

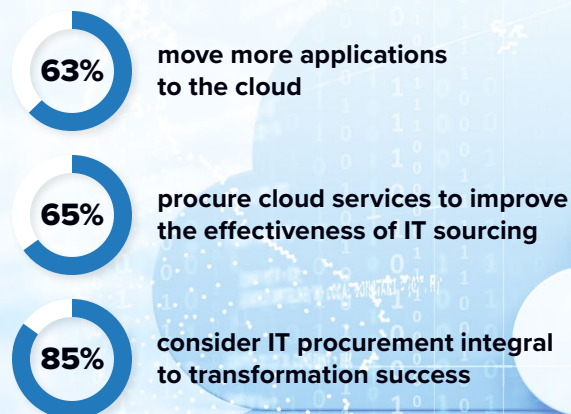


# Tap into the Transformative Potential of Cloud Marketplaces

To be comprehensive, digital transformation needs to streamline the way technology is purchased. Until recently, IT procurement has been a legacy holdout, relying on manual processes and traditional channels that fall short of executives' expectation for the increased speed, flexibility, and efficiency associated with transformation. As a result, cloud marketplaces have reached a tipping point and are poised to capture a significant percentage of \$231 billion SaaS and cloud software market in 2021.

## What is driving buyers and sellers to cloud marketplaces in increasing numbers?

### Buyer / IT Sourcing and Procurement



### Seller / Independent Software Vendor



Source: IDC, 2020

## Cloud Marketplaces Have Become a Transformation Imperative for IT Buyers and Sellers

The seismic shift of IT procurement to digital channels includes billions of dollars in enterprise software. As cloud-only becomes the norm for most businesses and buyers make more commitments to cloud service providers, large-scale transactions, in some cases \$5 and \$10 million deals flow through cloud marketplaces every quarter. Executives leading an effective transformation effort understand the importance of modernizing IT procurement to better align with the velocity of change inside the business. The pandemic has virtualized most if not the entire buying cycle. Independent software vendors (ISVs) face mounting pressure to adapt to changing buyer behavior while lowering costs and accelerating profitable growth.

## Procurement Transformation

Businesses apply lessons learned from the pandemic to address vulnerabilities and close gaps in digital transformation. Buyers seek modern versions of what they are using today. For many businesses, procurement has been a transformation holdout. As users have become significant influencers and, in some cases, buyers of SaaS and cloud software, the proliferation of SaaS has increased dramatically, posing challenges for the business. IT procurement must move at digital speed to satisfy internal stakeholders while applying the appropriate controls to manage costs and minimize risk. The rapidly changing IT landscape compels IT and business executives to modernize procurement processes and automate wherever possible, including proactively curating services and solutions in anticipation of what the organization may need in the future. Procurement transformation needs a channel that streamlines processes, consolidates IT spend, optimizes cloud commitments, and provides real-time visibility into purchases and usage.

## Supply-Side Transformation

ISV/SaaS providers and other commercial software producers must adapt to buyer demand for an efficient, consumer-like buying experience including frictionless self-service and one-click provisioning. It is paramount that sellers recognize the impact of procurement transformation on enterprise relationships. Enterprise procurement invests in cloud services and emerging technologies like AI and advanced data management to improve the effectiveness of IT procurement; 65% of procurement personnel indicate cloud services would enable them to operate with the highest level of effectiveness.

Disruption caused by the pandemic compels ISVs to increase retention and lower the cost of customer acquisition. Cloud marketplaces are the optimal channel for achieving these goals and foster deeper customer engagement while increasing business value for all participants.

IDC strongly recommends ISVs invest in the new generation of SaaS and Cloud applications that are more intuitive, intelligent, interconnected, and ideally suited for distribution through cloud marketplaces. According to CloudShare 2020, 53% of ISVs plan to rearchitect existing applications or build new cloud-native applications. As the volume of online B2B transactions increase, cloud marketplaces enable a wider selection of business technology, and increasingly end-to-end horizontal and vertical solutions. Most ISVs cannot keep pace with the continuous marketplace innovation coming from the leading cloud providers, nor should they. Leveraging the leading cloud service provider marketplaces frees the ISV to focus on application innovation that drives growth and customer success. If sellers need additional incentive to step up their marketplace game, cloud service providers continue to launch new marketplace capabilities.

## Enterprise Technology Buyers Come to Cloud Marketplaces in Greater Numbers to Take Advantage of Their Transformational Potential

- Multiple solution types: SaaS, VMs, containers, datasets, and APIs
- Complete transactability with one-click provisioning
- Self on-boarding for SaaS and VMs
- Governance features including configuration management
- Private catalog of guaranteed pre-vetted offerings
- Expanded enterprise billing models
- Order management, multi-vendor management including retention and renewals
- Real-time insight to engage in renewals from a position of strength
- Thousands of available certified solutions with ratings and reviews



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### Message from the Sponsor

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