



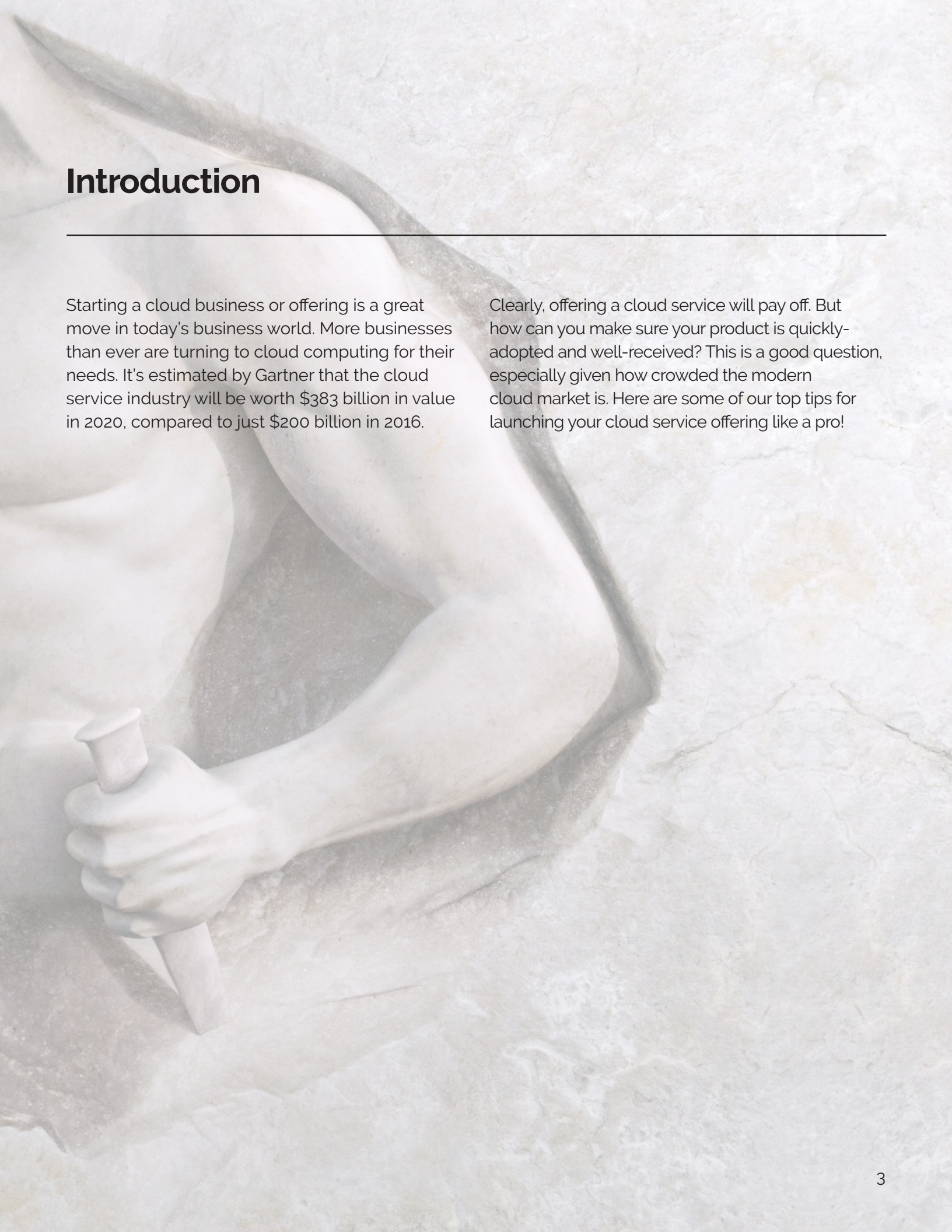
# Your Roadmap to Building a Profitable Cloud Service Offering

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# Table of Contents

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<b>A Quick Reminder: Why Are Customers Attracted to the Cloud Service Model?</b>	<b>4</b>
Lower Costs	4
Simplified Administration & Delivery	4
<b>Step 1: Identify the Needs that Your Cloud Service Will Respond to</b>	<b>5</b>
<b>Step 2: Learn about the Market and Your Competitors – And Find Your “Edge”</b>	<b>6</b>
<b>Step 3: Understand the Three Cloud Service Categories</b>	<b>7</b>
Software as a Service (SaaS)	7
Infrastructure as a Service (IaaS)	7
Platform as a Service (PaaS)	7
<b>Step 4: Develop Your Cloud Service!</b>	<b>8</b>
Building Your Own Infrastructure	9
Relying on a Cloud Infrastructure Provider	10
Final Word about Infrastructure	11
<b>Step 5: Go-to-Market</b>	<b>12</b>
Before You Leave...	12

A background image of a marble sculpture, likely by Michelangelo, showing a hand and forearm holding a tool, possibly a hammer or chisel, set against a light-colored, textured stone wall.

# Introduction

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Starting a cloud business or offering is a great move in today's business world. More businesses than ever are turning to cloud computing for their needs. It's estimated by Gartner that the cloud service industry will be worth \$383 billion in value in 2020, compared to just \$200 billion in 2016.

Clearly, offering a cloud service will pay off. But how can you make sure your product is quickly-adopted and well-received? This is a good question, especially given how crowded the modern cloud market is. Here are some of our top tips for launching your cloud service offering like a pro!



## A Quick Reminder: Why Are Customers Attracted to the Cloud Service Model?

### Lower Costs

The cloud service model's popularity comes from its simplicity:

1. First, it does not require users to invest upfront.
2. Second, cloud services are billed monthly and based on user consumption.
3. Third, cloud services scale up or down, following the trend of the users' exact needs.

Consequently, companies easily adopt cloud services as they help them reduce CapEx (capital expenditures) and manage IT costs under OpEx (operation expenditures). This eases financial management for businesses of any kind and any size.

### Simplified Administration & Delivery

On another hand, cloud services brought digital transformation to businesses.

In the past, using software would require a local installation of a client application on the users' computer. The more software you would use, the more applications you would have to install locally. Many of them did not properly cohabit, complexifying IT administration, maintenance and support.

With the cloud, all services are accessible through an Internet browser like Chrome or Firefox. Better, most of them can be used from mobile devices too! This has definitely improved productivity for businesses.



## Step 1: Identify the Needs that Your Cloud Service Will Respond to

**Before you even consider building a cloud service offering, the first thing you need to do is identify a need that you can fulfill. You need to provide some kind of solution to a problem that faces a particular industry, user, or company.**

Let's take Salesforce, for example. Salesforce identified a need – businesses needed a streamlined, affordable, and flexible CRM and sales platform. The company then built a cloud platform that has become the industry standard. It now brings in nearly \$10 billion in revenue and is one of the most successful cloud companies of all time.

In order to make sure that your cloud product succeeds, you need to identify a need that is widespread, and which has not been properly addressed by other competing products.

## Step 2: Learn about the Market and Your Competitors – And Find Your “Edge”

Chances are, you're not going to come up with an idea that has not been tried before. However, this doesn't mean your idea won't be successful.

You don't need to be the first person to come up with an idea to succeed. You just need to **create a better product** – one that will quickly be adopted by thought leaders and companies in your chosen industry.

Let's take PayPal, for example, and contrast it with Venmo. PayPal now owns Venmo, but that wasn't always the case.

When Venmo first started in 2009, PayPal had already been processing P2P (peer-to-peer) online payments for more than a decade. However, it quickly started gaining popularity for quick money transfers. This

happened because Venmo offered a better user experience and simple integration with Facebook accounts.

By the time PayPal acquired Venmo in 2013, it was worth \$800 million, up from a valuation of just \$26.2 million in 2012.

Venmo had an edge over PayPal, despite the fact that it was so much newer, and less well established. It had an intuitive and streamlined app and was much easier to use. Because of this, PayPal was forced to acquire the company for a huge sum.

## Step 3: Understand the Three Cloud Service Categories

You also need to understand what cloud product “category” your product falls under. The most common three categories are as follows:

### Software as a Service (SaaS)

Software as a Service is a business model that allows you to host your own software, and sell it to customers on a month-to-month basis. You maintain control of your own software and infrastructure, and your customers pay to use your cloud-based applications.

### Infrastructure as a Service (IaaS)

Infrastructure as a Service is a different kind of cloud computing model, which provides outsourced, cloud-based IT infrastructure – such as development environments, storage and backups, servers, databases, and virtualized computing.

### Platform as a Service (PaaS)

A Platform as a Service model can be thought of as a sort of “hybrid” between a SaaS and IaaS model. Both infrastructure and software tools are provided to a customer through the internet. This type of cloud computing is commonly purchased by software companies to build their development environments and services.

Understanding which product “category” your cloud service offering fits under is very useful. It will help you better determine pricing, marketing strategies, and customer support.

## Step 4: Develop Your Cloud Service!



**This is the hardest part of the game.**

**Creating your product requires you to have the right resources. These include skilled staff and tools. Under the tool category, infrastructure is the most critical.**

Infrastructure is at the core of any cloud offering. Even if you're planning to offer SaaS, you need an infrastructure or platform to build it. Also note that your choice will impact your product

development. For instance, it will determine the technologies you'll be able to use such as databases or coding platform.

**Let's focus on the choices you have.**



## Building Your Own Infrastructure

Investing in your own IT infrastructure, such as servers, storage, networking, and other such essentials has some key advantages.

1. First, you can more closely control the evolution and security of your systems.
2. Second, you will retain full control over your data and your customers' which will help you comply with regulations like GDPR or HIPAA.
3. Third, you will be completely free and autonomous, rather than being bound to another company for your infrastructure decisions.

However, purchasing IT hardware can be prohibitively expensive. The cost of purchasing setting up even a few numbers of modern, advanced servers and storage from a company

like Oracle can easily run you hundreds of thousands of dollars.

Added to this, it requires a virtualization platform or cloud management software to oversee and orchestrate the infrastructure. The cost of administering and running this option can be quite steep.

**A great alternative** is to build your infrastructure using highly reliable but less expensive hardware, coupled with the right cloud management platform. Ormuco, for example, makes it possible to use commodity hardware to build and a cloud infrastructure at the same standards of popular public cloud providers.



## Relying on a Cloud Infrastructure Provider

Your other option is to work with a public cloud provider. This is a company that offers IaaS or PaaS. Such a company will host your software or services and bill you on a monthly subscription basis. They will usually bill you by resource unit consumed during the month. Resources can be compute, storage, network and more. Hyperscalers will even offer you to host in different regions of the world, through a global network of data centers.

There are a few key benefits of doing this. First, you can avoid high initial capital expenditures on IT infrastructure, and the costs of hiring administrators

and other personnel to run them. You also can scale more effectively – adding more storage and computing resources at the touch of a button. Finally, you won't have to deal with hardware administration and the provider's service level agreement will protect you from natural or man-made disasters.

When you want to keep control of your workloads with an on-premises infrastructure, you can still consider using a public cloud provider for your disaster recovery sites.



## **Final Word about Infrastructure**

The right option for you depends on how much capital you can invest in your company, and a number of other factors. Take some time to think about this decision, and you will certainly make the right choice.


## Step 5: Go-to-Market



When your product is ready, it is time to go deliver it to the market. For this part, you need your Product, Sales and Marketing teams to work hand in hand. You can only be successful with everyone properly doing their part of the job. We will cover this in details in another documentation.

### Before You Leave...

Developing and releasing a cloud service is not easy. It takes quite a bit of research, legwork, and time. However, when your service is fulfilling a key business need, and you have an edge over the competition, your product is sure to succeed.




## About Ormuco Inc.

Founded in 2008, Ormuco's mission is to be a leader in the deployment of edge computing as the preferred solution for data processing. The company enables the delivery of real-time solutions based on innovative technologies such as AI and machine learning to businesses and users worldwide.

Discover Ormuco! Ask for a Custom Demo.

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