



CloudBlue

C L O U D B L U E I N S I G H T S

The everything-as-a-service opportunity

Table of Contents

03

Introduction

04

Chapter One
Technology in Evolution

06

Chapter Two
Four Fundamental Trends
of Cloud Ecosystems

12

Chapter Three
A Blueprint for the future

16

Chapter Four
Digital transformation is
extremely complex...
until it's not

21

Closing Chapter
Summary

Introduction

The XaaS market has a predicted growth of \$180bn in 2021 to \$680bn in 2027*. With such a huge opportunity, organizations of all sizes across the globe are beginning to transform their business model. The benefits are clear.

The advent of the XaaS economy has transformed the way the world does business, forever. In this e-book we look at the everything-as-a-service opportunity, breaking down four fundamental trends which have caused a massive industry shift over the last few years.

This is essential reading.

**Research & Markets*

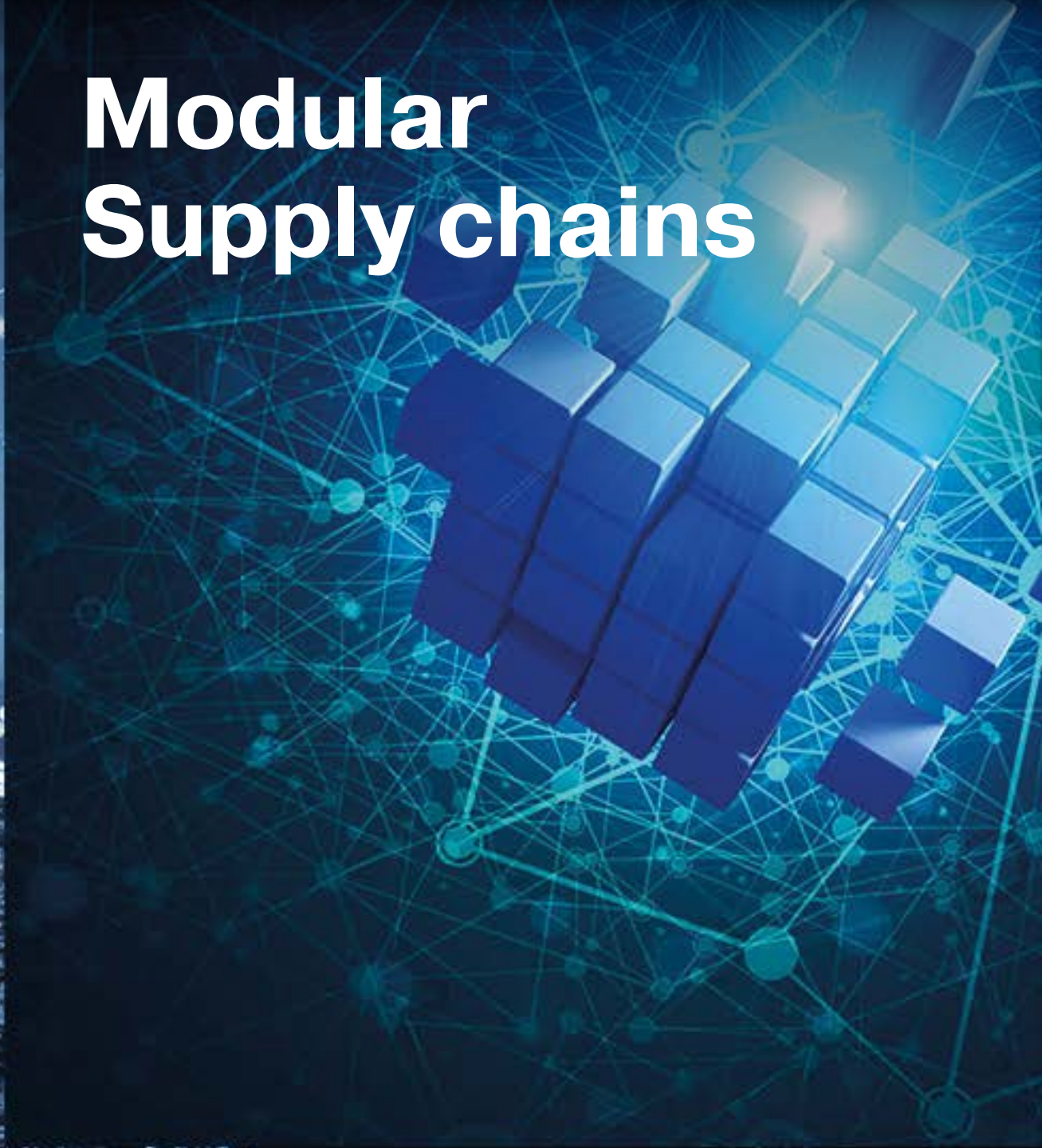


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Industry lines blurring



Modular Supply chains



Decentralized development



Democratization of technology

Chapter One

Technology in Evolution

A natural ecosystem is a system of interdependent complex networks. Coral reefs, rainforests, all the life inhabiting them – they all naturally balance the consumption and provision of resources. Is “ecosystem” just the latest business buzzword though? According to research by Accenture*, ecosystems have the potential to generate tremendous growth and offer huge efficiency gains that have the power to transform business profitability.

The way natural and digital ecosystems work is the communication between members. What the natural ecosystem has been doing for millennia, we are doing at a much faster rate thanks to the automated transfer of data across interconnected networks. The crucial element in this communication is that there be a standard. A way for all systems to communicate without the need for human intervention. This standardization is how we eliminate waste across the global supply chain. Automation means speed. It means accuracy. This feeds the continued improvement and evolution of the ecosystem.



*Accenture Cornerstones of Future Growth: Ecosystems

IBM launched an ambitious initiative in 2010 to identify how the global supply chain could become leaner and more agile. At the time the market was valued at 60 trillion USD, yet in just two decades this figure is predicted to reach +100 trillion USD. To curtail waste, the opportunity for new synapses in business support infrastructure is immense.

With such extraordinary growth, let's breakdown the four trends shaping the everything-as-a-service economy.



Chapter Two

Four Fundamental Trends of Ecosystems



1: INDUSTRY LINES ARE BLURRING

In the past, industry segments were clearly defined and largely static. Whether distributing products, selling software, or delivering in-house IT support, each partner on the supply chain had a distinct role.

With the advent of the as-a-service-economy, more and more companies, regardless of their core activity, are opening up new lines of services business. They are creating divisions or business units for services/MSP business and growing their ecosystem accordingly.

An example of this is Schneider Electric, who moved from being a manufacturer of electrical accessories and appliances, to being a leader of managed energy service provision and automation*.

*i-SCOOP – “Schneider Electric Exchange: a thriving digital business platform and ecosystem” 2021

Launched in 2019, the company took a three-pronged approach:

1. First came EcoStruxure, the IoT architecture, which was key in the value proposition of the company's channel partners.
2. Second came EcoXpert, the go-to-market and partner program for Schneider Electric and EcoStruxure. Essential in the broader partner ecosystem of Exchange.
3. Finally came Exchange, the platform connecting it all with partners. This also provided the tools to make it a business accelerator for partners, for Schneider Electric, and also for EcoStruxure..

Although traditionally it was just MSPs who delivered services, in today's XaaS economy a holistic approach prioritizing service delivery – not product sales – is fundamental to the growth of ecosystems.



2: THE SUPPLY CHAIN IS BECOMING MODULAR

The next key industry change is the transformation of the supply chain from a linear, tactical support system into a strategic part of any organization. During the COVID pandemic, with a global lock-down and worldwide disruption to traditional supply lines, the shift from boxes to bytes became a necessity.

An example of this is Spanish telecommunications giant Telefónica who recently announced their new business model*. They plan to become a true ecosystem, using a modular approach. Customers can now sign up for service modules, as opposed to individual products. This way, Telefónica can help customers build a package that best suits their needs. On top of the connectivity package (internet, voice, and data), for instance, they can now add TV content and value-added services.

Telefónica have also partnered with a US telemedicine & virtual healthcare company for their health package. They can offer alarm systems thanks to a joint venture with insurance provider Prosegur, and entertainment services like gaming with MSFT and Xbox.

The result of this evolution and expansion will lower churn and increase ARPU.

source: https://cincodias.elpais.com/cincodias/2022/05/04/companias/1651644786_021005.html

3: DECENTRALIZED DEVELOPMENT

The range and availability of apps and software products have exploded. The resulting widespread trend of decentralized app development means every industry partner now has the opportunity to become a solutions developer. This fuels ecosystem growth. With a many-hands approach, entire ecosystems benefit from agile development. They also no longer have one single point of failure and are naturally less fragile.

One example of this is Akash Network (AKT)*. When traditional cloud storage providers have excess capacity, they can sell it on Akash Network's blockchain-based marketplace to maximize the output of their unused resources. Akash Network also strives for interoperability and is compatible with major existing cloud infrastructure and cloud-based apps. This increases partnership viability for major cloud service providers. 85% of Akash Network's cloud services are leveraged from already existing and under-utilized data centers. At its core, Akash is a decentralized, open-source cloud services marketplace and self-described "DeCloud for DeFi."

*Akash Network | *The Unstoppable Cloud*

4: DEMOCRATIZATION OF TECHNOLOGY

The final trend shaping the future of ecosystems is the democratization of technology. More and more people have the ability to co-create, understand, and expand their technology. As a result, we see more flexible subscription models, opening access to XaaS solutions and reducing barriers to entry for customers. This all powers innovation and growth.

An example of this is 4G Capital. It powers micro and small business growth to build economies and generational success. It strives to deliver highly accessible solutions, as disbursements and repayments are made via mobile money to provide instant working capital for traders and enterprises...

- 4G Capital's client profiles actually highlight the democratization of technology:



Owner-operators of micro-businesses in low income informal markets



\$2-5 per day net income but with high buy-at/sell-at margins



Very short business cycles of 1 to 30 days

Source: www.4g-capital.com

Chapter Three

A Blueprint for the future



Composable Commerce
System of Systems

These incredibly important market trends represent a system of systems - a blueprint for the future of a new modular reality.

A helpful example of this modular approach and how the ecosystem expands, is the car manufacturing industry. In the early 20th century, Henry Ford wanted to industrialize and democratize his factory line, making it cheaper and faster to produce cars.

To do this, he built an ecosystem around Ford, including towns for workers, rubber plantations, OEMs for parts, and delivery networks. He also decentralized development of specific physical parts. The result was faster and cheaper manufacturing, making it easier for people to buy Ford cars. The company blurred industry lines and transformed the automobile sector - from slow, manual production to high-quality, agile mass production.

Fast-forward to today and we see how the automobile industry continues to transform. Take BMW. They have expanded beyond car manufacturer, blurring industry lines to become a software company producing physical devices for its smart cars. They have also built a complex ecosystem around their brand worth 20% of their revenue (\$20Bn revenue from subscriptions). The company has formed relationships with ISVs and service providers, decentralizing much of its development. It has also democratized the experience of luxury cars through subscriptions. Today, many more people can dream of driving even the most expensive BMW, albeit only for short term.

If a BMW customer today would like to add in-car infotainment for holidays, add extra engine power, or connect to a smart city to find a parking space, they can easily do it. This is a series of subscriptions, powered by an ecosystem and they raise ARPU over customer lifetime.

The benefits of this modular approach have tripled BMW's revenue from 2020 to 2021, when they reached \$149Bn.



With modular production and subscriptions there are essentially no limitations. Customers don't need to own anything or be stuck with configurations or functions they no longer use.

Life is changeable, for both people and businesses. Someone might move from the city to the country. Someone might become a parent. Businesses might grow faster than expected, and all of this opens up new growth opportunities for partners. With transactional software sales, the relationship ends when sales are made. With the subscription model, suppliers can tap into invaluable usage insights that will help improve customer experience and identify new upsell and cross sell opportunities.

Ultimately, this creates a way to build higher-value, long-term customer relationships – and unlocks reliable recurring revenue streams for every business.



Chapter Four

**Digital transformation is
extremely complex...
until it's not**

CloudBlue SaaS is the complete XaaS platform,
building a path to growth, scale and reach.
With **Cloudblue SaaS business can resolve
crucial pain points** like...

HOW DO YOU GROW YOUR BUSINESS WHEN YOUR MARGINS ARE SQUEEZED?

Start by designing your catalog with your own services or combine with a choice of over 300 top third-party cloud solutions. Delight your customers, offer them solutions which solve their business challenges whilst increasing your ARPU.



HOW DO YOU SCALE WHEN EVERYTHING'S MANUAL?

Make designing and implementing your subscription business easier. Automate procurement, provisioning, billing (including proration, refunds and reconciliation). Manage SKU updates, price changes, and subscription renewals frictionlessly. Automate reconciliation and revenue recognition for better reporting and analytics.

HOW DO YOU ENTER NEW MARKETS IF YOU'RE NOT THERE?

You need a multi-language and multi-currency platform to run your business across your subsidiaries, OpCos and/or partners and vendors. For robust, scalable marketplaces and distribution channels, multi-tier capabilities are vital.

CloudBlue SaaS is a marketplace-as-a-service platform, which offers out-of-the-box or customizable functionality to build and scale your subscription business, fast. It's built on CloudBlue's enterprise grade managed marketplace technology and everything-as-a-service platform.





The way the world does business has changed forever. It's modular, standardized, decentralized, and democratized. The CloudBlue approach drives how our customers build their XaaS business today.

Whatever their needs.

Whatever their size.

Whatever their business goals.

CloudBlue technology does heavy lifting for all processes that make everything-as-a-service commerce a reality, so our customers' businesses become more efficient and more profitable.

*API integration with customer systems available in Enterprise version only, otherwise it's standard data export.

CloudBlue is a SaaS company helping businesses transform themselves, whatever their position in the supply chain. Our managed marketplace platform takes the complexity out of distributing subscription-based solutions in the everything-as-a-service world. CloudBlue technology does heavy lifting for all processes that make everything-as-a-service commerce a reality, so our customers' businesses become more efficient and more profitable. We serve over 180 companies globally, representing 30 million cloud subscriptions.



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