



## MARKET PERSPECTIVE

# Moving the Virtual Box: Ingram Micro Cloud Analyst Day

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## EXECUTIVE SNAPSHOT

### FIGURE 1

#### Executive Snapshot: Moving the Virtual Box – Ingram Micro Cloud Analyst Day

This IDC Market Perspective provides an overview of announcements made at Ingram Micro's first Cloud Analyst Day on January 14, 2017. The company's cloud strategy is to build a scalable end customer-driven platform through APIs allowing their partners and vendors to digitally transform.

#### Key Takeaways

- The company is expanding beyond cloud services into cloud software, allowing its partners to host their own marketplaces leveraging its acquisitions of Odin and Ensim.
- This is a unique and comprehensive strategy when compared with other IT distributors and could give the company a competitive edge.
- Ingram's goal is to transform its customers' business with one-stop shop, end-to-end support, automated operations, and digital transformation solutions.

#### Recommended Actions

- Provide your customers/partners/end users a single pane of glass for all interactions, including physical and virtual products and services.
- Ingram Micro must execute its cloud road map with constant vigilance to end customer needs to remain the leading IT distributor.
- Ingram Micro needs to help its partners digitally transform by becoming their DX resource.
- Ingram Micro should consider doubling down on its cloud partner enablement for the best prospect partners.

Source: IDC, 2017

## NEW MARKET DEVELOPMENTS AND DYNAMICS

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This IDC Market Perspective provides an overview of business plans and announcements made at Ingram Micro's inaugural Cloud Analyst Day, held on January 14, 2017. The company is embarking on a wide-reaching cloud strategy to build a scalable API-based, end customer-oriented cloud operating platform that will make it possible for partners, vendors, and end customers to speed their digital transformation (DX) in as seamless a fashion as possible.

Ingram Micro is the largest IT distributor in the world, with \$43 billion in revenue, sales in 160 countries, 200,000 customers, over 30,000 employees worldwide, and shipping 500 million units per year, including 1 out of 3 mobile devices in the United States and 1 out of 10 globally. Ingram Micro works with 1,700 vendors.

It became a private company after it was acquired by HNA Group in December 2016. HNA is a \$100 billion global conglomerate.

### Expanding Offerings and Services

Ingram Micro is investing in its own transformation so that it can provide new offerings and services that will enable its partners and end customers to digitally transform. The company is moving beyond typical distribution services of moving boxes and providing financial services.

Today, Ingram Micro has four business units:

- Core business Technology Solutions
- Mobility and Life-Cycle Services: Outsource supply chains for carriers, telcos, and forward and full life-cycle reverse logistics
- Cloud resale and support via the Ingram Micro Cloud Marketplace and Telesales
- Commerce/fulfillment (automated logistics)

The traditional core business, Technology Solutions, is still Ingram Micro's largest revenue generator. However, more and more gross dollars are coming from the other three businesses. Specific results are not available because Ingram Micro does not disclose segment information.

### The Ingram Micro Cloud Business

Ingram Micro is deeply invested in cloud and confident in the long-term importance of cloud in transforming the global economy. Ingram Micro Cloud's business mission is to expand Ingram Micro's virtual business through its Cloud Marketplace and Telesales globally. Through acquisitions (particularly Odin and Ensim) and significant technology advances over the past 18 months, Ingram Cloud is putting a focused effort into creating a globally scalable, profitable supply chain, from a robust *supply* (leveraging its 1,700 vendor partners, about 200 of which are software ISVs or datacenter customers) and *demand* (tapping its 1,700 VARs, MSPs, systems integrators, etc.), running across Ingram Micro's properties. Ingram Micro Cloud has been incubated as a company with a separate P&L and management team: Ingram Micro Cloud is an enabling division for all other Ingram operations, providing cloud operations, applications, infrastructure, and platform support. All Ingram Micro divisions are customers of Ingram Cloud, allowing the larger company to be more agile and responsive to customer demand.

Most customers IDC talk with see their journey to the cloud through the lens of the key applications and workloads that they need to manage, transform, and, in most cases, migrate. Small and medium-

sized businesses (SMBs) and some enterprise buyers are looking first to their existing resellers, managed service providers, and business ISVs to help them adopt the cloud. Ingram estimates that there is a \$103 billion addressable market through channel partners, and IDC believes that 70% of all cloud sales will be mediated by partners in 2020.

This partner expectation stems from customers' realization that transforming their business requires dedicated assistance and competency. Ingram Micro believes that channel partners are seen by end customers as trusted advisors that can facilitate migration and system configuration and then support sustained use of their investment. IDC's partner cloud transformation research shows that moving to the cloud is a tough road, requiring traditional partners to adopt new business models and gain many new skills. The payoff for this move is potentially massive, as providers that move to the cloud are more profitable, grow faster, and have higher customer retention than those partners that don't make the move.

Cloud marketplaces have been slow to grow, but IDC believes that growth will accelerate over the next couple of years as customers increasingly want greater control over their data and IT assets while taking fuller advantage of a range of cloud offerings. The Ingram Micro Cloud Marketplace was an early leader among IT distributors, starting significantly ahead of some of its competitors. It is now available in 30 countries and in six languages, enabling over 37,000 resellers. The Ingram Micro Cloud catalog features over 80 vendors and more than 250 solutions.

### *Cloud Is Moving to Self-Service*

IDC research has found that both business and IT end customers are increasingly thinking of IT in terms of resources and data assets, not devices or products. They want greater control over their technology resources and greater access to analysis of their data. Ingram Micro believes that the best way to facilitate these growing demands is by moving the cloud consumption model to one that is as self-service as possible. The company is focusing its cloud efforts on developing marketplaces that offer robust end-user access. This is a different approach compared with many early cloud marketplaces across the industry that were exclusively channel partner facing. Now, most IT distributors are allowing end customer direct access to marketplaces with moderation by channel partners to eliminate channel conflict.

### *Cloud Acquisitions*

A major strategy in Ingram Micro's digital transformation is the acquisition of leading companies in complementary domains where Ingram Micro does not have internal capabilities. The company has made acquisitions in all four of its businesses, but in this document, we focus on its cloud acquisitions that have provided Ingram Micro with deep cloud capabilities. The Ingram Micro Cloud Marketplace was originally designed using Odin technology. Ingram Micro had been a major customer of Odin, and it was a natural step to acquire these assets, providing Ingram Micro control of the IP. In addition, Odin was a great platform but needed content, which the acquisition provided. Ingram Micro Cloud acquisitions have included:

- **Odin:** Cloud services and cross-platform solutions
- **Ensim:** Cloud services and cross-platform solutions
- **SoftCom:** Web hosting, email, and collaboration services
- **SofCloudIT:** APS development, cloud enablement, and onboarding services
- **Mamas Agency:** APS development and UX design

Each acquisition also enhanced Ingram Micro Cloud's engineering resources.

### *Ingram Micro Cloud's Cloud Services*

The company offers several ways that channel partners can work with Ingram Micro and leverage its cloud offerings. These solutions offer partners simple management of often complex cloud services, instant launch, and a broad Ingram Micro services portfolio. Ingram Micro is also providing enablement for these solutions for both existing and emerging business models of its varied partner base. Each of the solutions Ingram Micro Cloud offers is briefly described:

- **Ingram Micro Cloud Marketplace** enables Ingram Micro channel partners to efficiently launch a cloud business, which can scale. It provides vetted cloud solutions, eliminating the need for partners to do due diligence on every element in a cloud solution. It simplifies the procurement and provisioning process and provides automated, aggregated invoicing to the channel partner and to the partner's customers, if desired. The Cloud Marketplace also provides other services, including Ingram Micro's Level 2, 24 x 7 technical support help desk.
- **Cloud Store** is a channel partner-branded ecommerce storefront, allowing partners to sell vetted cloud solutions and their own professional services. Cloud Store has an integrated payment merchant account that allows acceptance of recurring payments, saving partners endless administration.
- **Concerto** is a recent acquisition from Flexiant and is specifically designed to orchestrate multiple infrastructure-as-a-service (IaaS) providers, provision and deploy IaaS instances including VMs, support vendor-specific services, and support for Chef-based provisioning. Concerto also supports autoscaling, FDN, and security profiles for application management, resource state management, performance management, basic monitoring functionality, cost calculations, and provisioning.
- **Federated Marketplace** is a platform that provides the commercial and technical capabilities to offer Ingram Micro's catalog of ISVs and vetted cloud services and Ingram Micro's Platform Operators to telcos, enterprises, MSPs, and ultimately, end customers. The Federated Marketplace is providing these partners with faster onboarding and provisioning to enable faster time to revenue. Complementing managed services, including support, offered through the Federated Marketplace will further help in lowering operational costs.

IDC has found that large companies are not structured to adequately serve volumes of SMBs and the related long tail of local or specialized partners. Through all of these marketplaces, Ingram Micro can perform end-to-end customer support, thus relieving vendors and partners of this costly and labor-intensive operation. Automated provisioning and invoicing at the end-customer level will eliminate the need for constant partner interaction. To date, customers that have used Ingram Micro's marketplaces have been satisfied as is demonstrated by its low 4-4.5% annual churn rate. The fact that partners and end customers are staying with Ingram Micro highlights the importance of gaining market share now; once customers are locked in with a specific vendor or partner, it is unlikely they will switch.

The company also announced a new hardware-as-a-service offering, based on the increasing preference that customers have to pay for a physical piece of hardware on a usage and/or monthly basis. Ingram Micro anticipates the launch of this product in the coming months.

### *Ingram Becomes a Software Services Vendor*

In addition to the platform offerings discussed previously, Ingram Micro also offers its channel partners the options to run their own marketplaces by licensing its software. This allows partners to have full

control, data governance, and the ability to add their own in-house products and services that are provisioned, not just priced, in their marketplace. Products and services include (see Figure 2):

- **Odin Automation Essentials:** It is designed for mature cloud partners that want to own their own storefront in their own environment. This option has no constraints on a partner's scale but still provides access to Ingram Micro's products and services. By using Odin Automation Essentials, Ingram Micro believes partners can deploy and start selling within hours, and can increase their profitability. Odin Automation Essentials allows partners to install on single server and leverages APS connect.
- **Ensim Automation Suite:** Another option for partners is to purchase the Ensim Automation Suite, which provides sales, marketing, and ordering and a storefront with fully customizable content management.
- **Odin Automation Premium:** This offering is designed for fully mature partners and can be installed on multiple servers. It automates all aspects of cloud services management and provides a fully optimized self-service and purchase experience for partners' customers.

**FIGURE 2**

**Flexible Cloud Services Platforms**



Source: Ingram Micro, 2017

Platforms are at an inflection point, with born-in-the-cloud platforms proliferating. Ingram Micro believes that APIs are powering a customer-driven platform revolution. No company can build everything itself, but long-tail vendors can develop APIs for platforms where they can connect and fill in missing solution elements. The opportunity for center-of-gravity distributors like Ingram Micro is to attract small ISVs and SIs, provide the OSS and BSS support, and help larger reseller customers and enterprises build services which will only work, or will only work best, when the platform operator (Ingram) makes the marriage between provider and consumer and provides the ongoing service life cycle and integration. So Ingram's plan for an API-driven open ecosystem to drive distributed channel reach on any platform by leveraging intelligent APIs makes very good sense. The company believes that this architecture will enable it to "build the next-generation cloud platform and ecosystem empowering worldwide cloud service providers to amplify their success in the digital and cloud economy." Ingram believes that by 2020, 75% of integration platforms will leverage machine learning to automate integration between application APIs.

## Helping Channel Partners Differentiate

Ingram Micro is building a competitive advantage by investing to make it easy for resellers of all types to offer complex, complete solutions. This can take the form of recommended stacks, recommended add-ons, or fully integrated solutions. The key is that each of these approaches generates solutions that are based on end customer needs and goals. Ingram Micro is also creating buyer personas that are being built out at the product level to help partners better address end customer needs. Another example of reducing complexity for partners is its curated marketplaces that takes into account country/regional necessities (Xerox in Australia versus Intuit in the United States). The company has found that these specialized marketplaces take complexity of choice and compliance off the table.

Ultimately, Ingram Micro Cloud must help its partners transform themselves into the facilitators of a move to cloud-based IT. This transformation includes:

- Helping customers' IT teams determine which workloads to move to the cloud first (often those in test and dev and DR)
- Speeding migration of workloads into new facilities (datacenters), application architectures (cloud), and operating models
- Facilitating ongoing architectural decision making and new service innovation by keeping up to date with technology and service delivery models
- Extending the skills of customers' IT team by filling open IT resources and skillset gaps

## Vertical Focus Expanded

Ingram Micro has eight vertical markets that it focusses on for partner enablement: healthcare, federal, state, local, legal, education, financial services, and retail. The company uses telemetry and OSS/BSS for market intelligence on these verticals and also uses these capabilities to identify trends by company size. The company is seeing the most growth in retail, finance, and legal. Verticals currently represent 14% of its total business. The company's restaurant/retail offering just launched. Other offerings include law offices, ambulatory health, and Law 365 – a specific legal version of Microsoft Office 365.

The company believes in-house experts in each vertical are necessary to address these end customers. Ingram feels that this is especially important in healthcare where it has a doctor on staff. The company offers its partners a centralized source for vertical knowledge called Vertical Expo Live that provides data trends and hot product recommendations by market. Ingram believes that 2017 is the year of the vertical cloud. Ingram Micro doesn't believe two to three hyperscalers will rule the end state. Vertical solution necessity will make room for partners. In fact, the company stated that hosters have been showing strong growth.

## IDC'S POINT OF VIEW

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- IDC believes that Ingram Micro is entering the market with this innovative play at exactly the right time. Enterprise-sized customers are allocating funds for DX now, and SMBs, which are running at least an average of seven cloud capabilities now, are looking for a partner that can help coordinate their opex investments. In this sense, Ingram Micro must make sure it is a critical player. End customers are looking for solution providers to either lead or manage a 360-degree view of digital transformation. To do this, Ingram Micro needs to provide its

customers/partners/end users a single pane of glass for all interactions including physical and virtual products and services.

- Ingram needs to leverage its SMB advantage and not move its focus too much to enterprise. According to *IDC FutureScape: Worldwide SMB 2017 Predictions* (IDC #US41863516, November 2016), Cloud Service Brokering (CSB) will emerge as the primary vehicle for midmarket (100-999 employee firm) consumption of cloud services, with "Born on the Cloud" CSB partners being the primary "trusted advisors" for midmarket digital transformation strategy.
- If the "cloudscalers" – Amazon, Google, Facebook, Microsoft, and IBM – have shown us one thing in the past few years, it is that success in cloud is a scale business. Ingram Cloud benefits from its significant physical products distributor role with a massive upstream (suppliers, makers, and content providers) and downstream (VARs, MSPs, digital agencies, datacenter providers, and SMB and enterprise customers). As a \$43 billion firm, Ingram can and should move aggressively into the business of financial and license arbitrage. Providers, especially smaller start-ups, need cash flow and float, and Nimesh Davó hinted that Ingram is already making profit by providing this financial flexibility. Wholesale distribution creates cash flow, so on the one side Ingram has the opportunity to buy bulk capacity – potentially hundreds of millions of dollars in software seats – and then disaggregate them as it splits them among many different channels around the world. This gives Ingram a higher overall margin, but more importantly, it gives the company access to the technology and the APIs, allowing the company to make bundling decisions based on choices other smaller resellers would not enjoy. Scale matters in cloud, and Ingram should leverage its scale to pull financial levers for both its upstream and downstream.
- IDC expects that in five years, cloud-service-driven DX, championed here by Ingram Micro, will have gone mainstream in the midmarket, with some trickle down into the IT-enabled small business segment (50-99 employee firms). These firms will be serviced by brokers that are able to provide an ongoing, consultative approach to mapping customized IT solutions to solve business problems. CSB engagement will be a requirement, not an option, for IT departments. End customers are organically finding they want increasing, coordinated control over their opex IT investments, which plays well into this CSB marketplace model. However, these same end customers also want simplicity so they can focus on consultatively applying IT to address LOB projects. Ingram Micro must execute its cloud road map with constant vigilance as end customer requirements accelerate, particularly in the volume-driven midmarket.
- Ingram Micro also needs to help its partners digitally transform by becoming their DX resource. If the company can build up to 80% of a given vertical DX solution, partners with specialized domain expertise can finish the job or form partner-to-partner alliances to get to 100%. Pre-integrated and tested elements that automatically work with other components of the solution will also help Ingram Micro allow partners to more easily build out unique solutions.
- The final recommendation for Ingram Micro is to selectively double down on its cloud partner enablement. For Ingram Micro to continue its success, its partners will need to help LOB decision makers achieve predefined outcome goals, life-cycle management needs to be table stakes, and digital marketing's role must be central to all prospecting efforts. The company must identify those partners that exhibit cloud attributes now, as the clock is ticking on partner transformation.

## LEARN MORE

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### Related Research

- *Worldwide SaaS Enterprise Applications Market Shares, 2015: The Top 15 by Buyer Size* (IDC #US41913816, December 2016)
- *IDC FutureScape: Worldwide Cloud 2017 Predictions* (IDC #US41863916, November 2016)
- *IDC FutureScape: Worldwide SMB 2017 Predictions* (IDC #US41863516, November 2016)
- *IDC MaturityScape Benchmark: Cloud Worldwide, 2017* (IDC #US41925010, November 2016)
- *The Rapidly Evolving Distributor Marketplace* (IDC #US41937716, November 2016)
- *Benefits of the Tech Data Acquisition of Avnet Technology Solutions* (IDC #US41847616, October 2016)
- *Interview with Microsoft Partner Profitability Czar Brent Combest* (IDC #US41660016, August 2016)
- *The Rapidly Evolving Distributor Cloud Marketplace* (IDC #US41629716, July 2016)
- *IDC's Worldwide IT Channels and Alliances Taxonomy, 2016* (IDC #US41460116, June 2016)
- *State of the SMB Cloud: 2016 U.S. Small and Medium-Sized Business Cloud Adoption Survey* (IDC #US40959316, January 2016)

### Synopsis

This IDC Market Perspective provides an overview of business plans and announcements made at Ingram Micro's inaugural Cloud Analyst Day, held on January 14, 2017. The company is embarking on a wide-reaching cloud strategy to build a scalable API-based, end customer-oriented cloud operating platform that will make it possible for partners, vendors, and end customers to speed their digital transformation in as seamless a fashion as possible.

"Ingram Micro is investing in its own transformation so that it can provide new offerings and services that will enable its partners and its end customers to digitally transform. The company is moving beyond typical distribution services of moving boxes and providing financial services to a virtual model." – Pam Miller, director, Infrastructure Channels and Ecosystems Research at IDC



## About IDC

International Data Corporation (IDC) is the premier global provider of market intelligence, advisory services, and events for the information technology, telecommunications and consumer technology markets. IDC helps IT professionals, business executives, and the investment community make fact-based decisions on technology purchases and business strategy. More than 1,100 IDC analysts provide global, regional, and local expertise on technology and industry opportunities and trends in over 110 countries worldwide. For 50 years, IDC has provided strategic insights to help our clients achieve their key business objectives. IDC is a subsidiary of IDG, the world's leading technology media, research, and events company.

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IMPACT REPORT

# Acquisitions help to accelerate growth in Ingram Micro's cloud division

JANUARY 26 2017  
BY AL SADOWSKI LIAM EAGLE AGATHA POON

At its inaugural analyst event, Ingram Micro recently shared details on how cloud computing will play a critical role in the continued success of its business. In large part through strategic acquisitions within the cloud division, the company has shaken up the cloud reseller, distribution and channel markets and accelerated its plan to enable channel partners to operate at scale. Part two of this two-part series will expand on the technical integration of the acquired assets outlined here.

## The 451 Take

Like many of the vendors in the cloud space, Ingram Micro believes delivering cloud services to small businesses at scale requires the participation of the channel on a large scale. As vendors across the cloud business work to build or adapt channel programs to support the distribution of those cloud services, Ingram believes it has several key pieces of that puzzle in place to help them: investment capital from its parent company, channel relationships, a global distribution footprint with upstream vendors, a cloud marketplace, and the aggregate scale to influence cost of products and services offered. For Ingram Micro, success in distributing the cloud will depend to a large extent on its ability to help its channel partners shift from being hardware and software resellers to distributors of cloud services themselves.

## Context

Ingram Micro, headquartered in Irvine, California, is a privately held company that achieved \$43bn in revenue in 2015. It was purchased by Chinese conglomerate HNA Group in December for \$6bn. HNA has more than \$90bn in assets that include airlines, airline leasing companies, 2,000 hotels, financial services companies and other service industry businesses. Because Ingram Micro is a US-based company, HNA had to receive approval for the acquisition from the Committee on Foreign Investment in the United States to determine the effect of such a transaction on US national security. Conditions for approval were that HNA has to operate Ingram Micro without integration and maintain a separate board of directors, and it will be governed by US law. According to Ingram Micro, it is business as usual.

Ingram Micro is most known as a wholesaler of IT products and services, fulfillment and logistics outsourcing with 1,700 partners in 160 countries. It also operates a mobility supply-chain practice that claims to process one out of every three mobile handsets sold. Another distinct business unit is the company's cloud division, which focuses on business applications, infrastructure, cloud management and security. Ingram Micro's other divisions are among the cloud division's customers.

## M&A activity

Ingram Micro saw an opportunity to shake up the cloud reseller, distribution and channel markets and accelerate its plan with strategic acquisitions within the cloud division. A few key deals include:

- **SoftCom** (September 2013) – The acquisition of SoftCom for an estimated \$17m gave Ingram its own hosted infrastructure product, improved margin over a resold product, and a product it can actively steer in the direction of its user and partner needs. SoftCom relies heavily on the Microsoft and Odin platforms to operate its hosting environment, and it provided institutional knowledge of the Odin (then Parallels) platform Ingram would ultimately acquire. Ingram Micro has no plans to expand the SoftCom footprint further.
- **Odin** (December 2015) – Ingram Micro acquired the Odin Service Automation cloud management platform and associated assets from Parallels. Telcos, for example, are using Odin rather than trying to implement custom-developed portals for multi-cloud services. The deal positioned Ingram Micro to have a substantial influence on how cloud infrastructure is delivered to the larger market and came

roughly two years after Ingram adopted Odin Service Automation (then called Parallels Automation) as the management system behind its own cloud services marketplace.

- Ensim (May 2016) – Ensim, founded in 1998, provides automation, billing and marketplace software to infrastructure and cloud service providers, as well as enterprise IT departments. Some of its functionality overlaps with Odin, but they have distinct buyer profiles. The deal value was roughly \$20m.
- Mamasú (July 2016) – The Barcelona-based software development and digital marketplace creative shop offers Application Packaging Standard development and user-experience design. Ingram Micro acquired the firm for \$1m to focus on its digital marketplace experience.

Ingram Micro says that some of its partners lack the technical skill sets, marketing capabilities and tools to effectively conduct assessments, engage cloud decision-makers and efficiently manage and scale IaaS workloads. With these acquisitions and ongoing development, Ingram Micro touts its comprehensive service catalog and cloud marketplace of the largest cloud ISV ecosystem in the industry as an attractive force for new and continued business from telcos, hosting providers, value-added resellers, systems integrators and OEM partners seeking to enable governments, educational institutions, consumers, SMBs and enterprises across most verticals.

### **Vertical specialization**

Ingram says it has invested significant resources in vertical specialization within its direct enterprise business. Specifically, it has built up internal expertise around the legal, education, healthcare, finance, retail, and state, local and federal government sectors, including by employing practitioners (such as doctors and lawyers) from these verticals internally. The company is working to extend this institutional knowledge to its channel partners via several efforts it believes will increase its value to partners while also increasing the value of those partners. Efforts include using sales data to help resellers identify vertical markets in which they may already have a concentration of sales, provide market-specific intelligence around those verticals, and design cloud offerings specifically for those markets. These primarily take the form of service bundles that include both foundational services (email and collaboration, backup) and vertical-specific services (practice management, document management).

Providing customers with vertical-specific offerings that include higher-value specialized applications has a

positive impact on reseller margins and on customer lifetime value. Ingram Micro's efforts include mining partner data to identify resellers that may have significant growth potential based on untapped exposure to a particular vertical, and providing hands-on assistance in tapping those markets. The company has also developed some more self-service education and marketplace tools. In October 2016, it launched Vertical Expo Live, a virtual exhibit hall of partner services divided by vertical. The tool is currently in use by more than 1,000 partners, according to Ingram Micro.

## Competition

In the IT supply-chain business, Ingram Micro competes with the largest-scale international providers with the broadest product sets, including Tech Data Corp (which has cloud infrastructure services based on VMware), Westcon-Comstor, Arrow Electronics, Avnet, CDW and SYNEX, as well as suppliers of more specialized sets of products, such as Digital River (e-commerce tools) and SED International (computer hardware). More granularly, the Odin/Ensim platforms (marketplace/automation) compete with AppRiver, AppDirect, RES Software, Ubersmith (owned by Internap), USharesoft (now a Fujitsu company) and, to certain extent, Jamcracker because it competes in the MSP and telco markets. Gravitant is also in the cloud brokerage and marketplace space, and is now IBM's cloud brokerage offering.

Ingram Micro's SoftCom business competes in the shared hosting market with the large players, including The Go Daddy Group, 1&1 Internet, Web.com and Endurance International Group, although aggressive competition in that space has led SoftCom to limit its investment in growing its shared hosting user base. The company is competing more actively in the virtual private server hosting market, where it competes with some of those same providers (particularly the EIG brands), as well as businesses such as Linode, InMotion Hosting, The ServInt Corp (ServInt), Media Temple, KnownHost, VPS.Net, HostMySite (owned by HOSTING), DreamHost and Solar VPS.

## SWOT Analysis

### Strengths

Ingram Micro benefits from a worldwide network of partners that instantly provide a distribution channel for its new cloud-enablement capabilities.

#### Weaknesses

The company is not typically top of mind for enterprises seeking a venue to deploy cloud-based applications, and some of the largest competitors in the space do not source from Ingram Micro.

#### Opportunities

Ingram Micro can continue to create bundles of products and services that may even require cross-partner product integration in order to enable vertical-specific offerings for customers.

#### Threats

Every enterprise looking to start or continue its journey to the cloud will certainly evaluate the economic merits of a hyperscaler such as AWS or Azure vs. the alternatives from Ingram Micro's partners.

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M&A ACTIVITY BY SECTOR  
M&A ACTIVITY BY ACQUIRER  
FIGURES SHOWN INDICATE NUMBER OF TRANSACTIONS

COMPANY MENTIONS (PRIMARY)

#### **Ingram Micro**

COMPANY MENTIONS (OTHER)

[1&1 Internet](#) [AppDirect](#) [AppRiver](#) [Arrow Electronics](#) [Avnet Technology Solutions](#) [Amazon Web Services](#) [CDW Corporation](#)  
[Committee on Foreign Investment in the United States](#) [Comstor](#) [Digital River](#) [DreamHost](#) [Endurance International Group](#) [Ensim](#)  
[Fujitsu Ltd](#) [GoDaddy](#) [Gravitant](#) [HNA Group](#) [HOSTING](#) [HostMySite](#) [IBM](#) [InMotion Hosting](#) [Intermap Network Services](#) [Jamcracker](#)  
[KnownHost](#) [Linode](#) [Media Temple](#) [Microsoft](#) [Odin](#) [Parallels](#) [RES Software](#) [SED International](#) [The Servint Corporation](#) [SoftCom](#)  
[Solar VPS](#) [SYNNEX](#) [Tech Data Corp](#) [Ubersmith](#) [UShareSoft](#) [VMware](#) [VPS.Net](#) [Web.com Group](#) [Westcon Group](#)

# Ingram Micro: transforming to an API-based, persona-driven cloud platform

FEBRUARY 1 2017  
BY AL SADOWSKI, AGATHA POON, LIAM EAGLE

The company recently held its inaugural analyst event to share details on how cloud computing will play a critical role in the continued success of its business. This report details Ingram Micro's software integration plans.

## [Ingram Micro: transforming to an API-based, persona-driven cloud platform](#)

By [Al Sadowski](#) [Agatha Poon](#) [Liam Eagle](#) February 1 2017 | Market Insight

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[Cloud Transformation Development, DevOps & IT Ops Mobile Telecom Service Providers Systems & Software Infrastructure](#)

# Ingram Micro: transforming to an API-based, persona-driven cloud platform

February 1 2017 By [Al Sadowski](#) [Agatha Poon](#) [Liam Eagle](#)

Ingram Micro touts its comprehensive service catalog, cloud marketplace of the largest cloud ISV ecosystem in the industry, as an attractive force for new and continued business from telco, hosting

provider, VAR, system integrator and OEM partners seeking to enable consumers, SMBs, enterprises, governments and education institutions across most verticals.

At its inaugural analyst event, Ingram Micro revealed details on how cloud computing will play a critical role in the continued success of its business. This is the second of a two-part series on the company's strategy.

Part one features an assessment of the overall [cloud division](#).

## The 451 Take

Delivering cloud services to small businesses at scale through enabled channel partners is Ingram Micro's core ambition in its cloud division. Parent HNA Group provides the much-needed investment capital for the company to continue its organic and inorganic strategy of adding features and functionality to an increasingly automated and flexible cloud marketplace. Ingram Micro has the IP with which to federate and automate the marketplace for those services, following the acquisitions of Odin and Ensim and the channel relationship with a large number of MSPs, VARs and other resellers, and a support system with a worldwide footprint. For Ingram Micro, success in distributing the cloud will depend largely on its ability to evolve its cloud platforms in a way that enables partners to sell and manage at scale.

### Ingram Micro Cloud

Ingram Micro believes that it is leading industry-wide transformation with its new-generation cloud platform. The new platform has consolidated its cloud vision in a persona-driven, customer-oriented offering, and is enabled by a distributed architecture with open APIs. Instead of reinventing the wheel, the technology distributor says it has leveraged its Odin and Ensim assets to the fullest extent possible while connecting the dots with federation capability, which Ingram Micro describes as 'cloud middleware.' For now, both Odin and Ensim operate as business units of Ingram Micro, yet the company has created a new division that has been called Global Cloud Partners and Solutions since June 2016. The new division is tasked to bring forth the consolidated cloud vision, positioning itself as the 'regulator' that orchestrates the ecosystem of cloud vendors.

From a product strategy standpoint, Ingram Micro Cloud can be delivered as SaaS or software licenses. SaaS offerings comprise cloud marketplace (enabled by Odin technology), cloud store and federated marketplace. These offerings are operated and managed by Ingram Micro. The company claims to have 20 cloud marketplaces installed across Europe, North America and Asia-Pacific (Australia and Singapore), and is using the same infrastructure to enable the delivery of cloud store, which is essentially a private-label instance sitting on top of the cloud marketplace for channel partners looking to bundle with their professional services. The delivery of a federated marketplace is supported by the notion of an open API-driven architecture, of which the Ingram Micro Cloud can integrate with any third-party systems and provide support and management for multi-tier channel environments with a single-pane view. The company is working on boosting its federation



capability using what it describes as the 'workbench of tools' (e.g., APS connect) and expects to build out a full set of capabilities by the second half of 2017.

Targeting more mature and sophisticated channel partners looking to be in control of their own clouds and manage vendor-customer relationships directly, Ingram Micro offers multiple software licensing options. Odin Essentials is positioned as a cloud marketplace in a box. It can be installed in a single server within a few hours using the DIY model, Ingram Micro says. Odin Premium, on the other hand, is tuned for large telcos and hosters with fully optimized self-service and purchase experience and is highly customizable, yet requires more complex integration capability. Last but not least, Ensim Automation Suite serves as the business process management layer for MSPs. Hosted and managed by channel partners, the modular design of Ensim Automation Suite means that individual components can be reconfigured to adapt to specific business requirements and use cases with the same code base. Accordingly, Ensim Automation Suite will be connected to Ingram Micro's expanding service catalog via the federated marketplace, which the company introduced during the recent analyst event.

## **Integration efforts**

With the acquired assets, Ingram Micro notes that it has made good efforts in facilitating cross-collaboration of IP from Odin and Ensim. In the near term, the two business units will continue to operate independently with their own systems, yet new capabilities and modules will be shared using one common UI moving forward. In terms of product releases for 2017, the company is aiming to introduce major releases on a quarterly basis, rather than semi-annually or annually. The new-generation cloud platform focuses on improving partners' and end customers' experiences with adaptive UIs and intuitive control panels. There are new BI capabilities (based on its proprietary technologies, yet exposing APIs for other BI engines) and cloud management tools (using technology from Concerto Software, which the company purchased from Tern Plc in late 2016). With the goal of deploying a customer-centric open API-driven architecture, Ingram Micro will enable new business models such as end-to-end delivery of IoT with SaaS/PaaS and partner-owned services as well as assemble a portfolio of curated, pre-integrated vertical and horizontal offerings.

To that end, the company has already developed pre-integrated service packages aimed at key verticals, including health care, legal, government and retail sectors. Further market segmentation is likely as new BI capabilities come online. Improving cross-sell, upsell and in-app purchase capabilities is on the company's product roadmap as well.

## **Competition**

In the IT supply chain business, Ingram Micro competes with the largest-scale international providers with the broadest product sets, including Tech Data Corp (which has a cloud infrastructure service based on VMware), Westcon-Comstor, Arrow, Avnet, CDW and SYNEX, as well as suppliers of more specialized sets of products, such as Digital River (e-commerce tools) and SED International (computer hardware). More granularly, Odin/Ensim platforms (marketplace/automation) compete with AppRiver, AppDirect, RES Software, UShareSoft (now a

Fujitsu company) and, to a certain extent, Jamcracker, because it competes in the MSP and telco markets. Gravitant is also in the cloud brokerage and marketplace space, and is now IBM's cloud brokerage solution.

As for SoftCom, it competes in the shared hosting market with the large players, including GoDaddy, 1&1 Internet, Web.com and Endurance International Group, although aggressive competition in that space has led SoftCom to limit its investment in growing its shared hosting user base. The company is competing more actively in the virtual private server hosting market, where it faces some of those same providers (particularly the EIG brands), as well as businesses like Linode, InMotion Hosting, The ServInt Corporation (ServInt), Media Temple, KnownHost, VPS.net, HostMySite (owned by HOSTING), DreamHost and Solar VPS. While Intermedia is an Ingram Micro marketplace partner, is also a competitor in that it directly enables small MSPs to resell email services and other hosted applications.

## **SWOT Analysis**

### **Strengths**

Ingram Micro benefits from a worldwide network of partners that instantly provide a distribution channel for its new cloud enablement capabilities.

### **Weaknesses**

Ingram Micro is not typically top of mind for enterprises seeking a venue to deploy cloud-based applications and some of the largest competitors in the space do not source from Ingram Micro.

### **Opportunities**

The company could continue to create bundles of products and services that may even require cross-partner product integration in order to enable vertical-specific offerings for customers.

### **Threats**

Every enterprise looking to start or continue its journey to the cloud will certainly evaluate the economic merits of a hyperscaler like AWS and Azure versus the alternatives from Ingram Micro's partners.

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# Change, Innovation, and Telecom:

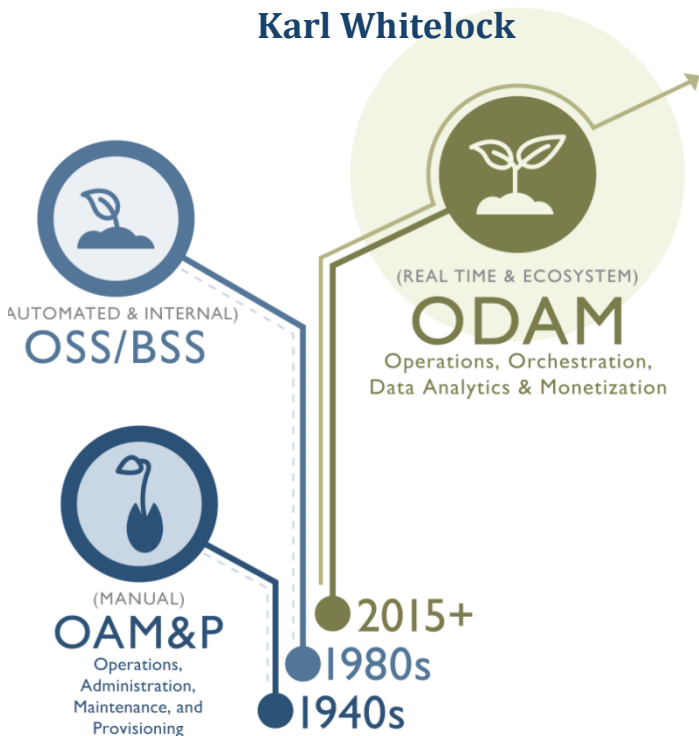
## *Global ODAM 10 to Watch in 2017 –Ingram Micro Cloud Profile*

Stratecast Analysis by

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## Global ODAM 10 to Watch in 2017

### *Ingram Micro Cloud: A “New” Supplier with a Big Impact*



Ingram Micro,<sup>1</sup> specifically the Ingram Micro Cloud division,<sup>2</sup> was not a well-known solution supplier to the Stratecast ODAM<sup>3</sup> team just a few months ago. The company has been quietly building a global cloud services ecosystem for the past four years tied to the wholesale access of cloud services from multiple suppliers and the aggregated delivery of service offerings. Ingram Micro Cloud unveiled its current business strategy at an analyst community event earlier this year, which Stratecast found familiarity with regarding some of the pieces that now define this ecosystem.

Establishing the high-value, high-volume, cloud services ecosystem that Ingram enjoys today, required investment. The company made two key acquisitions over the past two years: Odin<sup>4</sup> and Ensim.<sup>5</sup> Both companies offer platforms from which cloud services are sold as aggregated solution offerings and both companies were previously strong competitors in this nascent market.

Ingram Micro Cloud now offers different versions of the Odin and Ensim platforms, depending on the size and need of its customers. The company reports that it sells to all sizes of business customers, but the largest portion of its base is with the small and medium business (SMB) market with 10-50 employees. In each case, the business outcomes are the same from two perspectives:

**Acquiring Odin and Ensim, combined with the company’s “existing assets of more than 200,000 resellers, 4,000 hosters, 300 telcos, US\$43+ billion dollars in global revenue, and deep relationships with the world’s leading cloud vendors,” Ingram has expanded its addressable market with what may be the largest cloud ecosystem built for business customers to date. Adding in its single point of contact customer support strategy when trouble issues or operability questions arise, Ingram Micro Cloud presents a very strong customer value use case.**

- With the company’s ability to buy cloud services in bulk, direct from solution suppliers through the delivery model each company chooses, e.g., subscription licenses or usage-based access for example, Ingram then repackages these services in ways that most clearly meet customer needs. This involves groups of services and usage terms that often vary by business size and industry focus of the end-user. Ingram also provides wholesale service packages to certain partners for sale to their customers.

- In all situations Ingram Micro Cloud becomes the first point of contact for all cloud

<sup>1</sup> Headquartered in Irvine, CA, Ingram Micro is a privately-held Fortune 100 corporation that has approximately 300 facilities, with more than 29,000 employees. The company does business in 160 countries on six continents, with reported 2015 revenue in excess of US \$43 billion. The company was public (NYSE:IM), until it was acquired in 2016 by HNA Group, a global Fortune 500 company focused on tourism, logistics, and financial services.. For more information, [click here](#).

<sup>2</sup> Ingram Micro Cloud is a global division of Ingram Micro, with approximately 1,500 employees. In general, references to “the company” or to Ingram throughout the rest of this profile are referring to this division.

<sup>3</sup> Operations, Orchestration, Data Analytics and Monetization. For a better understanding about ODAM, see the last page of this report.

<sup>4</sup> On December 2, 2015, Ingram Micro announced it had agreed to acquire certain assets from Parallels Holding, including the Parallels Odin Service Automation platform, the Odin brand, and approximately 500 Odin employees. For more information, [click here](#).

<sup>5</sup> Stratecast previously noted Ensim in our 2013 *10 to Watch* report. Founded in 1998, Ensim was a private provider of software solutions designed to automate and monetize cloud and on premise applications and services for service providers and enterprises. On April 4, 2016, Ingram Micro announced it had entered an agreement to acquire Ensim. For more information, [click here](#).

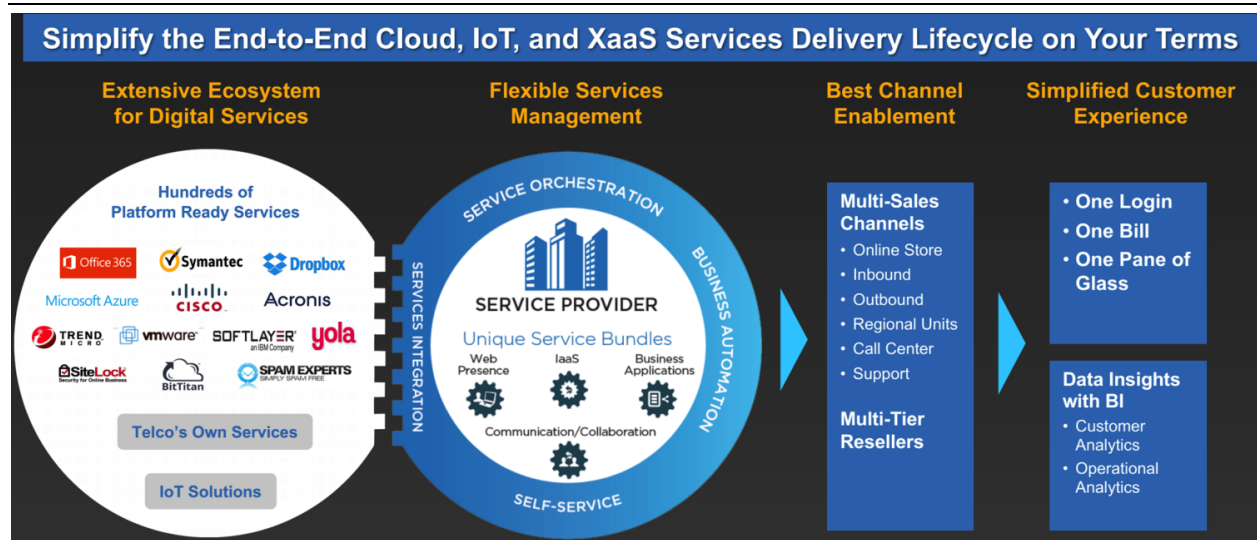
service package customers. This is a very large value-add to its target customer base, that typically has little or no IT support staff.

Acquiring Odin and Ensim, combined with the company's "existing assets of more than 200,000 resellers, 4,000 hosters, 300 telcos, US\$43+ billion dollars in global revenue, and deep relationships with the world's leading cloud vendors," Ingram has expanded its addressable market with what may be the largest cloud ecosystem built for business customers to date. Adding in its single point of contact customer support strategy when trouble issues or operability questions arise, Ingram Micro Cloud presents a very strong customer value use case.

The Ingram solution strategy is somewhat different from the ODAM solutions that Stratecast primarily covers, and the company's customer base includes a large percentage of enterprises outside of the communications industry. However, a deeper analysis shows that much of the functionality provided by Ingram Micro Cloud is familiar, and there is a growing base of communications service providers becoming Ingram customers.

The Ingram management platforms offer several key functions including: product/service catalogs, billing and finance capabilities, provisioning and on-boarding, ordering and customer management capabilities, reporting and analytics, and partner management. Additionally, with the current focus of service providers in the communications industry transforming to sales models inclusive of digital services, Ingram's success in this area is understandable. Figure X defines Ingram's cloud services business.

**Figure X: Ingram Micro Cloud: Next Generation Platform for Digital Services**



*Source: Ingram Micro Cloud*

To create a global cloud ecosystem as is presently available, Ingram simplified the commercial relationships with leading cloud services suppliers so that partners no longer deal with hundreds of contracts, terms, and negotiations. In like manner, Ingram's SMB customers know they only need to deal with one source for payments and support, even though they may use several cloud services from many different suppliers. Ingram defines those offerings as marketable products and evaluates the pricing, service plans, and operations to ensure their partners are selling the most comprehensive solutions on the market.

Ingram Micro Cloud may be newly introduced to the analyst community, but they have already had a sizeable impact in this market. The company reports they are currently selling over 250 solutions from approximately 80 vendors in 30 countries, in six languages, and 12 currencies, directly and

through 37,000 resellers. This is a big splash for a “new” player and makes Ingram Micro Cloud a company to watch in 2017.

### **About ODAM**

The processes and tools that communications service providers (CSPs) have utilized to run their businesses have changed over time. More than a half-century ago, CSP network and business management processes were manual (OAM&P). As CSPs evolved over the years, so did the operations support systems (OSS) and business support systems (BSS) that address CSP business and network management needs. In recent years, the lines between OSS and BSS have become less clear, with much overlap. In addition, the roles in which OSS and BSS operate have expanded beyond traditional boundaries. As such, Stratecast now uses the term Operations, Orchestration, Data Analytics & Monetization (ODAM) to encompass both the traditional OSS and BSS functions and the new areas in which business and operations management must now work together, including virtualized networks and telecom data analysis.

### **About Stratecast**

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## Ingram Micro Cloud – Rapidly Becoming A Major Player in the Cloud Economy

In the past 9+ years I've spent as an analyst covering the cloud, I've devoted relatively little time to the distribution channel—how cloud services are sold, delivered, deployed and supported in enterprise and midsize businesses. That changes with this post.

My eyes were opened at Ingram Micro Cloud's recent analyst day, where I learned about Ingram's cloud strategy and offerings. Yes, to Ingram's credit, they have formed a separate business unit focused on cloud. Ingram may be the world's largest tech distributor, but the energy and creativity of the Cloud leadership team go well beyond what you might expect to find in a traditional IT distribution entity.

Ingram Micro Cloud has quietly built a distribution network that brings together leading vendors, providers, hosters and traditional resellers, to enable businesses of all shapes and sizes to more readily and intelligently select, purchase and consume a wide variety of cloud services. Ingram Micro Cloud already has 1,500+ employees worldwide, servicing and supporting more than 37,000 resellers and 1 million seats through 30 cloud marketplaces based on a variety of languages and currencies. The marketplaces currently offer 250+ cloud solutions from 80 different partner vendors. Not too surprisingly, Ingram Micro Cloud is the #1 Microsoft CSP authorized partner worldwide.

With Ingram Micro Cloud at the hub of this cloud economy, the company not only has an opportunity to become a leading broker of cloud software and services, but also to influence buying and deployment decisions at every tier of the network. As a high-value intermediary, Ingram Micro Cloud has visibility into what's selling, who's buying and how products and services are being packaged, deployed and supported. The cloud unit is also collecting telemetry data to gain a better understanding of customer usage patterns and the like. The company is even considering buying software licenses and cloud IaaS capacity, using its purchasing power to obtain more cost-effective licenses/services, which might allow it to boost margins and/or pass along some of the savings to customers.

Ingram Micro Cloud has bought two leading cloud services orchestration and automation platforms, allowing the company and its partners to make their order management, billing and fulfillment practices more productive and efficient. The über-distributor is investing in cloud-



specific training and certification programs for its customers, such as hosters and resellers. The company appears to be sitting in a pole position when it comes to enabling cloud business through the channel.

In fact, Ingram Micro Cloud is doing what it can to push and pull its more conservative partners and customers into the cloud era. In the company's view, those customers who are complacent and resist moving to the cloud will soon fall out of step and begin to lag their competitors. Some may not survive. Eat or be eaten?

Upon hearing what the Cloud unit has to offer, most customers will recognize that the likely benefits are too great to ignore. With the help of the Odin Automation and Ensim Automation platforms, Ingram's cloud customers will experience greater choice and transparency in buying cloud services. The company enables partners and customers, esp. small businesses, to more rapidly decide what mix of cloud software and/or services makes the most sense, by packaging up and suggesting the most cost-effective bundles that meet the customer's needs. Once that choice is made, the Ingram Micro Cloud offering goes several steps further, simplifying for the customer the ordering, billing, delivery and support of software and services. This lifecycle approach to satisfying customer needs helps to build long-term relationships and a recurring revenue stream.

In the recent analyst meeting, I appreciated Ingram Micro Cloud's openness with the analyst community and the aggressiveness of their future plans. As part of a newly private company (resulting from HNA Group's recent acquisition of Ingram Micro), the Cloud business unit has the luxury of pursuing bold strategies, without having to worry about investors looking over its shoulder at the end of each fiscal quarter.

Overall, Ingram Micro Cloud's objectives and plans feel ambitious, but I got the sense that the management team wouldn't have it any other way. I'm looking forward to seeing how the company's plans play out over the course of 2017.



- **Premiered:** 01/18/17
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