CLOUD DESKTOPS?

It comes down to cost, productivity, and security. In a DaaS environment, IT can manage and support the end-to-end virtualized desktop environment centrally, with all processing and data remaining securely within the data center. The desktop is presented and usable on the end-user device, optimizing network bandwidth and improving information security.

Benefits of virtual desktop solutions include:

• Session mobility

• "Follow me" printing

• Device independence

• Improved security

• Single sign on

• Reduced network load

• Centralized processing

DaaS enables desktop computing costs to scale dynamically with the workforce, converting capital costs into a predictable, monthly operating expense. DaaS allows for new, less costly and longer lasting desktop devices, reducing the cost and frequency of purchases as well as reducing internal labor costs needed to maintain and refresh the equipment. ◄

DAAS ENABLES DESKTOP COMPUTING COSTS TO SCALE DYNAMICALLY WITH THE WORKFORCE, CONVERTING CAPITAL COSTS INTO A PREDICTABLE, MONTHLY OPERATING EXPENSE.

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Cloud computing is the future — and the future is here. But where do you start? How do you plot a course through the potential dangers? And what steps do you need to take to end up with the right solution?

View **Navigating the Minefield of Cloud Computing**. It's your guide to understnding the complex cloud landscape so you can ultimately find a cloud solution that meets your IT and business needs.

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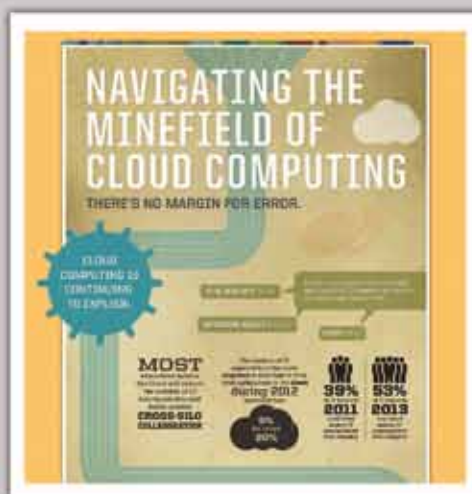
Selling Cloud Desktops 101

Who wouldn't like some relief from the onerous burdens of manu-ally managing employees' desktop devices, which now include not just office PCs but also laptops, notebooks, tablets and smartphones? That's what cloud desktops, also known as hosted virtual desktops (HVD) or desktops-as-a-service (DaaS), offers.

The idea is to maintain a "desktop image" of each employee's apps and data as well as the personalized look and feel of their desktop environment in a central data repository, accessible at will by the employee. While companies can deploy virtualized desktop infrastructure (VDI) themselves, many are considering outsourcing it to a cloud-based service provider for simplicity and subscription-based pricing.

For channel partners, there is an opportunity to sell cloud desktops by first understanding the benefits and matching them to customers' needs.
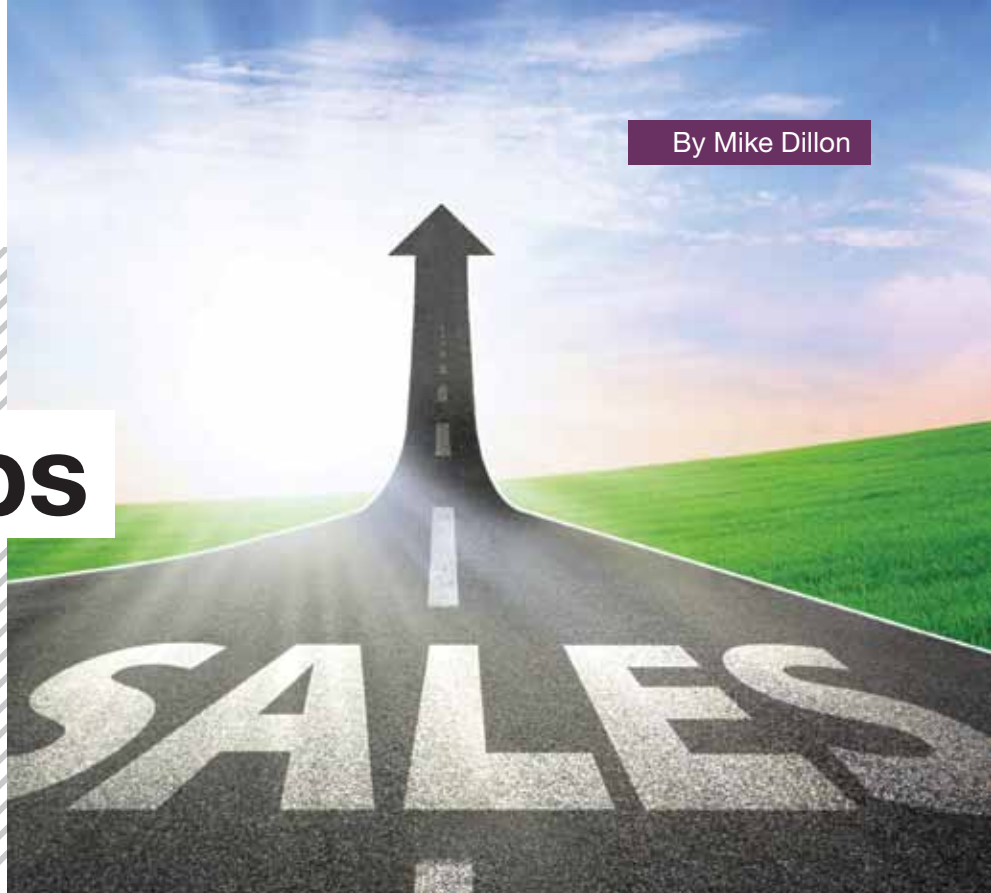
UNDERSTANDING BENEFITS

Cloud desktops offer customers a host of benefits, such as:

Reduced management hassles. With DaaS, your customers escape all kinds of desktop management tasks — and the time and costs that go with them. There are no more upgrades and patching, no all-nighters when it's time to add an app and no more help desk hassles.

Affordable opex. Compared to traditional desktops, DaaS costs less — and your customers incur no up-front capital expense and don't have to deal with complicated systems integration.

Flexibility and scalability. Since DaaS is a cloud service, your customers can start small. The right DaaS provider will offer a trial so your customers can do a proof-of-concept before committing to a DaaS service. And users always have the flexibility to quickly scale up or down. This reduces deployment complexity while improving management, security and compliance.

Improved desktop security. As a cloud service, DaaS keeps your customers' desktop data more secure than it is in traditional desktop environments — even as individual employee desktop images are deployed and removed on-demand to virtually any device, including employee-owned, anywhere those workers may be with Internet access.

Easier, safer mobility. Mobility/BYOD is easily accomplished since data security is built into the DaaS cloud architecture.

Reduced bandwidth demands. Given the right architecture, DaaS requires less bandwidth. When users connect to their cloud desktops, the entire screen is painted, but as they continue working, only the pixels that change are transmitted back, so most bandwidth use is downstream.

Increased worker productivity. DaaS gives workers a full desktop experience on any device anywhere, so their productivity improves.

QUALIFYING PROSPECTS

Even if your customers can't or don't explicitly point to desktop management challenges, pay attention for hints about their need to update an aging and inadequate desktop/IT environment. These indicators include:

• Ongoing desktop security challenges

• Fast rising IT support costs

• High expenses for PC refreshes and/or hardware upgrades

• Underused IT solutions

• Difficulty identifying root causes of IT problems

• A failed in-house VDI project

When you encounter such circumstances, you may notice a gap between what your customers casually say they'd like to have and what they're in fact willing and able to deploy. To get a better handle on the real nature of a potential cloud desktop opportunity, it's time to ask some high-level questions. Start with, "What business problem are you hoping to solve?" Certainly, other questions should and will follow, such as: What's your virtual desktop strategy? Who is involved or cares about the issues you hope DaaS/cloud/VDI will address? What factors will drive your virtual desktop decisions?

From the responses, you'll get a sense of how serious a prospect you have on your hands. You don't need to have immediate answers to your customers' questions — as long as you can bring in the right virtual desktop service provider. ◄

MORE INFO////

ARTICLES
Virtual Desktop
Sales Made Easy

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MIKE DILLON, CTO for Quest, brings more than 20 years of disaster recovery, security and engineering experience to his position, where he leads the global technology strategy development and planning for the company. Dillon also serves as chief consultant and director for professional, managed and cloud services, overseeing a team of consultants, engineers, experts and project managers. He created and developed Quest's Application and Management Service Providers platforms.

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SMB cloud spending to approach **$100 Billion** by 2014

(AMI Partners, 2010)

The cloud storage market is estimated to reach **$46.8 Billion** by 2018

(MarketsandMarkets, "Public/Private Cloud Storage Market," Dec. 2012)

North American cloud revenue growth is expected to be **177%** over the next 4 years

(Analysys Mason, 2010)

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By Andrew Pryfogle

Calculating
TCO for Cloud Desktops

Cloud desktops, also know as hosted virtual desktops (HVD) or desktops-as-a-service (DaaS), are starting to gain traction, but the complexities around selling them continue to confound many channel partners. While some partners have become proficient in making the total cost of ownership (TCO) argument for cloud infrastructure or hosted VoIP, building a compelling TCO for cloud desktops is proving … well, more cloudy.

Much of the confusion comes from comparing virtual desktop infrastructure (VDI) to traditional PC deployments — a debate that has raged for years in the enterprise IT community. In that discussion, many have argued that VDI deployments require more capital expenditures, more expensive virtualization software licensing and more high-priced IT engineering talent. In fact, a 2010 white paper published by Microsoft Corp. argues that VDI deployments for traditional office workers cost 11 percent more than a well-managed PC environment. But DaaS is not VDI; it's a cloud-based, multitenant VDI service — a difference that changes the game entirely.

It may help to think of hosted desktops as analogous to hosted VoIP. In the world of computing, the individual PC would be equivalent to a PBX. However, you would never dedicate a single PBX to a single phone user — that's silly. But in the computer world, we dedicate processing, storage and applications on a 1:1 basis all the time. VDI, in this analogy, then becomes the equivalent of deploying a single PBX to serve many phone users in the same office — that makes sense. Just as hosted VoIP enables customers to leverage the economies of multitenancy, so do hosted desktops. DaaS is VDI-as-a-service provided with efficiency and scale by cloud service providers serving hundreds of companies and thousands of users for a zero capex, monthly per-user price and at a TCO substantially lower than the alternative.

TCO MODELING

So how do you make a compelling TCO argument? What are the key elements to measure? What are the tangible comparisons to make? What are the intangible advantages of DaaS? How do those factor

into your TCO analysis? These are tough questions to answer in a brief article, but here are the basics:

Hardware. This is the logical place to start. The need for hardware obviously doesn't go away, but there can be significant savings when considering the hardware needed in a DaaS deployment.

• *Extending the life of your aged laptop/desktop.* Most machines become too slow long before they simply stop working. If you're at the point where you're about to replace a slow, poor-performing machine, then offloading applications and processing to DaaS may extend that machine's life by several years. If my 4-year-old laptop can act as a stripped-down thin client, then perhaps it has a lot more life left. Extrapolated across your entire user base, that could result in tens of thousands of dollars in savings.

• *Lower-cost hardware purchase.* Thin clients are a very real and practical solution for desk workers. Last year Dell purchased Wyse, the leader in thin client computing, because of the increasing adoption of these inexpensive workstation alternatives. According to market analysis firm NPD, the average PC cost $513 in 2012. A thin client can be half that cost. In fact, some Dell (Wyse) models are less than $200. Including a $300 per-device savings into your TCO can really move the needle. The cost savings in not having to purchase expensive servers, storage arrays, load balancers, firewalls, etc., also can be a tremendous TCO gain.

• *Bring your own device.* BYOD is also changing the hardware purchase mentality. Many companies are embracing the fact that their employees likely already have a computing device (e.g., a laptop or tablet) that they prefer to work on. DaaS enables companies to publish secure, company-controlled virtual desktop

> ## SUCCESSFUL TCO SELLING
> *IS NOT JUST PLUGGING A BUNCH OF NUMBERS INTO A SPREADSHEET AND SHOWING THE OUTCOME; THERE REALLY IS AN ART TO IT.*

images that can be run from any device, completely eliminating the need for new laptop procurements and ongoing PC maintenance.

• *Hardware maintenance.* The cost of a laptop, desktop or server is not just the purchase price, but the ongoing maintenance. Some of these amounts are simple to calculate because of fixed annual maintenance contracts that DaaS may entirely replace. For example, a customer may pay upwards of $250 per month to an outsourced IT support group for server maintenance. PC maintenance may be $20 or more per month, per machine. In both cases, it is common that user help desk support may be in addition to these numbers.

Software licensing. This is becoming less of an advantage for DaaS as even Microsoft has embraced the SaaS model with Office 365. However, for the customer considering buying that next Office 2010 upgrade, the service provider licensing agreement (SPLA) can eliminate that capex and replace it with a low, per-user monthly price, typically less than $20. It's also important to note that most leading DaaS providers will allow a customer to park their existing licenses in their cloud infrastructure, obviating the need for SPLA entirely.

Labor costs. Labor cost savings are the most sensitive part of the TCO selling process. Clearly DaaS can decrease labor costs for companies. Most DaaS offers include 24/7 user help desk support and may offload the labor traditionally needed for ongoing Microsoft Exchange or Active Directory administration. Depending on how your customer currently is staffed or how they currently are outsourcing these functions, the potential labor cost savings could be the single biggest item in the TCO model. But telling the IT director that

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you can totally cost-justify DaaS by eliminating him or his staff is not a smart move. A far more effective approach involves demonstrating to IT that offloading its mundane break/fix tasks can enable the staff to work on IT as a strategic asset for the company — a major frustration point for IT departments everywhere.

Intangibles. Intangibles are the hardest part of the TCO to quantify because they are subjective and often include soft-dollar savings that are nearly impossible to measure. However, done correctly, this could be the secret to winning more DaaS deals. Let's take one example. According to a widely published 2009 study by Intel, the average cost to a customer for a lost or stolen laptop is $49,246. While Intel has lots of data to support its number, many people think it ridiculously high. Regardless of your personal opinion of its accuracy, you would agree that the cost is not zero. And you likely would agree that it's not simply the replacement cost of the actual laptop. Working with the customer, you can reach a number that you both agree on. Simply calculate that number against the alarmingly common number of loss occurrences and you can arrive at a real TCO impact of using a protected virtual desktop image that eliminates the risk of lost data.

KEY TCO–SELLING PRINCIPLES

Successful TCO selling is not just plugging a bunch of numbers into a spreadsheet and showing the outcome; there really is an art to it, which requires a sales professional to demonstrate some finesse. Here are some critically important principles to keep in mind and to perfect in your own TCO selling process.

The numbers must come from the customer. Your customer owns the numbers, not you. Don't make assumptions on the numbers that the customer will not agree to. You can certainly guide them in

arriving at the numbers, but they most own them or they will have zero credibility.

If the customer is not engaged in building the model, don't waste your time. A successful TCO selling effort is completely collaborative with the customer. If the customer fights you every step of the way, or refuses to give you the data you need, they are not simply being difficult … they are not buying off on the process. A great sign is when the customer starts reminding you of different elements to include in the model. As they see the model coming together, they become the biggest advocate and champion for your cause.

Allow the TCO process to dictate the outcome. There will be cases that, in spite of your close collaboration with the customer, you simply cannot prove out the TCO model in your favor. That doesn't mean the process didn't work. In fact, it probably worked exactly how it was supposed to. If you can't prove that your DaaS solution is going to save them money or make them money, they aren't buying what you're selling … and you shouldn't try to convince them otherwise. Trust the process and your credibility with your customer will increase.

TCO selling definitely takes practice and discipline, but it's worth the effort. Few people do it well. It's one of your biggest opportunities to differentiate yourself in a crowded marketplace. Do the work. Invest the time. It will be one more thing that separates you as a top performer. ◀

ANDREW PRYFOGLE is senior vice president and general manager of Cloud Services & Complex Bids for Intelisys. He joined the master agency through its May 2012 acquisition of the Cloud Services Coalition, the cloud agency and integrator he founded. Pryfogle has been in the telecom and IT industries for 24 years and has held senior sales leadership positions with carriers such as AT&T, MCI and WorldCom. In 2001 Pryfogle helped start GoBeam Communications, a pioneer in hosted IP telephony that was sold in 2004 to Covad Communications where he spent three years running the channel.

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By Ken Oestreich

Transitioning From VAR to Cloud Desktop Provider

C The trend is undeniable: Many pure-play VARs and IT professional services organizations are beginning to lose business to hosted services. Customers of all sizes and verticals are embarking on the use of outsourced IT, software-as-a-service (SaaS), online apps and a plethora of other types of cloud-based services. And they are realizing that the era of owning and operating their own equipment is slowly drawing to a close.

Customers also are embarking on a sea change in IT acquisition: the move from one-time transactional purchases of capitalized hardware to a subscription model for services that are operating expenses. This economic change can be as disruptive as the technology change.

To remain relevant, VARs need a plan — one involving maintaining or growing customer relationships while providing even higher-value IT services.

Channel partners with forward-thinking management are pursuing newer ways of maintaining customer relationships while increasing customer wallet share. And this means making the transition from a pure-play VAR or professional services organization to one that provides a portfolio of hosted and/or outsourced services.

SELL VALUE, NOT VOLUME

Rather than racing to build a cloud service, the savvy VAR should first determine what their customer base looks like from a vertical industry perspective and how

> *BUNDLED INTO THE* **HOSTED DESKTOP BUSINESS** *ARE LINE-OF-BUSINESS APPS, STORAGE, AND EVEN VOICE SERVICES.*

their specific customer needs are changing. Some customers will continue to need highly customized work; others will value more standardized and, therefore, lower-cost offerings.
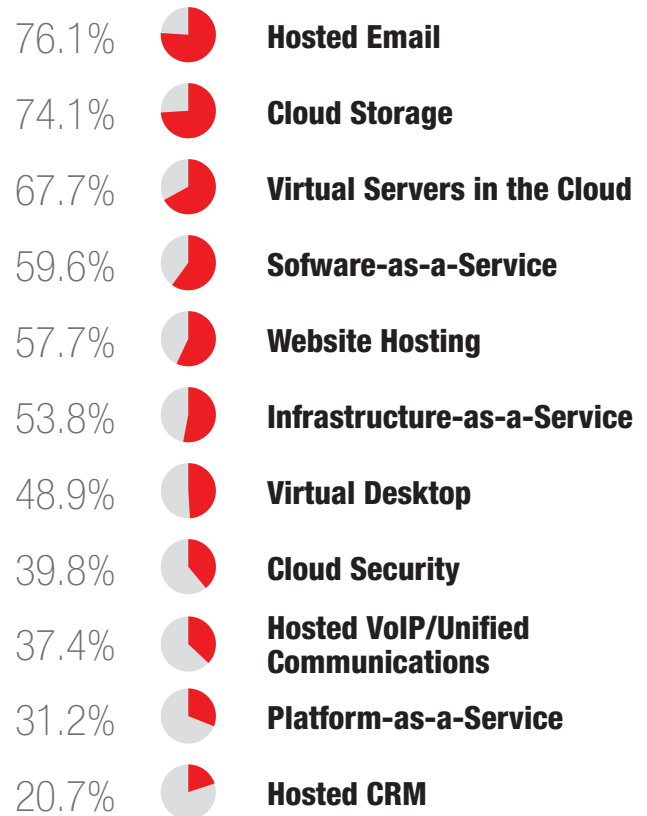
But one thing is clear: Look to provide value, not volume. The market is literally choked with service providers that provide little more than commodity services such as email, dedicated servers and website hosting. These are low-margin businesses with a high degree of churn. Instead, look to higher-value services such as hosting line-of-business applications, mobility services and even entire hosted desktop workspaces. These are significantly higher-margin businesses, and are strategic to the customer — ultimately resulting in greater customer loyalty and repeat business.

More hosted service providers are turning to the application and workspace markets. That is, hosting applications, entire application suites or in fact entire desktop workspaces. A February 2012 survey of MSPs by MSPmentor found that cloud-based virtual desktop infrastructure (VDI) was offered by nearly half of respondents (see chart, Top Cloud Services Offered by MSPs, at right).

Bundled into the hosted desktop business are line-of-business apps, storage, and even voice services. And while "commodity" services command low per-month prices and thin margins, hosting apps and desktops can command value-based pricing well above $100 per seat, per month — with commensurate margins (see graphic, Hosted Provider Value Chain, on Page 22).

Indeed, selling managed or hosted services has been shown to directly benefit both the customer and the provider. According to a February 2013 report, "Cloud Channel Trends, 2013 To 2014," by Forrester Research: "A lot of traditional reseller channel partner companies are now utilizing cloud computing advances to add to or remake their businesses — as hosters, integrators, syndicators and service providers. Gone

TOP Cloud Services OFFERED

76.1%	**Hosted Email**
74.1%	**Cloud Storage**
67.7%	**Virtual Servers in the Cloud**
59.6%	**Sofware-as-a-Service**
57.7%	**Website Hosting**
53.8%	**Infrastructure-as-a-Service**
48.9%	**Virtual Desktop**
39.8%	**Cloud Security**
37.4%	**Hosted VoIP/Unified Communications**
31.2%	**Platform-as-a-Service**
20.7%	**Hosted CRM**

Source: MSPmentor 100 Global Report, February 2012,

are the days when tech vendors can view the channel with a siloed eye. 'Hybrid' is the new norm, as it applies to channel partners' business models — and tech vendors and channel partners are going through a lot of relationship re-engineering, both with each other and with their mutual customers."

PICK YOUR PATH

There are a number of options channel partners have once they have decided to make a

HOSTED PROVIDER VALUE CHAIN

High-Cost
High-Margin
Verticalized

SERVICE PROVIDER VALUE

$150-$300
PER SEAT PER MONTH
DaaS

$35-$70
PER SEAT PER MONTH
SaaS

$50+
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PER MAILBOX PER MONTH

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Commodity

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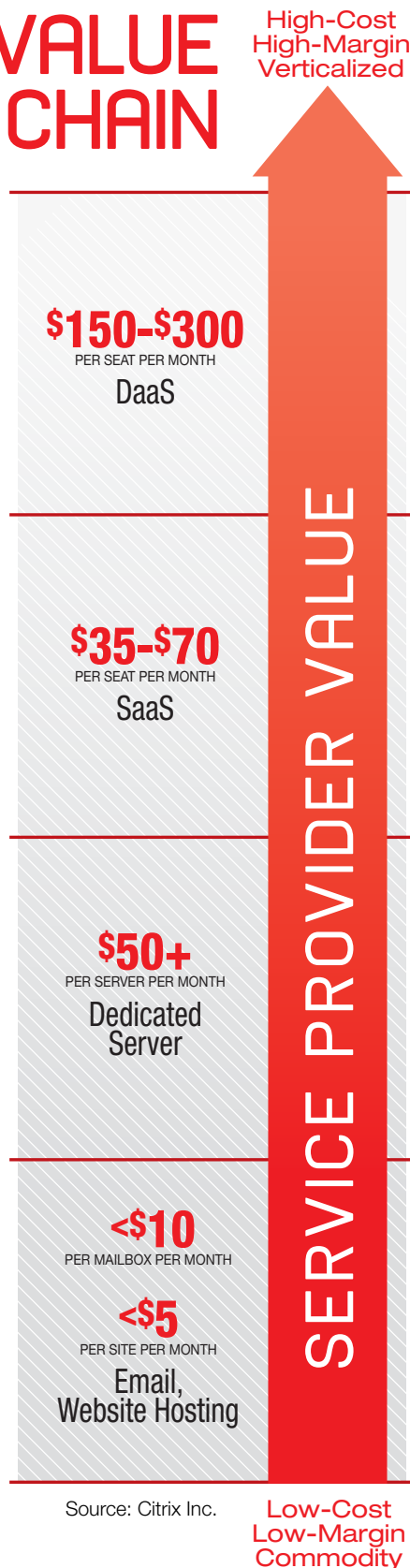
strategic shift. One logical option is to partner with a managed service provider — or even to acquire one if the opportunity permits. But not all VARs will have that ability. Another option is the organic do-it-yourself approach, which can be attractive because it preserves the company ownership, culture and, most of all, customer relationships. A third option is a hybrid model whereby infrastructure is outsourced, while the company builds skills and organizations appropriate for a managed services business.

Whatever strategy the VAR takes, there are a number of shifts that will need to occur in the business. And technology is the least of them. Each will require rethinking of skills and organization.

Technology. The move to becoming a hosted services provider can require a significant investment in technology, sometimes more than $1 million. However, there are also "white label" providers of hosted IT services that will "rent" raw infrastructure; sourcing from these providers can alleviate the need for a large capital outlay as the business grows.

Service Offerings. The new MSP has to view offerings as a pyramid. At the bottom are high-volume, low-margin services, typically infrastructure-related, such as infrastructure-as-a-service style offers. Closer to the top of the pyramid are low-volume, but higher-margin services, such as desktops-as-a-service. Often the customer life cycle is one of beginning at the base and migrating higher over time.

Finance & Accounting. A shift from a transactional to a recurring revenue model has many fantastic benefits, but can be disruptive too. For example, consider changing sales compensation models so that they account for the future value of a customer not just the initial transactions. But remember that a recurring revenue stream has the benefits of less churn, lower cost of repeat business, and better overall cash-flow predictability and profitability.

Marketing. The good news about marketing hosted services is that most VARs have excellent existing relationships with their customers. The sobering news is that the specific contacts

will need to shift — and will expect different messages, value propositions and services. The traditional buyer used to be the IT technologist who cares about speeds-and-feeds; the new buyer will be closer to the line-of-business manager who cares about applications, access and cost.

Operations. The new operations model won't be about ordering and drop-shipping product; rather, it will shift to a focus on ensuring service levels and customer satisfaction. And the new supply chain management won't necessarily consist of vendors in the traditional sense. Instead, new suppliers will be other service providers sourcing infrastructure services, SaaS applications and other online services that you will aggregate, rebrand and sell as part of your integrated offers.

Sales. Because high-value hosted services will appeal to the line-of-business manager as well as to the IT staff, consider rethinking sales skills and tools. Salespeople will need to be able to articulate the business benefits of Web-hosted apps and desktops as well as the new work styles made possible with the newer mobility technologies. VARs also will want to select salespeople who understand the long-term value of a recurring revenue, "subscription-style" service. Regarding compensation, you'll also need to rethink the transactional-style commission payment and look toward a deferred compensation model.

Support. As a traditional VAR, you may already be accustomed to providing a basic level of break-fix product support to your IT customer. But as VARs provide non-IT services

for line-of-business users they will find the need to offer an upgraded support model including 24/7 front-line support for non-technical users.

REAP YOUR REWARD

Ultimately, why shift from the comfort of being an equipment VAR to one of being a service provider? Besides expanding your customer relationships, the other undeniable reasons are profit and valuation.

Shifting even part of your sales from transactional deals to subscription-style services makes a big dent in profitability over the long-term. According to a Channelcorp Management Consultants Inc. report, report on IT channels in structural transformation, "Current valuation data is showing that for every 1 percent shift in revenue blend from the classical, transactional model to the transitioned or transformed recurring model, business valuation may increase by 2 to 4 percent. Our research indicates that a 100 percent recurring revenue business can be two to four times more valuable than a similar sized transactional business. This is the reward for the risk engaged in transition and transformation of reselling businesses."

In many ways, that says it all. Making the shift has its undeniable rewards both to the VAR, as well as to the customer. ◄

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Saad Shahzad

Becoming a Cloud Desktop Reseller

Do you want to capitalize on one of the hottest trends in the IT industry? Do you want to make monthly recurring revenue? Do you want to sell high-margin solutions? Do you want to become a strategic adviser to your end-customer base? If the answers are yes, then you might consider becoming a reseller for cloud desktops, also know as hosted virtual desktops (HVD) or desktops-as-a-service (DaaS).

Resellers are a critical component of the cloud ecosystem and will play a huge role, particularly in serving small to medium businesses (SMBs), which don't have the technology sophistication, personnel or resources to migrate to the cloud, giving resellers an additional opportunity to provide professional services.

Customers also will rely on resellers to educate them on the benefits of new technologies like DaaS, which can reduce operating IT costs, enhance worker productivity (anytime, anywhere and any device access) and alleviate IT headaches (with cloud orchestration portals).

While customers stand to gain from DaaS, so do resellers, specifi-cally by earning monthly recurring revenue. There are two different models that resellers can choose from — agency or resale.

Agents, also known as brokers, receive a commission — either upfront for referrals or monthly recurring for more involved sales role — based on a percentage of the deal. Typical commissions range from 5 to 15 percent, depending on the agent's role or sales volume. Agents need to have —at a minimum — relationships with the customer's decision makers (e.g., CEO, president, CFO, CIO or IT director) and basic education on uncovering/creating the sales opportunity for the service provider. Agents can play a more consultative role in the sale with regard to needs assessment, road map development

and provider selection. While there are exceptions, agents typically do not provide installation, migration, billing or customer care once the sale is completed, leaving that to the service provider.

In the resale or white-label model, resellers would sell as well as provision, support and bill customers while the provider delivers the back-end infrastructure. On average, resellers can get north of a 25 percent discount on the MSRP listed for DaaS providers. They can mark up the price of the services to meet the needs of their end customers, which have different price thresholds.

In the resale model, the underlying cloud service providers are responsible for maintaining SLAs to the customer and providing sales and engineering support to resellers. Providers also should offer a management portal enabling resellers to provision service and manage moves, adds and changes. Service providers usually also will provide Tier 2 customer support.

Resellers, however, are responsible for providing Tier 1 support, including engineering resources and a helpdesk that can field calls from the customer's users. Providing basic support functions is an opportunity for resellers to create an additional revenue stream, and more importantly, to build customers' confidence in their abilities to provide cloud services. In addition to support, resellers must bill the customer — a critical function that ensure continued ownership of the customer.

The best part about DaaS is that it is a "sticky" recurring revenue service. And resellers of both kinds can expect long-term contracts since customers are unlikely to switch DaaS providers with any frequency unless there is a problem with the service. Hence, it's critical to pick the right DaaS provider — a company that provides excellent performance, even better support and meets their service level agreements (SLAs), so the end customers never have to look elsewhere. ◄■

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SAAD SHAHZAD is chief strategy officer at dinCloud, a cloud transformation company that helps organizations rapidly migrate their IT infrastructure to the cloud.

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By Kelly Teal

Selecting a Cloud Desktop Provider

C There are several possible paths for deploying cloud desktops, also known as hosted virtual desktops (HVD) or desktops-as-a-service (DaaS). Your customers need help figuring out which options suit them best. This is where the right cloud desktop service provider can make all the difference. Here are some tips for choosing the appropriate DaaS supplier.

Sales Support. When your customers are considering DaaS, they have to know that those platforms will perform better than traditional local PCs, said Mike Dillon, CTO of Quest. So, he said, look for a DaaS provider that can help you answer customer questions regarding costs as well as server, network or control issues.

A good provider also should help you identify the type of virtual desktop opportunity the customer represents, and spot any gaps or limitations in your customers' IT environment, Dillon added. "The right virtual desktop services provider will be able to propose forward-looking, cost-efficient remediation as well as recognize any related opportunities to be exploited, such as desktop management services, data storage/backup/replication upgrades, migration services, security improvements, etc," he said.

Breadth of Offer. Look for a service provider that has the breadth and flexibility to deliver DaaS in multiple ways, using top-notch technologies, said Dillon. "This kind of service provider has the expertise and means to provide local virtual desktop solutions as well as cloud-based DaaS data center capabilities in all the regions, countries and continents where your customers operate," he said.

High Performance. Make sure you are recommending a solid provider. "Excellent performance can be measured easily," said Saad Shahzad, chief strategy officer at dinCloud, noting resellers should consult reports from research firms that have put DaaS providers into a lab environment and run tests on application load and boot times. The resulting analysis will rank providers on their performance.

? QUESTIONS TO ASK
A CLOUD DESKTOP PROVIDER

Migration Support. "One component of the journey to the cloud that gets overlooked is migration," said Shahzad. "Your service provider should be willing to step in and help with planning and migration support."

Customer Service. The best way to test a provider's claims for customer service is to become a customer yourself, said Shahzad. In other words, sign up with the vendor for your internal IT requirements as a proof of concept. "Once you're using the DaaS vendor, your sales team will do a much better job reselling it," he added.

Trial Offer. Similarly, the right DaaS provider should offer options for your customers to try before they buy, said Quest's Dillon.

Channel Friendly. Look for a service provider interested in a long-term relationship with you — not in stealing your customer, said Dillon, noting the right service provider will share revenue, including cloud service subscription revenue, not just the first time but every time.

Channel Tools. dinCloud's Shahzad said partners should also look for a provider that offers access to a management portal that allows the reseller to orchestrate the cloud environment for their customers as well as white-label options. In tandem, these allow resellers to demonstrate significant value to their end customers through provisioning, moves, adds, changes, etc. "This better positions resellers to retain their end customers in a very competitive channel market," he said. "They are no longer just a vendor, but a trusted cloud partner and adviser for their end customers." ◄

- **Is the DaaS solution delivered in a multitenancy model?** If so, is it capable of full feature functionality?

- **Can the provider help with calculating ROI compared to traditional VDI?**

- **How is Microsoft licensing handled?** Sometimes it's not included in the monthly subscription price.

- **What is the latency to the end user?** The goal is a 20 millisecond response time.

- **How is the product integrated with other onsite assets?** In the best scenario a user should be offered the look and feel of their old PC.

- **How does your potential partner handle BYOD?** A DaaS solution should absolutely support the consumerization of IT services.

- **How does the migration process work?** The provider should be able to provide you with a solid plan.

- **How much bandwidth will the solution require?** The answer should be around 100KBps per session.

Source: Jo Peterson, Director of Converged Cloud and Data Services, Teleproviders

MORE INFO////

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Contact Center Securely
Enables Work-at-Home
Agents With Cloud Desktops

THE PROBLEM

A large contact center, which provides a variety of consumer product/technical support services, had been exploring virtual desktop infrastructure (VDI) options for its work-at-home agents. The fluctuating number of employees, their ability to work remotely and customized home-built corporate applications challenged the IT staff to provide a secure, compliant and consistent desktop to its employees. These remote workers needed access to applications and data in a speedy fashion in order to handle customer calls.

For the company's IT staff that meant provisioning, managing, updating and protecting a desktop environment spread across multiple access devices and platforms, including smartphones, tablets, laptops and desktop PCs. When considering the sheer volume of endpoint devices in use, these tasks seemed overwhelming. The "bring your own device" (BYOD) to work trend made matters even more challenging as employee-owned devices accessing corporate resources posed increased security risks.

THE SOLUTION

The company presented these challenges to an AT&T team, which worked with the client to show that substantial savings and efficiency could be achieved by using a desktops-as-a-service (DaaS) solution. AT&T Virtual Desktop Service (AT&T VDS) moves the traditional device-based desktop environment into the AT&T cloud. Rather than storing programs, applications and data locally on a PC hard drive, these reside and run on a remote centralized platform within an AT&T Internet Data Center.

AT&T designed a cloud desktop infrastructure specific to the contact center's requirements by building a private cloud for the customer's virtual desktop users, giving them a highly secure private environment that is physically separate from other customer environments. The solution is a fully managed Citrix Xenapp and Xendesktop platform with Wyse Thin Client hardware supporting 2,000 agents in the Americas.

To access their desktops, AT&T VDS users download a client application that works on a range of endpoint devices, operating systems and platforms. A common interface delivers a consistent desktop experience as users switch between eligible fixed and mobile devices — from

a desktop PC to a smartphone, laptop or tablet — throughout the workday. With the added flexibility to use their own devices as they work nearly anywhere, contact center employees can transition to a hosted desktop solution, which increases employee efficiency and ultimately customer satisfaction.

While the service can be accessed over the Internet or VPN, using the desktop via the AT&T network delivers the high-speed, low-latency performance that users expect from a traditional desktop environment whether it is over the Internet or a mobile connection.

AT&T VDS centralizes management of customer user bases. Instead of physically interacting with each individual device, customers can manage a mix of fixed and mobile devices over the network. So, they can provision new devices, deploy software images and applications, and apply patches, fixes and updates quickly and easily. It provides the IT staff with a faster, easier way to manage the constant influx of endpoint devices, while ensuring the security of the data and applications.

While customers manage their virtual desktops, AT&T monitors and manages their cloud infrastructure. Combined with 24/7 support for customer administrators and end users, AT&T VDS can ease the burden on IT staff, allowing them to work on other priorities.

THE RESULT

After implementing the AT&T solution, the contact center is now able to turn up a new employee desktop with a corporate image within a matter of hours rather than the several days typically required in the past when the company had to physically ship hardware to each employee.

AT&T now manages the network, server and storage infrastructure for the customer's desktop, with 24/7 support surrounded by a service level agreement. As a result of moving to the AT&T managed infrastructure the contact center was able to

avoid making a significant capital expense to purchase new servers and storage assets.

In addition the cloud desktop solution allows the employees fast access to the corporate applications they need to effectively do their

> *THE CONTACT CENTER IS NOW ABLE TO TURN UP A NEW EMPLOYEE DESKTOP* **WITHIN A MATTER OF HOURS** *RATHER THAN THE SEVERAL DAYS REQUIRED TO PHYSICALLY SHIP HARDWARE.*

jobs. The desktop delivered to each employee is now more secure as all of the corporate data resides in the data center. Remote employees now have flexible desktop access from virtually any device resulting in reduced desktop support costs and the ability to securely provide a work-at-home program.

The contact center also realized the added benefits of multiple layers of protection for the desktop environment by:
• Storing data in the cloud, not on devices, thus lessening mobile computing risks.
• Centralizing the deployment of security software, updates and patches over the network, rather than installing and updating protection on individual devices, plus using two-factor authentication to keep unauthorized users out.
• Connecting users to the desktop environment via a site-to-site VPN, an MPLS or an AT&T VPN, allowing users to access their desktops in a more secure manner.
• Utilizing a private cloud environment of virtualized servers and storage assets and the enterprise-class security of an AT&T Internet Data Center to realize the layers of infrastructure and network security not achievable with a device-based approach.
• Increasing protection from business disruption by replicating data across AT&T data centers. ◼

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Editor's note: This case study was submitted by AT&T.

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By Randy Jeter

Hospice Prescribes
Cloud Desktops
for Productivity, Security

Hospice of Citrus County Inc. (HoCC) serves patients with life-limiting illnesses or life expectance of less than six months. HoCC is based in Lecanto, Fla., with 12 branches in the northern half of the state. Its team of physicians, nurses, home health aides, social workers, chaplains and trained volunteers provides specialized medical care, emotional, spiritual and social support, as well as medical services, equipment, supplies, medications and training to manage patient care.

THE CHALLENGE

To meet government requirements for managing patient records electronically, HoCC needed to refresh its technology, increase its network security and streamline IT management and help desk support.

HOCC's three-person IT team handled all activities supporting the IT infrastructure and user desktop image delivery. These activities included ordering new hardware, repairing existing hardware, monitoring the servers for performance and managing the backup process. However, the department did not have a management and tracking system in place, so employees were not receiving efficient and reliable service.

In addition, the organization's private network needed to be monitored and managed.

THE SOLUTION

As part of its efforts to refresh its core health care systems and streamline its desktop solution, HoCC moved 400 client terminals, located across its offices, to RapidScale's CloudDesktop platform. The new desktops-as-a-service (DaaS) solution was built in a private environment to assure HIPAA compliance.

RapidScale also worked closely with HoCC's COO and IT team to develop a plan for transitioning HOCC's services and setting up a teaming approach to support end users. As part of that effort, RapidScale implemented a help desk solution, enabling a single point of contact for support issues. Incoming calls are handled with a defined process, issues are tracked and on-site resources are dispatched to address desktop issues.

RapidScale also provided HoCC with a system for administrating IT hardware acquisitions.

THE RESULT

HoCC relies on RapidScale as its single point of integration, managing regulatory compliance and IT costs.

By implementing RapidScale's CloudDesktop service, HOCC now provides its staff and contractors with a secure cloud desktop platform, which also has boosted its employee productivity and workload efficiency, and enabled a mobile workforce. With RapidScale handling the desktop experience, HoCC also has reduced desktop management costs and prolonged the user-terminal device life cycle.

In addition, HoCC streamlined order management, trouble ticketing and end-user support systems by offloading to RapidScale. And, by monitoring all activities in a quantitative manner, overall support costs were reduced.

RANDY J. JETER is the CEO and co-founder of RapidScale Inc., a full-service cloud provider. It is his goal to eliminate the personal computer by using his company's CloudDesktop solution to make people's mobile devices their computers.

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