

# Australian IT channel reveals cloud pain points

**Australian IT channel companies are clamouring to sell cloud, but worry that incumbent cloud providers aren't offering the structures needed to make cloud a viable proposition.**

That's one of the findings from a new survey of CRN readers, sponsored by OrionVM and conducted in November and December 2018.

The survey found that over 44 percent of channel partners and distributors rated margins as the biggest problem they have with their current cloud infrastructure provider.

Another prominent gripe – customers that go direct to clouds, robbing the channel of their chance to add value and win revenue – came from a quarter of respondents.

Hidden or variable fees charged by cloud providers also earned the ire of the channel.

A smaller number of channel companies complained about lack of timely technical support from cloud providers.

Little wonder that less than a third of CRN readers rated themselves completely satisfied with their cloud infrastructure provider.

## REVENUE OPPORTUNITIES

Not that those complaints are putting the channel off cloud – about half of respondents sold public, private or hybrid cloud infrastructure, SaaS or PaaS, more than the number selling dedicated or co-located infrastructure.

Nearly a third of respondents' businesses already depended heavily on cloud revenue. And while half said that cloud contributed a small part of their revenue, they wanted to grow that revenue.

The channel also sees plenty of demand for cloud services. We asked readers to identify the services or applications experiencing greatest end-customer demand, and more than two-thirds pointed to cloud storage. Intriguingly, storage beat out tier one enterprise applications, databases and unified communications.

## INCUMBENT PLATFORMS

The survey also revealed which infrastructure providers the channel uses. Microsoft Azure was the most popular retail public cloud provider, with nearly two-thirds

**“We see a gap in the market for a high performance, flexible cloud with high-margin wholesale discounts and channel-ready features.”**

SHENG YEO, CEO, ORIONVM

of channel companies using or reselling the service. That adoption rate was more than double the number using or reselling Amazon Web Services or Google Cloud.

But the channel is also prepared to roll up its sleeves and build its own cloud. Nearly half of the respondents used VMware, OpenStack or Hyper-V to do that – a sign that public retail cloud providers aren't solving all the channel's needs.

## DIVERSE NEEDS

The channel isn't only concerned with cloud margins – the survey also uncovered a wide range of other sought-after cloud features.

Security and compliance topped that wishlist, followed by cloud vendors that don't compete with resellers for customers.

Survey respondents also wanted cloud infrastructure that complements their businesses, full control over cloud branding, enterprise-level performance and resilient infrastructure – further proof that low prices won't solve the channel's cloud needs.

## MIDDLE GROUND

Demand for higher margins and more flexibility hasn't gone unnoticed by IaaS provider OrionVM, which is muscling into Azure's territory with wholesale cloud tailored for the channel.

OrionVM's goal is to outgun rivals by using high-performance computing architecture, including Infiniband, software-defined storage, hyperconverged infrastructure and virtualisation.

This contributes to greater efficiency and performance and lower costs, according to OrionVM. The company also promises high margins and says its services can be delivered at lower rates than AWS or Azure.

OrionVM is also giving channel partners flexibility in the way they sell its services, including the ability to rebrand OrionVM services as their own.

More choice is good news for channel companies looking to increase cloud revenue.

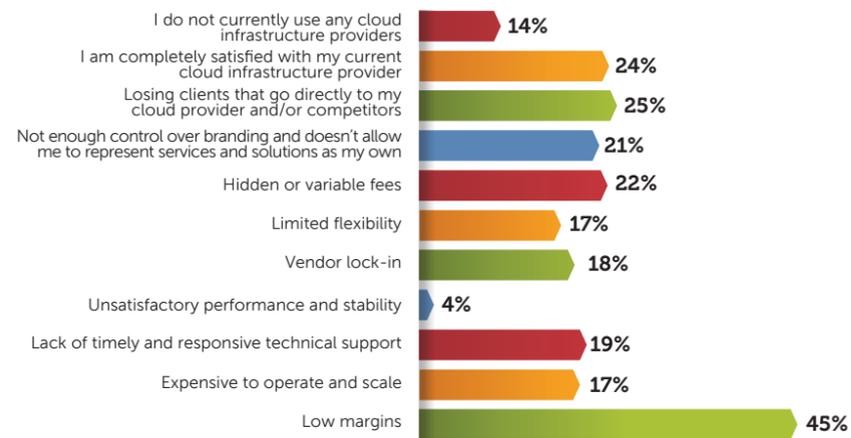
**Find out more about OrionVM's services at [www.orionvm.com](http://www.orionvm.com)**



## RESULTS OF OUR SURVEY ABOUT CLOUD

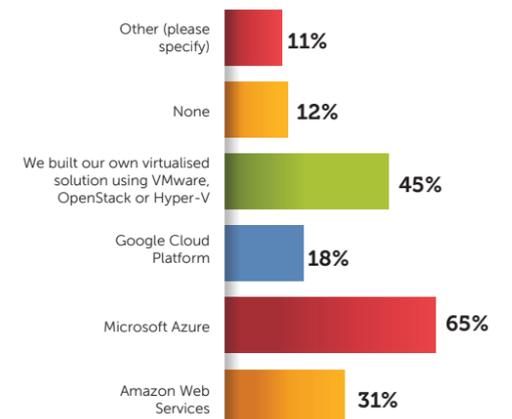


## WHAT PROBLEMS DO YOU HAVE WITH YOUR CURRENT CLOUD INFRASTRUCTURE PROVIDER?\*



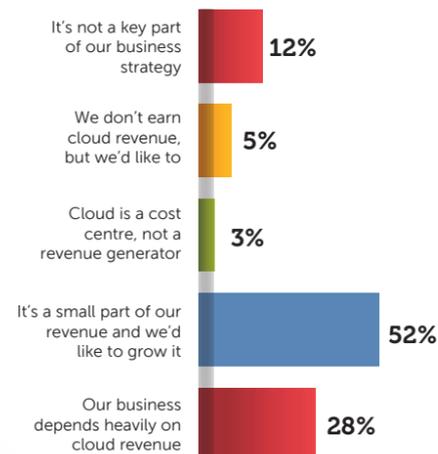
\* Respondents could select more than one option.

## WHICH CLOUD INFRASTRUCTURE PROVIDERS DO YOU CURRENTLY USE OR RESELL?\*

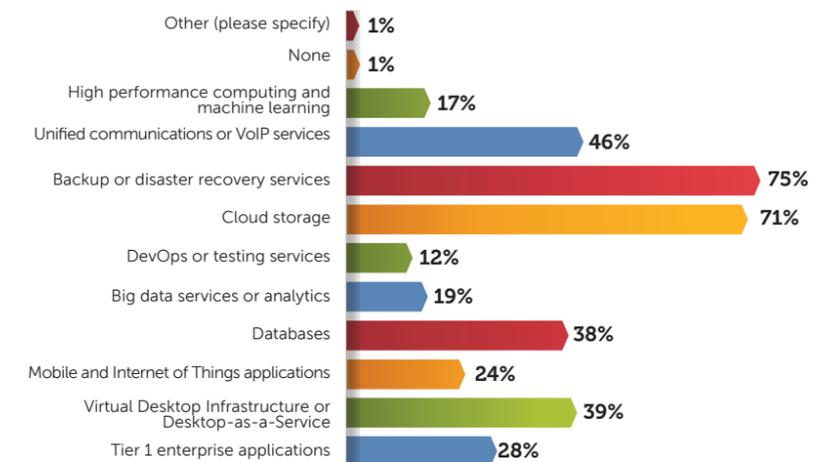


\* Respondents could select more than one option.

## HOW IMPORTANT IS CLOUD HOSTING REVENUE TO YOUR BUSINESS?\*



## WHAT SERVICES OR APPLICATIONS DO YOU SEE THE HIGHEST DEMAND FOR IN THE MARKET?\*



\* Respondents could select more than one option.