

A night-time photograph of the Golden Gate Bridge in San Francisco, California. The bridge's iconic red-orange towers and suspension cables are silhouetted against a dark blue twilight sky. The bridge's lights are reflected in the dark water of the bay below. The overall scene is dimly lit, with the bridge's lights providing the primary illumination.

IBM CSP Growth Initiative 2.0 Playbook #1

“WHY developing AI solutions for your existing customers is a key business driver going forward”

Welcome to the Cloud Services Provider Growth Initiative sponsored by IBM 2.0



This is the first video in a Series on four (4) videos to help IBM CSPs design and build a profitable and value-added Artificial Intelligence (AI) business to serve the ever-changing needs of their customers.

“WHY developing AI solutions for your existing customers is a key business driver going forward” is a video designed to help you understand “why” AI provided a good business opportunity for you and “how” to build an AI solution in a smart, risk-mitigated manner.

AI is one of the fastest growing emerging technologies with an estimated market opportunity of 17 trillion US Dollars over the next 10 years. Additionally, it is estimated that this important emerging market has only a 4% penetration rate as of 2019.

The Why

Why developing AI solutions for your existing customers is a key step

Like all changes in the evolution of the IT industry, transforming your business for profitable growth and market relevance is difficult. We remember the transition from “on-premise” models to cloud/subscription models over the past five years. The implications on how you sell, organize your teams and measure your business are disrupted and changed as the consumption demands of the market take effect. The same challenges hold true with the emergence of an AI backed world which has far reaching effects on vendors and channels alike.

In this video we teach you “how” to make this transition using a proven methodology which will dramatically reduce your risk and help you make smart decisions on how to take advantage of this opportunity. Not surprisingly, it starts with your customer! People forget that effective business and marketing strategy is ALWAYS built backwards from the target markets that you serve.





This fact is more important than ever in building your AI business. You must build your solution backwards from the future AI needs of your EXISTING customers. This can be achieved by investing the time to schedule meetings with your top 10 customer CEOs to discuss how you can continue to address their IT needs, specifically around AI.

This is an important step to ensure that you achieve the following:

1. Ensure that you create a solution that YOUR CUSTOMERS actually need
2. Ensure that you protect your existing customer base by providing high value IT solutions and support so the competitors cannot take your customers
3. Ensure that your initial deployments of AI solutions are in an environment which is based on trust where you can learn how to effectively design and deploy these solutions...and train your people on-site to build the competencies and capabilities required to maximize customer value and profitability

So, where do I start this process?

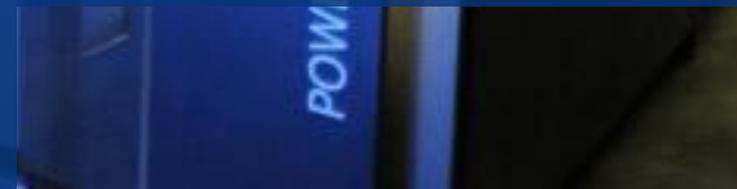
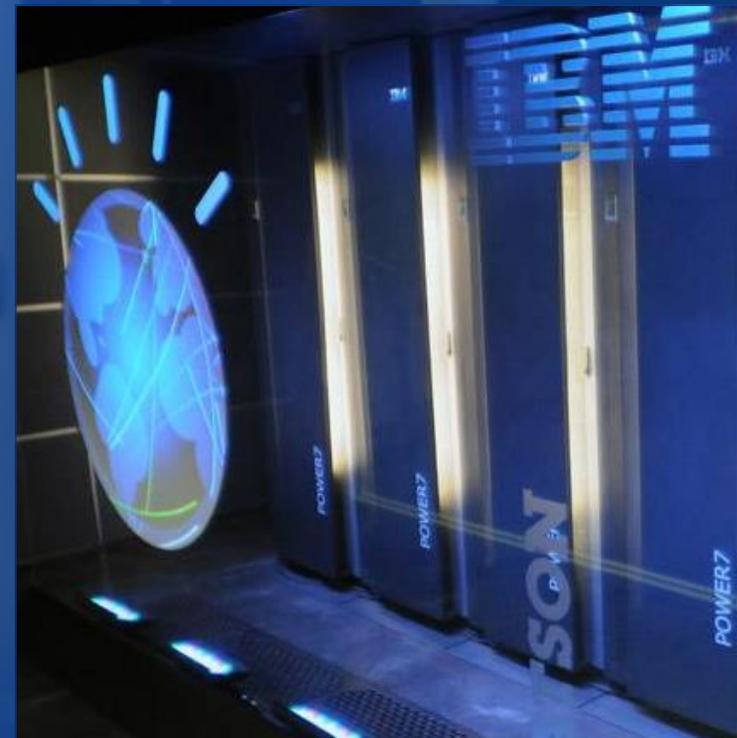
The process starts by ensuring you have a good understanding of your business and management alignment on your strategic position. Every company has a strategic position and it is an important place to begin your strategy for profitable growth.

As you can see in the model below, your strategic position starts with a definition of your market focus. Statistically, Partners sell to the same customers 82% of the time and this is who you serve in the market disproportionately and where you must start your conversations regarding the design and construction of your AI solution.



Secondly, you will need to define the value addition you bring to the market and why customers buy from you vs. other providers. Your company has unique value propositions via the people who serve your customers and this must be understood so you can leverage this aspect of your engagement in the AI solution you bring to market for your top customers.

Finally, you will need to define the core competencies you have built to date and the core competencies you will require in selling and supporting your AI solution. It is highly probable that you will have competency gaps in AI and this will be a challenging aspect of the business. There are limited AI trained professionals in the marketplace as this is an emerging technology and they are in high demand and sometimes difficult to identify/engage. We will address this topic further for you in throughout the course of this project.



Define the AI Solutions

3 Recommended Steps

Once you have defined your strategic position you will be able to better define the potential AI solutions you can bring to market and ensure there are customers who will invest in your solution. We would recommend a three (3) step strategy to define the solution your company should bring to market to serve your EXISTING customers and grow your business.



Step 1

Define the **top 10 customers you serve**...who deliver more than 60% of your annual GP

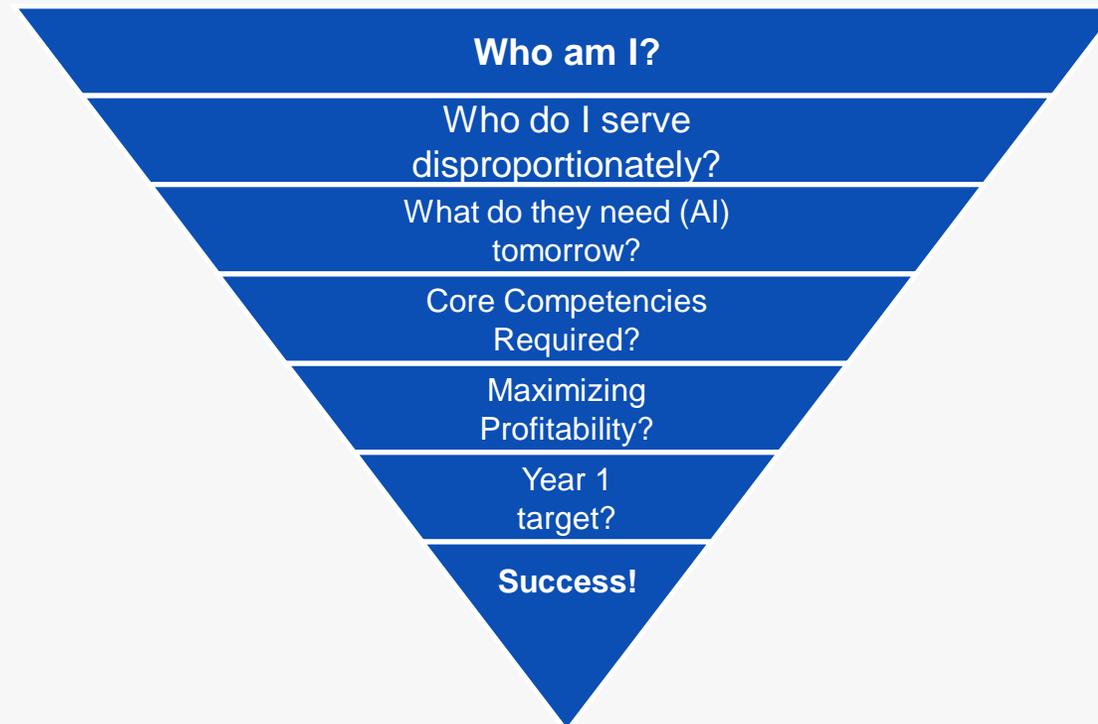
Step 2

Survey them to find out what AI solutions they will need to invest in going forward

Step 3

Build the **AI solution and “sell new products to existing customers”** to maximize the value and blended gross profit you can achieve Services|Services|Services

Graphically the process would look like this:



Don't be intimidated by the changes brought on by investing in AI solutions for your customers

Great opportunities lie ahead! We think there are five (5) core opportunities which you will be able to take advantage of going forward.

1. You will be future proofing your business by investing in AI
2. You will be growing your Blended Gross Profit from your largest customers by delivering a valuable solution with more attached services than in the past
3. You will create a source of differentiation between your company and all others in the industry by providing cutting edge AI solutions
4. Because of this disruption you will be able to win NEW CUSTOMERS...from the companies who don't transform and adopt AI for their most important customers!
5. And last but not least...you will be improving profitability while maximizing the value you bring to your most important top customers!

