Data Center Modernization Business Plan

CPHERE Consulting Group
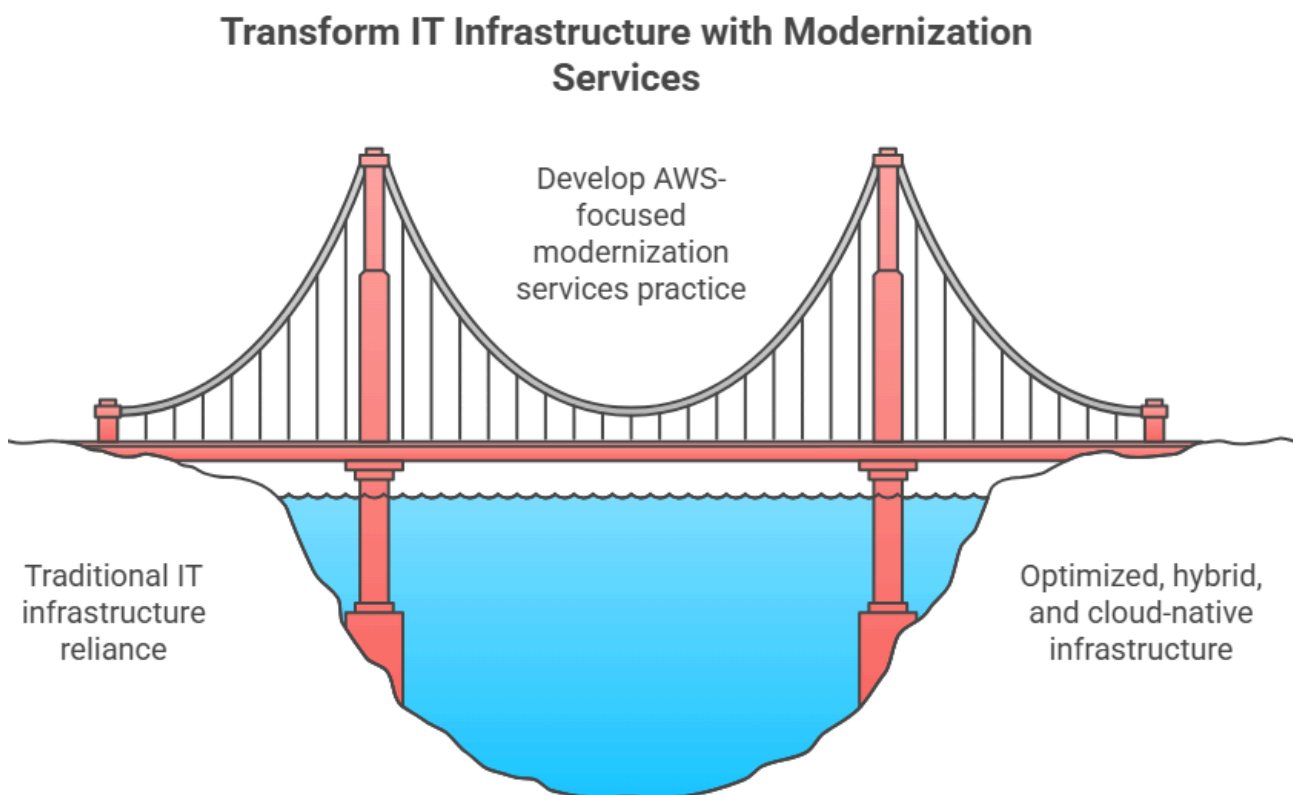
Data Center Moderization Business Plan

Executive Summary

This business plan outlines the creation of a **Data Center Modernization Services Practice**, including the development of an AWS practice, workload optimization, and workload migration services. The practice aims to help enterprises transform their IT infrastructure by adopting hybrid and cloud-native models, optimizing existing workloads, and seamlessly migrating to public cloud platforms.

The objective is to capture a significant share of the growing demand for modernization services, generate high-margin recurring revenue streams, and establish Mainline as a trusted advisor in the data center transformation journey.

The practice should be built around AWS initially. AWS offers the most support and funding for business partners. Additional vendors (Azure and GCP) can be added later if each becomes more channel friendly.

A high margin, profitable business could be achieved in approximately two years with an investment of about $1.5m.

Transform IT Infrastructure with Modernization Services

Develop AWS-focused modernization services practice

Traditional IT infrastructure reliance

Optimized, hybrid, and cloud-native infrastructure

Data Center Moderization Business Plan

Market Opportunity

1. **Industry Trends:**
   - Enterprises are moving from legacy infrastructure to hybrid cloud models, driven by the need for agility, scalability, and cost optimization.
   - Per Gartner, infrastructure as a service (IaaS) spending exceeded $140 billion in 2023. with public cloud adoption accelerating. AWS captured 39% of this market or $55b. AWS is the most channel friendly hyper-scaler and has the richest partner programs.
2. **Target Market:**
   - Enterprises with aging data centers and a need to modernize.
   - Industries with compliance requirements or high-performance demands, such as healthcare, finance, and manufacturing.
   - Mid-market and large enterprises ($250M–$1.5B revenue) that lack in-house expertise for cloud transformation.
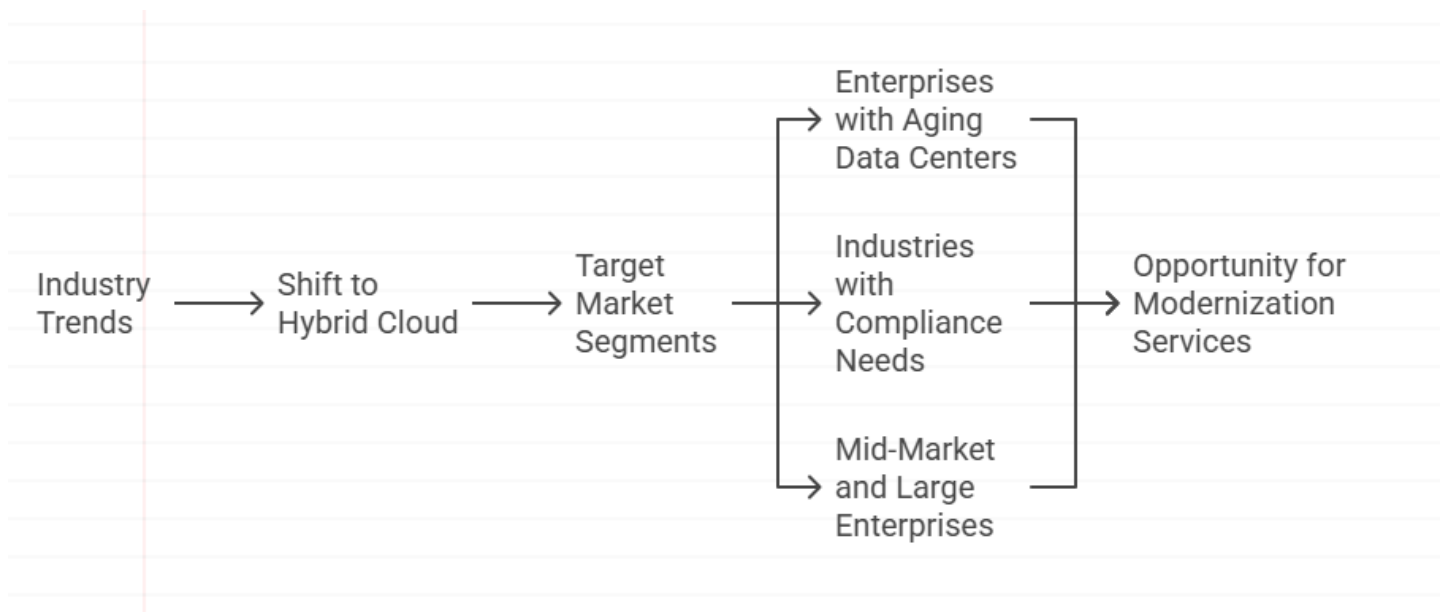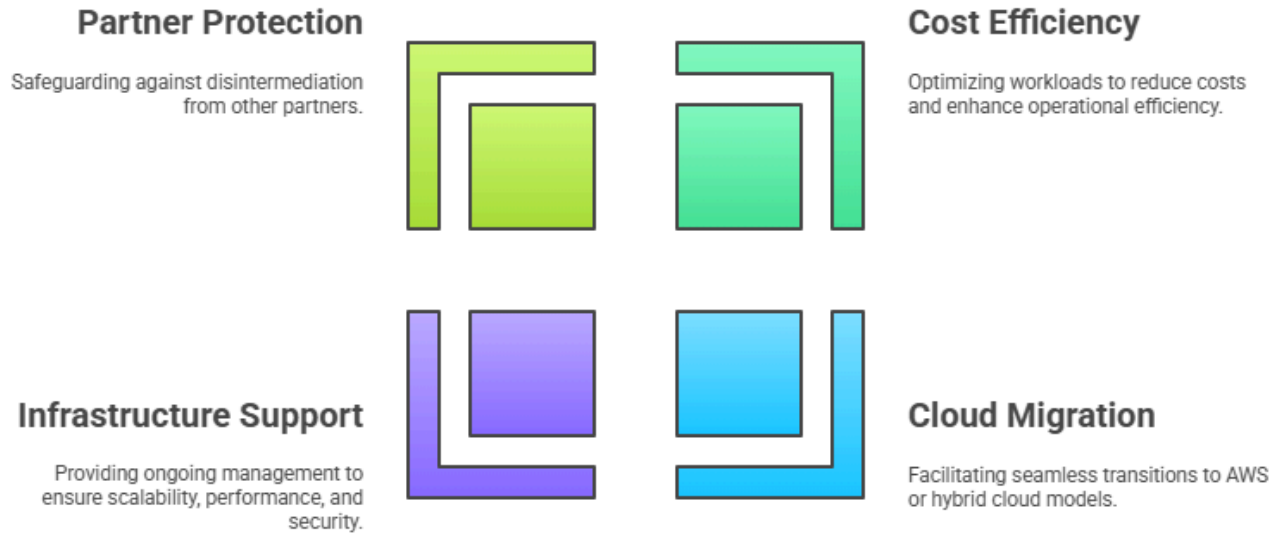

Value Proposition

The Data Center Modernization Services Practice will:

1. Help clients reduce costs and improve operational efficiency by optimizing existing workloads.
2. Enable seamless migration to AWS or hybrid cloud models with minimal disruption.
3. Provide ongoing management and support for modernized infrastructures, ensuring scalability, performance, and security.
4. Protect against disintermediation from other partners.

Data Center Moderization Business Plan

Transforming Data Centers for Cost Efficiency and Cloud Agility

Partner Protection

Safeguarding against disintermediation from other partners.

Cost Efficiency

Optimizing workloads to reduce costs and enhance operational efficiency.

Infrastructure Support

Providing ongoing management to ensure scalability, performance, and security.

Cloud Migration

Facilitating seamless transitions to AWS or hybrid cloud models.

Core Services

1. **AWS Practice**
   - **Cloud Assessments:** Conduct ROI and TCO analysis to evaluate the benefits of AWS adoption.
   - **AWS Workload Migration:** Move applications, databases, and infrastructure to AWS using proven frameworks.
   - **Hybrid Cloud Solutions:** Integrate on-premises infrastructure with AWS services, enabling a seamless hybrid model.
   - **Managed Services:** Offer AWS environment monitoring, security, and cost optimization as a recurring service.
2. **Workload Optimization Services**
   - **Performance Tuning:** Assess and optimize application performance on existing infrastructure.
   - **Cost Optimization:** Analyze and right-size workloads to reduce costs in on-premises and cloud environments.
   - **Automation:** Implement Infrastructure-as-Code (IaC) and DevOps pipelines to streamline operations.
3. **Workload Migration Services**
   - **Lift-and-Shift:** Rapidly migrate workloads with minimal modification to AWS or other platforms.
   - **Re-platforming:** Optimize workloads during migration to take advantage of cloud-native services.
   - **Re-architecting:** Redesign applications for scalability, performance, and resilience in a cloud-native environment.

Data Center Moderization Business Plan
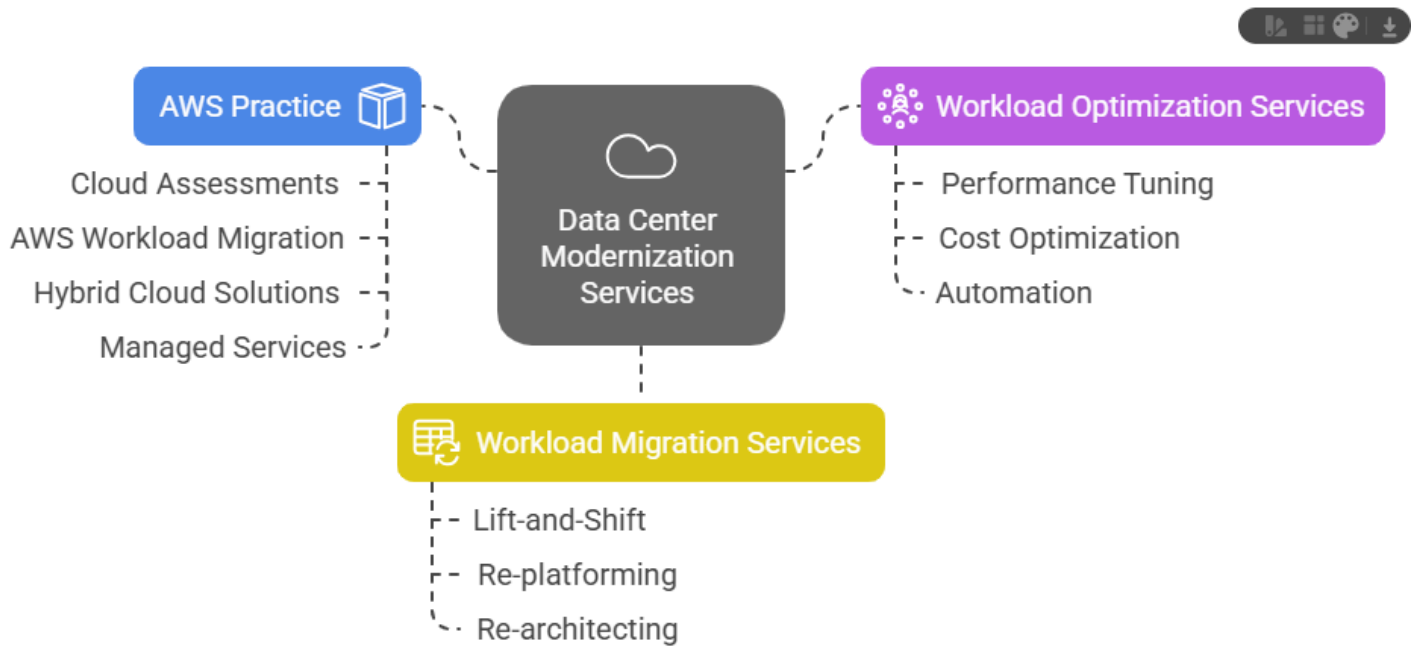
Revenue Model

1. **Consulting Revenue:**
   One-time fees for assessments, planning, and implementation projects.

2. **Recurring Revenue:**
   Subscription-based managed services for AWS and modernized environments.
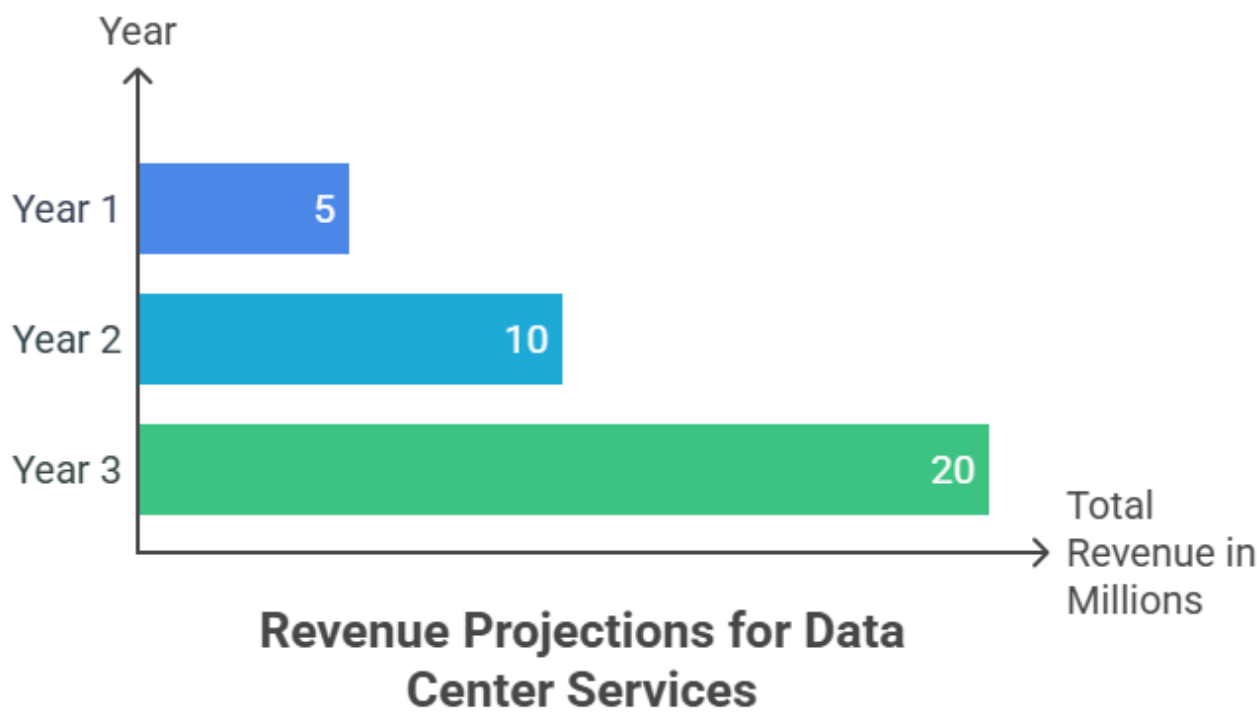
3. **Partnership Incentives:**
   Leverage AWS's Partner Network (APN) rebates and Migration Acceleration Program (MAP) funding.

Revenue Projections:

- Year 1: $5M (20% consulting, 80% recurring).
- Year 2: $10M (15% consulting, 85% recurring).
- Year 3: $20M (10% consulting, 90% recurring).

Data Center Moderization Business Plan

Revenue Projections for Data Center Services

Operational Plan

1. Building the Team:
   - **Cloud Architects and Engineers:** AWS-certified professionals to lead migration and optimization efforts.
   - **Account Managers:** Sales specialists trained in hybrid and AWS solutions.
   - **Customer Success Managers:** Ensure ongoing client satisfaction and service adoption.
2. **Technology and Tools:**
   - AWS Migration Hub, CloudEndure, and Database Migration Service (DMS).
   - Infrastructure monitoring tools like CloudWatch and hybrid management platforms like Nutanix or VMware Cloud on AWS.
3. **Partnerships:**
   - Establish strategic partnerships with AWS and other cloud providers.
   - Collaborate with ISVs for complementary software solutions (e.g., DevOps tools, security platforms).
4. **Marketing and Sales:**
   - Develop case studies and success stories showcasing modernization success.
   - Host webinars and workshops on data center modernization and AWS adoption.
   - Run co-marketing campaigns with AWS targeting key industries.

Data Center Moderization Business Plan

Financial Plan

1. **Initial Investment:**
   - Team training and certifications: $500,000.
   - Marketing and lead generation: $250,000.
   - Tools and infrastructure setup: $750,000.
   - Total Initial Investment: $1.5M.
   - Possibility of non-organic growth through acquisition of workload migration company.
2. **Gross Margin Targets:**
   - Consulting: 35–50%.
   - Managed Services: 50–65%.
   - Resell of Cloud Based offerings (Compute, Storage, Security): 10-20% includes all backend and program dollars.
3. **Break-Even Timeline:**
   Expected to break even by the end of Year 2 with recurring revenue accounting for 60% of total income.

Financial Strategy Funnel for Data Center Services
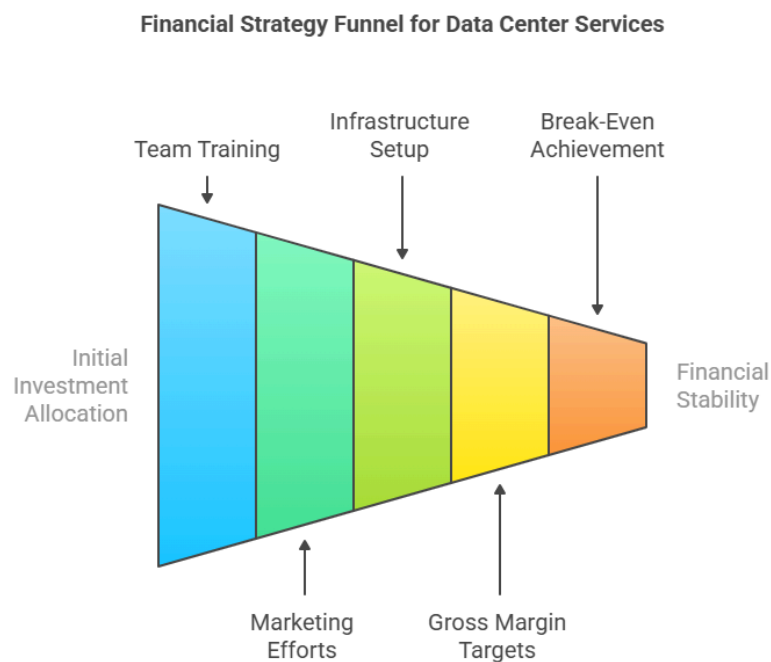
Key Success Metrics

1. **Revenue Growth:** Achieve $20M in revenue by Year 3.
2. **Gross Margin:** Maintain an average gross margin of 50% across all services.
3. **Customer Acquisition:** Secure 50+ enterprise customers within the first three years.
4. **Customer Satisfaction:** Achieve an NPS score of 85+ through high-quality delivery and support.

Data Center Moderization Business Plan

Risk Management

1. **Customer Adoption Lag:**
   Mitigation: Offer pilot programs and co-funded proofs of concept to reduce risk for clients. AWS will fund most of this.
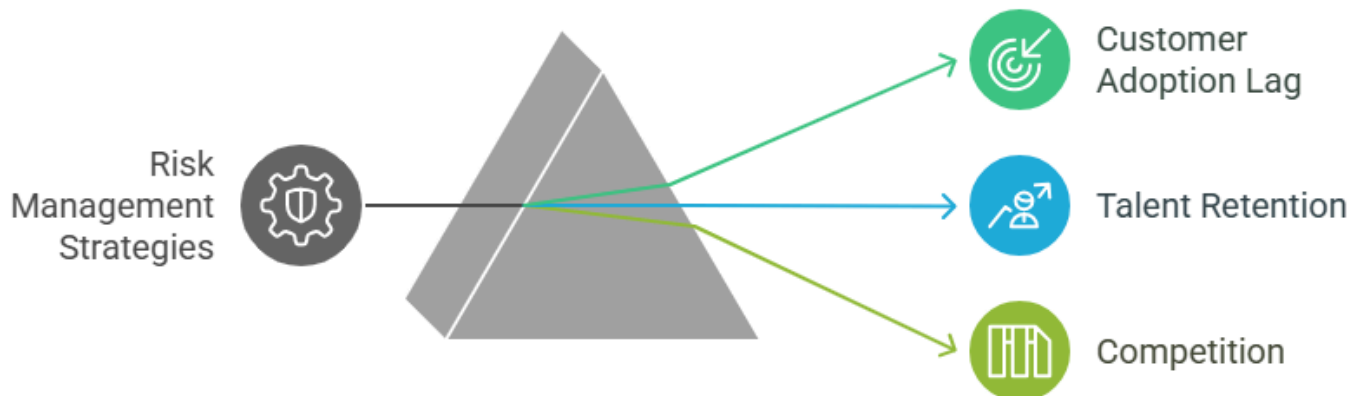
2. **Talent Retention:**
   Mitigation: Provide competitive compensation and career growth opportunities for certified staff. "Create Golden Hand-cuff" compensation plans.

3. **Competition:**
   Mitigation: Differentiate with end-to-end modernization services and hybrid cloud expertise.

Action Items

1. Engage subject matter experts to validate and refine business plan.
   1. AWS Expertise - Christine Preizler – Ex AWS Executive (www.linkedin.com/in/christinepreizler)
   2. AWS Expertise - John Dusett – Ex-VP Cloud Services at Ingram. (www.linkedin.com/in/johndusett)
   3. Modernization Services – Fred Latala – Owned his own Data Modernization Company. (www.linkedin.com/in/fredlatala)
2. Review final plan with AWS to get buy-in and funding.
3. Gain approval to move forward with the business plan.
4. Assign a business owner of the plan.
5. **Choose a Distribution Partner with Deep AWS skills and offerings.**

Conclusion

The Data Center Modernization Services Practice represents a transformative growth opportunity for Mainline. By combining an AWS practice with workload optimization and migration services, this initiative will drive high-margin revenue, enhance customer loyalty, and position Mainline as a leader in the hybrid cloud era.

AWS Business Plan Embedded in the Data Center Modernization Business Plan

Developing an Amazon Web Services (AWS) practice is an excellent opportunity for Mainline to tap into the rapidly growing cloud services market and protect its current Data Center business. Below is a comprehensive strategy to build a successful AWS-focused business, that would be embedded in Mainline's Data Center Modernization Practice. Mainline has some aspects of these offerings provided by Farhan Hussain and his group but it does not appear to be a formalized focus area.

1. Establish Clear Goals and Objectives

- **Revenue Target:** Set specific financial goals for AWS practice (e.g., $15 - 18M in recurring revenue within 3 years at 10-20% margin).
- **Market Focus:** Target industries with high cloud adoption potential, such as financial services, healthcare, retail, and manufacturing.
- **Service Offering Goals:** Aim to provide end-to-end solutions, including assessment, migration, optimization, and ongoing management.

AWS Business Strategy Funnel

Revenue Target

Market Focus

Service Offering Goals
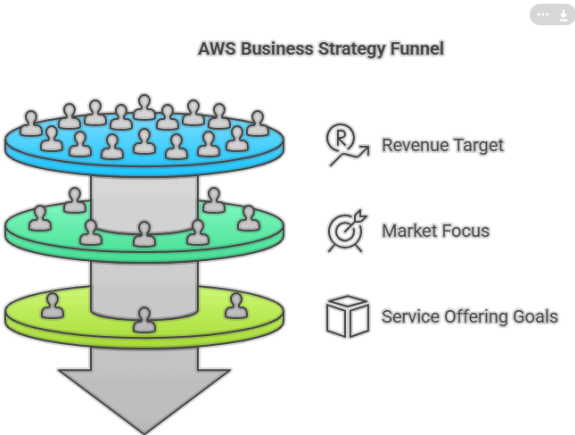
2. Partner with AWS

1. **AWS Partner Network (APN):**
   - Enroll in the **AWS Partner Program** to gain access to training, marketing resources, and certifications. Mainline is currently doing this.
   - Work toward **Advanced Tier Status**, which boosts credibility and provides enhanced benefits. Mainline is making progress in this area but we do not have AWS funding a business plan and we do not focus on the recurring offerings they provide. *The margin expectations inside of Mainline for these offerings are too low. They do not include all backend and program dollars available from AWS. Also, some partners only recognize the margin not the full revenue when reselling AWS.. This is supported by GAP accounting.*
2. **Leverage AWS Funding:**
   - Take advantage of AWS Migration Acceleration Program (MAP) funding for customer migration projects. Mainline is not doing this today.
   - Use Proof of Concept (POC) credits to reduce the cost for prospective clients. Mainline is not utilizing this funding today.
3. **Joint Go-To-Market (GTM) Initiatives:**
   Collaborate with AWS for co-marketing campaigns, webinars, and events. Mainline is not doing this today.


AWS Partnership Strategy Overview
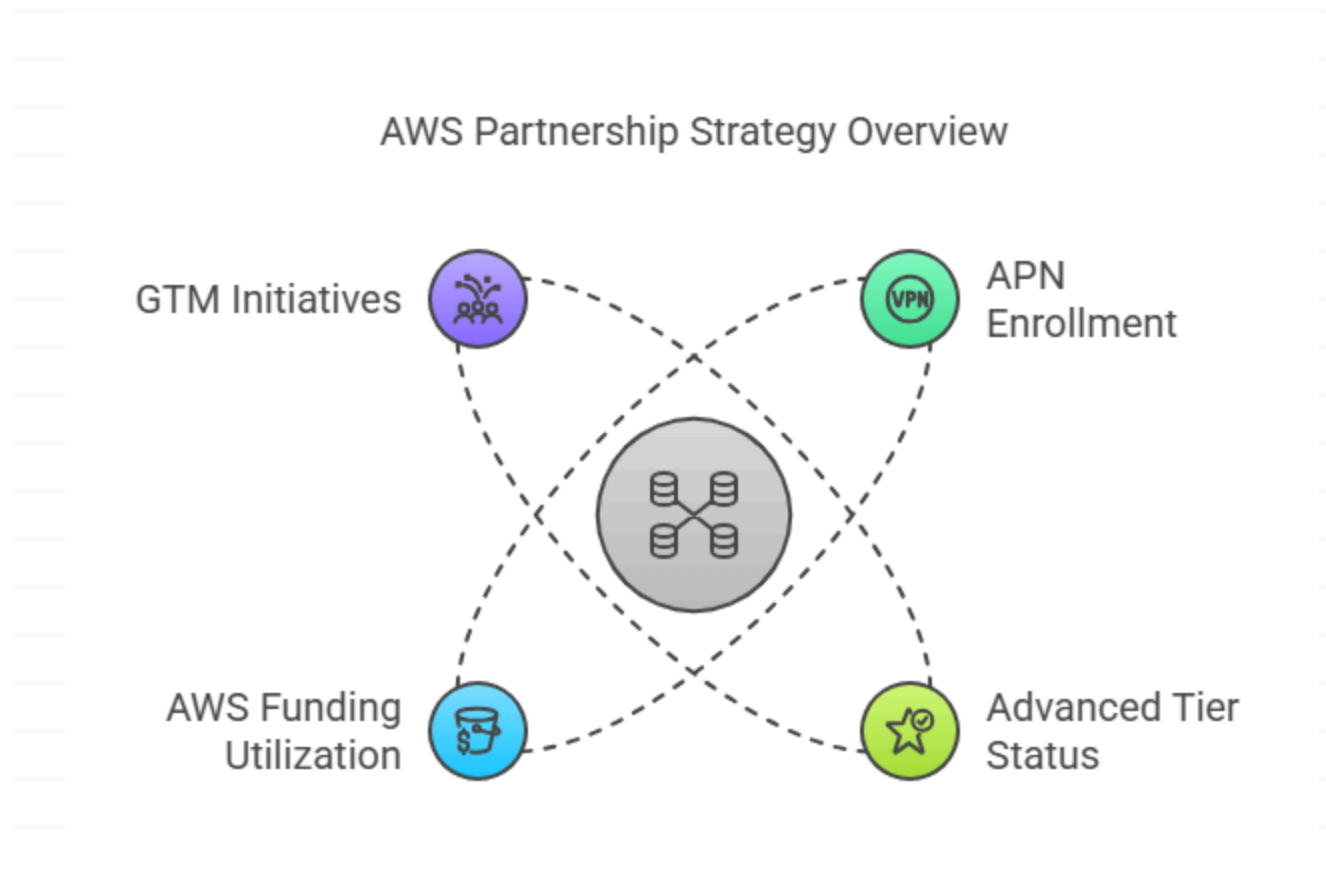
3. Build Core Capabilities

A. Technical Expertise

- **Train Staff:**
    - Certify engineers and architects with AWS credentials such as AWS Certified Solutions Architect and AWS Certified DevOps Engineer.
    - Sales – Certified Cloud Sales Practioners

- **Build a Cloud Center of Excellence (CCoE):**
  Form a dedicated team of certified professionals to lead cloud initiatives and act as the internal knowledge hub.

- **Focus Areas:**
    - Compute: EC2, Lambda, Elastic Beanstalk.
    - Storage: S3, EBS, Glacier.
    - Security: AWS Identity and Access Management (IAM), GuardDuty, WAF, and CloudTrail.
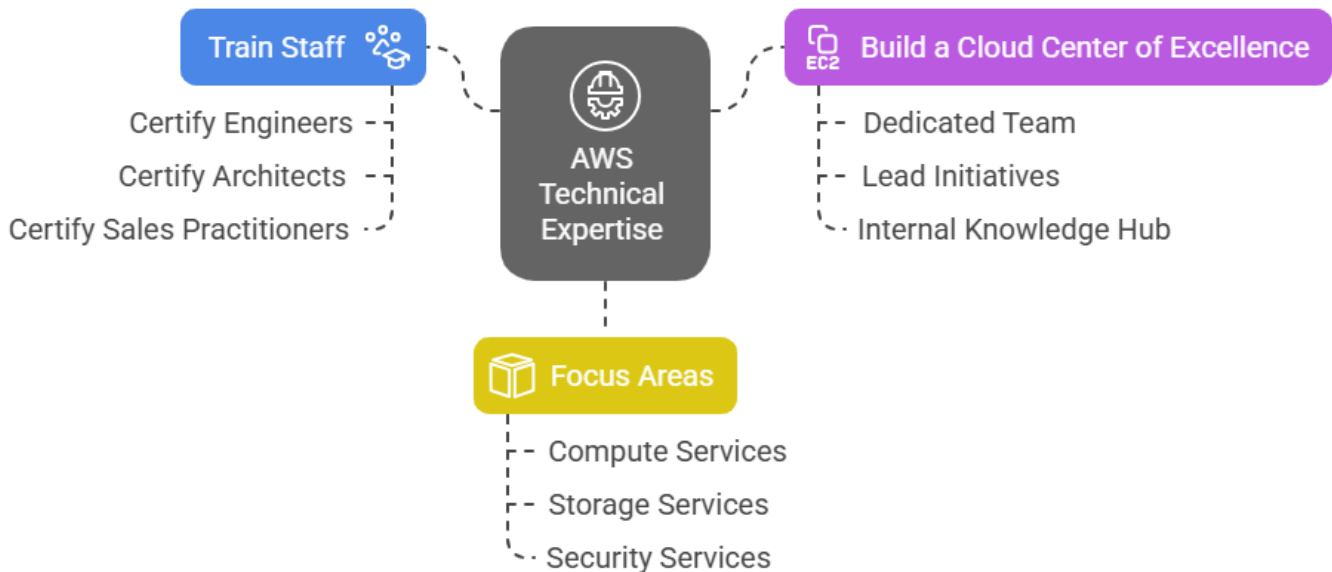
B. Service Offering Development

1. **Assessment Services:**
   Offer services to evaluate clients' on-premises workloads, including TCO comparisons and ROI analysis for AWS migration.

2. **Migration Services:**
   - Provide workload migration for virtual machines, databases (RDS, Aurora), and applications.
   - Specialize in lift-and-shift migrations, re-platforming, and re-architecting.
3. **Managed Services:**
   Deliver ongoing management of AWS environments, including monitoring, performance optimization, and security compliance.

4. **Cloud Cost Optimization:**
   Help clients manage and optimize AWS billing through Reserved Instances, Spot Instances, and Savings Plans.
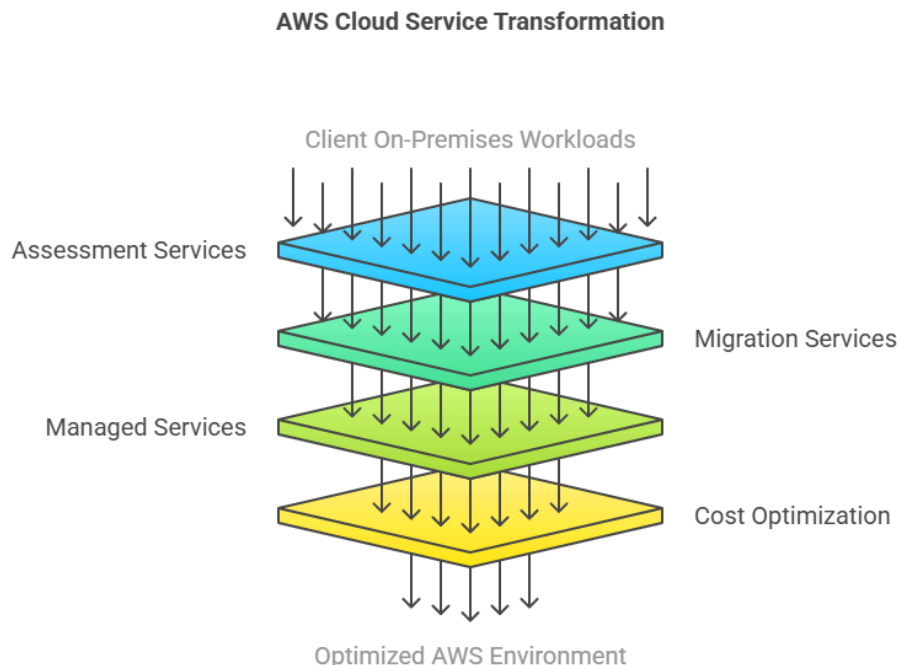
AWS Cloud Service Transformation

4. Develop a Sales and Marketing Strategy

A. Identify Target Customers

Focus on customers with aging data centers, high OpEx in on-premises environments, or growing needs for scalability and disaster recovery.

B. Sales Team Enablement

- Train sales teams on AWS offerings and value propositions, emphasizing:
    - Cost reduction through cloud migration.
    - Scalability and flexibility benefits.
    - Improved security and compliance capabilities.

Components of Sales Team Enablement
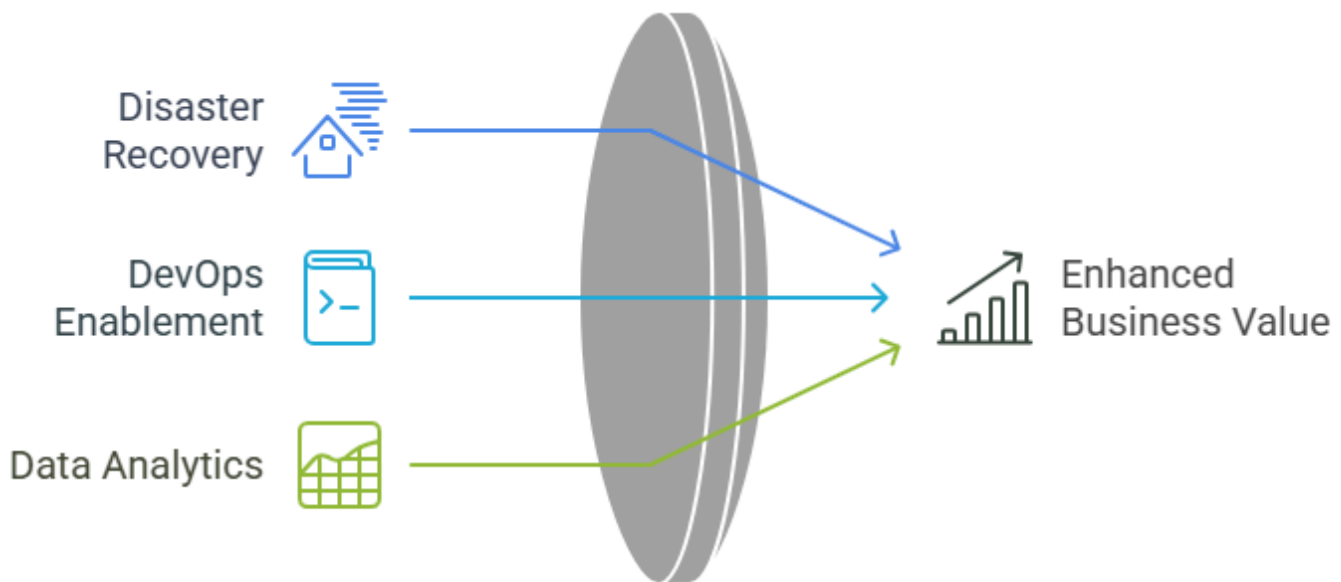
C. Create Value-Driven Messaging

- Highlight key use cases, such as:
    - **Disaster Recovery:** Fast, scalable backup and recovery on AWS.
    - **DevOps Enablement:** Accelerated CI/CD pipelines using AWS.
    - **Data Analytics:** Big data and AI/ML workloads.

AWS Use Cases as Value Drivers

Disaster Recovery

DevOps Enablement

Data Analytics

Enhanced Business Value

D. Marketing Initiatives

- Host webinars, lunch-and-learns, and workshops on cloud migration.
- Develop case studies demonstrating successful migrations.
- Collaborate with AWS to run co-branded campaigns and events.

5. Establish Strategic Partnerships

- Partner with complementary ISVs (Independent Software Vendors) in the AWS Marketplace to offer bundled solutions. This includes IBM.
- Collaborate with cloud-native security vendors for enhanced security capabilities.
- Work with data analytics partners for expanded capabilities in AI/ML and data insights.

6. Implement Operational Excellence

A. Cloud Adoption Framework (CAF):

Align with AWS Cloud Adoption Framework to guide customers through strategy, readiness, and migration phases.

B. Tools and Automation:

- Invest in AWS migration tools like AWS Migration Hub, CloudEndure, and DMS (Database Migration Service).
- Implement DevOps tools like AWS CodePipeline and Terraform for automation.

C. Scalability Plan:

Start with pilot projects to refine processes and scale based on customer feedback and proven success.

7. Metrics and Performance Management

Monthly Recurring Revenue (MRR)
Annual Recurring Revenue (ARR)
Average Revenue Per User (ARPU)
MRR Growth rate
Net New MRR
Churn rate
Net Revenue Retention (NRR)
Customer Acquisition Cost (CAC)
Gross Margin
Revenue per Employee (RPE)
Bookings vs Billing

Data Center Moderization Business Plan

Key Financial Metrics Overview

Monthly Recurring Revenue

Annual Recurring Revenue

Average Revenue Per User

MRR Growth Rate

Net New MRR

Churn Rate

Net Revenue Retention

Customer Acquisition Cost