

# UP IN THE CLOUD



As the managed cloud services model begins to gain wider market acceptance in the Middle East, channel partners are also beginning to see their businesses gain much appeal from SMB, midmarket and enterprise customers.

**A**s more enterprises move their business-critical systems and applications to outsourced and cloud-based IT infrastructures, managed cloud services are gaining broader appeal from customers of all sizes in the Middle East. Adopting a managed cloud service and outsourcing the complexity to a specialist third party is an increasingly popular trend across the region, and this is reflected in buoyant growth forecasts for this market in the region.

Networking giant Cisco recently released the findings of a global study indicated that while cloud adoption continues to accelerate, few organisations are maximising the value that cloud can offer.

According to the Cisco study, nearly 68% of organisations are using cloud to help drive

business outcomes, a 61% increase from last year's study.

The increased cloud adoption, stated the report is being fuelled by cloud-native applications, including security and the Internet of Things (IoT) cloud-based solutions.

On average, the most "cloud advanced" organisations see an annual benefit per cloud-based application of \$3m in additional revenues and \$1m in cost savings.

Cisco said these revenue increases have been largely the result of sales of new products and services, gaining new customers faster, or accelerated ability to sell into new markets.

The study also reveals that 95% of those leading organisations with optimised cloud strategies have built a hybrid IT environment that uses multiple private and public clouds

based on economics, location and corporate governance policies.

Yasser Zeineldin, CEO, eHosting DataFort, said cloud adoption in the Middle East is definitely seeing significant growth.

Zeineldin said the Cisco Global Cloud Index 2013 to 2018 whitepaper estimates the highest cloud traffic growth rate (54% CAGR) for the Middle East and Africa. "The proportion of revenues being allocated to cloud computing is gradually increasing across different organisations as well," he said.

He added that although most public sector organisations are still having doubts about public cloud, the private cloud is definitely garnering a lot of interest from enterprises across the region. "Cloud infrastructure is more cost effective than having your own on-premises IT



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YASSER ZEINELDIN, CEO, EHOSTING DATAFORT

infrastructure. Though the pace might not actually compete with the speed of light, enterprises are surely moving more of their business operations to the cloud in order to gain more returns on investment,” he said.

He pointed out that the SMB segment is also slowly following the trend. “So in five years’ time, one word which might aptly describe cloud infrastructure services is ‘everywhere’. Crucial business applications may or may not move entirely onto cloud depending on the technological breakthroughs in cloud-based security systems,” he said. “Nevertheless, the uptake of private and hybrid clouds will definitely be higher and provide businesses umpteen reasons to invest in cloud in order to get more for less.”

Zeineldin said as one of the first cloud services providers in the region, eHDF has been delivering a range of different cloud solutions, both public and private, managed and unmanaged variants. “In the region, managed cloud is a differentiator from the public cloud services that global players offer,” he said. “Managed cloud offers additional benefits to customers, where they can offload mundane IT operations and focus on growth and innovation.”



“FOR MANAGED CLOUD SERVICES, WE CURRENTLY HAVE SERVICES AROUND MICROSOFT OFFICE 365 AND CLOUD INFRASTRUCTURE. THE OFFERINGS ARE PROVIDED AS A SERVICES CATALOGUE TO OUR CHANNEL PARTNERS WHICH THEY CAN THEN OFFER TO THEIR END USER CUSTOMERS.”

RAHUL BHAVSAR, CLOUD DIRECTOR, INGRAM MICRO, META

Rahul Bhavsar, cloud director, Ingram Micro Middle East, Turkey and Africa (META), said the current state of the managed cloud services space in the region is at its infancy as traditionally the market (customers) are still resisting the concept of someone outsider managing their entire infrastructure by having a back door access to it.

That being the case, added Bhavsar, some organisations in the market are embracing the cloud as these customers are finding it logical and economical to move both application and infrastructure to the cloud. “This acceptance of the cloud by the market is key in triggering managed cloud uptake in the region,” he noted. He explained that as the cloud business grows in the region, the acceptance of managed cloud services is going to be more and more accepted by the customers in the form of ongoing services especially around cloud infrastructure.

Bhavsar explained that Ingram Micro is a 100% channel business and all the company’s products and services are tailored for reseller partners. “For managed cloud services, we currently have services around Microsoft Office 365 and cloud infrastructure,” he said. “The offerings are provided as a services catalogue



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to our channel partners which they can then offer to their end user customers.”

While there is no doubt that the market is opening up to managed cloud services, what are the main influences on organisations’ decisions to adopt these services or move their IT infrastructure to the cloud?

Abou Moustafa, vice president, Enterprise Managed Services and Datamena at Dubai-based telecoms provider du, said organisations see the flexibility, scalability and efficiency of managed cloud services and they know it will make their business operate efficiently.

Moustafa said every organisation wants the freedom to grow at their own pace and deploy whatever services they want in a secure environment. “Our managed cloud services enable them to do that. Organisations can limit their growing pains and access services that will make a difference in how fast they can serve customers,” he said.

He added that the cloud can help companies to be more successful in their business while reducing costs. “The other aspect of this is the move from a CAPEX-based model to OPEX-one,” he said. “It is a lot easier to manage OPEX and scale up or down according to inter-



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**GHASSAN DARRI, MANAGED CLOUD SERVICES SALES LEADER, MEA, ORACLE**

nal demand. This means there's no oversubscribing and they only pay for what they use. That reduces their risk and gives them more agility.”

Ghassan Darri, managed cloud services sales leader, Middle East and Africa (MEA) at Oracle, agreed with the view on OPEX and pointed out that the adoption of managed cloud services by customers is primarily driven by financial, cultural and regulatory factors.

Darri said the financial drivers are primarily focused around CAPEX and OPEX savings derived from transformation of the available IT resources towards business innovation rather than day-to-day operational maintenance.

According to Darri, the cultural and regulatory drivers are usually regional or industry specific frameworks that accelerate or delay the cloud adoption by customers such as data security, residency and sovereignty.

He said the declining IT and business budgets due to falling oil prices and the focus on business innovation (especially at government level) has only helped accelerate the managed cloud services growth in the Middle East. “This is why solution providers need to take notice and consider playing in the cloud space by investing resources,” he observed.

He pointed out that at Oracle, the company recognises the potential of managed cloud services in the Middle East. “The recent announcement that the Oracle data centre in Abu Dhabi will provide managed cloud services to our customers in the Middle East upon operationalisation is welcomed,” he enthused.

At systems integrator, Emitac Enterprise Solutions, Arun Sridhar, regional service delivery manager, Managed Services and Outsourcing, said managed cloud services are enjoying a surge across the Middle East as enterprises look to a combination of the cloud and outsourced service providers to sidestep the need for investment in IT infrastructure and skills that are an expensive distraction from their core business.

Sridhar pointed out that from network and data centre management services to disaster recovery, storage and backup, server management, security and IT support, organisations are offloading large chunks of the IT functions and in the process of liberating financial and human resources to focus on productivity and efficiency. “Large organisations keep the top layer of design, architecting, programme governance and letting out all operations below to service providers,” he pointed out.

Sridhar added that cloud services are gaining ground in all segments, but small and medium-sized businesses present a unique opportunity for channel partners to target.

“Understanding and addressing what sets them apart is the key to success,” he said. “The time tested one to one enterprise model while suitable for the enterprise marketplace, becomes a costly proposition for the SMB segment. Thus the role of channel partners and distributors is key to success.”

As the Middle East cloud services market is opening up to moving application and IT infrastructure to the cloud, many are optimistic that 2017 will see wide adoption of cloud offerings.

eHosting DataFort's Zeineldin added that cloud services in the Middle East are growing significantly as businesses are seeing tremendous value in having a scalable and flexible pool of resources at their fingertips.

According to Zeineldin, the assurance of lower IT costs and scalability has drawn IT decision makers to move their business-critical data and applications to the cloud. Also, the popularity of the pay-as-you-go model and having clearly measureable predictable IT costs is another driver towards cloud adoption in the



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Middle East. In fact, many organisations are considering to move to a hosted private or hybrid cloud model. Having said that, Zeineldin explained that public cloud is not far behind.

Ingram Micro's Bhavsar added that the greatest potential for the growth in the Middle East are with companies who offer the combination of both implementation and migration services followed by the managed services as in the initial phase customers want to move to the cloud first and then have someone to manage the cloud.

As managed services and cloud-based offerings begin to gain wider acceptance in the Middle East, managed services providers are starting to see their businesses gain broader appeal from small, midmarket and enterprise customers with equal participation from government. The aim is often to keep infrastructure secure and flexible without having to invest heavily in hardware, networks and systems and looking for innovative and cost-effective ways to meet the complex demands. The key sectors showing great adaptation of managed services are banking and finance, aviation, retail, media, government, IT and telecoms in particular. ■