REGION FOCUS: WORLDWIDE

# Google Cloud: Empowering Global System Integrators for Joint Success

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# Methodology

IDC conducted interviews with nine of Google Cloud's major Global Systems Integrators (GSIs) in March and April 2023, with a view to understanding what elements of their partnerships with Google Cloud were proving successful and driving their growth. Answers were aggregated and anonymized, and ranges were developed across the group of GSIs to illustrate the growth factors.

# Executive Summary

Google Cloud functions with a business model that is unique among hyperscalers, relying heavily on partners, including GSIs, to provide the bulk of professional services required to implement the business it sells to customers. To meet growing demand from customers, Google Cloud has significantly scaled its GSI partnerships. At the start of 2019, only two GSIs had dedicated Google Cloud practices focused on Google Cloud migrations and services implementations. Today, every major GSI operates a dedicated Google Cloud business unit, which is typically staffed by thousands of trained experts, representing a significant increase in how GSIs are structuring and allocating resources focused on implementing Google Cloud business.

The group of GSIs interviewed by IDC shared that they are all investing significantly in their Google Cloud expertise and trained resources to ensure their business capacity can address the growing opportunities they are experiencing implementing Google Cloud services. GSIs also reiterated that Google Cloud is the fastest growing cloud business in the industry due to its infrastructure modernization, AI, security, and data analytics capabilities. Depending on partnership tenure, it was in some cases the fastest growing unit within their own businesses as well.

# Executive Summary (continued)

In terms of partnership and mutual success, all GSIs interviewed for this report highlighted that Google Cloud's partner-led, collaborative approach to professional services and mutual business is a key foundation for their current and ongoing success.

## Key findings:

- GSIs are **investing significantly** in their Google Cloud practices in the 3-10x range over a 1-3 year period.
- Google Cloud business groups at all GSIs are **outpacing industry growth**.
- A collaborative approach to partner-led Google Cloud professional services is **driving revenue and growth** for GSIs in the 35-75% CAGR range since 2019.

# Key Findings

KEY FINDING 1

# GSIs are Investing Significantly in Their Google Cloud Practices

The investments that GSIs are making in their Google Cloud practices to scale resources are significant in a multitude of ways. Every GSI shared an ongoing growth plan that demonstrated their commitment to ensure they had the appropriate skilled resources to keep up with business growth and support increasingly large-scale customer projects. They were clear that continuing to build this capability is core to their business plans to address increased customer demand for Google Cloud products and services

**Although attracting and retaining skills is still highlighted as a challenge overall, GSIs shared that their growth in skilled resources over last year has multiplied by 3-10X across the board.** In addition to dedicated Google Cloud practitioners, GSIs have further grown their skillsets by enabling much broader cloud-based skills for a wider technical community, which further extend the portfolio of resources available to support their Google Cloud practices. As a result, there are now hundreds of thousands of trained Google Cloud experts among GSIs, including a significant number of engineers who have gone through Google Cloud's rigorous certification process and provide a deep layer of technical expertise to customers.

IDC estimates that the number of trained experts in the Google Cloud GSI ecosystem alone **has grown 10x** between 2019 and today.

# GSIs are Investing Significantly in Their Google Cloud Practices (continued)

Within their Google Cloud practices, GSIs share a similar mindset about building or growing centers of excellence (CoE), ensuring their practices remain at the forefront of Google Cloud technology innovations. The majority of GSIs interviewed for this report stated that Google Cloud's main differentiators are in the areas of data modernization, infrastructure modernization and optimization, data analytics, and AI. As a result, all of Google Cloud's GSI partners are building COEs focused on these areas.

**Generative AI is at the forefront of the most recent investments among GSIs.** As generative AI demand has grown rapidly, many of the GSIs have announced dedicated Google Cloud generative AI practices in 2023. Collectively, they have committed to train more than 168,000 associates on this technology to address the business opportunity. This further builds upon the commitment that GSIs have towards Google Cloud's AI platform as a differentiator for them.

# GSI Google Cloud Practices are Outpacing Industry Growth

While tenure of the GSI partnerships with Google Cloud varied–and mostly focused on the expansion since 2019–the business growth of the practices interviewed ranged from 35-75% CAGR in recent years. This range exceeds market growth by a significant margin, and also exceeds many of the GSIs own company growth metrics. Looking ahead, all the GSIs interviewed expect to sustain this strong level of growth and estimated a CAGR of 30-75% through 2025, again dependent on their practice tenure.

Many of the GSIs highlighted that their **Google Cloud practices are the fastest growing** in their cloud portfolio, and in some cases across all of their practices.

GSIs also shared insights suggesting positive trends about the mix of business stemming from their Google Cloud work. For example, deal sizes have traditionally varied depending on the level of commitment and technology engagement with the customer, but there has been a major shift from  mid-size deals to larger, cross-enterprise deals, and a significant percentage of these deals are now in the 40-60M USD range, which highlights a step change in large-scale customer engagement for both Google Cloud technology and with GSI-related services to implement it. To further this point, over the past three years GCP's annual deal volume has grown nearly 500 percent, with large deals over 250 million growing more than 300 percent. As the deals increase in size and complexity, they also tend to be longer term commitments ranging from 2-5 years.

KEY FINDING 2

# GSI Google Cloud Practices are Outpacing Industry Growth (continued)

From a technology perspective, GSIs said their growth was being driven by helping customers solve business challenges with Google Cloud's data modernization, analytics, AI, and cybersecurity capabilities. They also highlighted an increase in large-scale cloud migration projects, including infrastructure modernization and optimization, particularly in support of multi-cloud architectures. GSIs see these technologies as "door openers" to the other products and services Google Cloud offers, and Google Cloud's strategy to help customers on any cloud platform transform their businesses aligns well with the direction of the industry and broader GSI goals.

Also key with customers is the weight that the Google brand carries. Customers aspire to be innovators like Google—and gain access to its innovative engineering culture—and this industry belief is another enabler for GSIs with their customers.

KEY FINDING 3

# Google Cloud's Partner-Led and Collaborative Approach is Driving Mutual Success

Google Cloud has publicly stated they want partners attached to 100% of customer engagements. GSIs reaffirmed that this commitment is a differentiator for their businesses, and as a result they have established well-rounded partnerships built on Google Cloud's commitment to mutual success. There are two major contributing factors to this dynamic.

1. Google Cloud's partner-first and collaborative approach is driving strong revenue growth and major business opportunities. This is greatly appreciated by GSIs, which are able to work in clearly-defined swim lanes alongside Google Cloud and is not often the case among hyperscalers

2. GSIs cite Google Cloud's open approach as a differentiator. Elsewhere in the industry, customers and partners can face licensing barriers that prevent them from adopting more modern, cost-effective solutions alongside their legacy infrastructure or software. Google Cloud's position as a "cloud-first" company minimizes this friction, and allows GSIs and customers to more easily sell and adopt Google Cloud products alongside those from AWS and Azure

# Google Cloud's Partner-Led and Collaborative Approach is Driving Mutual Success (continued)

These foundational strategic elements also lead to a collaborative approach that is aligned to GSIs own business goals. Every GSIs shared that they have strong relationships at multiple levels within the Google Cloud organization, and that the Google Cloud team members always go the extra mile.

The GSIs also highlighted that early access to both Google Cloud and Alphabet expertise and technology, alongside a strong DNA of collaboration and trustworthy dialogue supports trusted mutual partnership goals. Of course, all the GSIs wanted more resources aligned to their growth opportunities, but their hope is that the growth collaboration continues.

# Essential Guidance

With the unique set of ingredients for the GSIs and their Google Cloud practices, IDC suggests the following key elements of focus for both GSIs and other strategic partners of Google Cloud:

- Engage early with the Google Cloud partner team and lean into the customer and market opportunities that they share.
- Investigate and engage across the Google Cloud platform technology – with an increased focus on the key customer growth areas or needs (which are also proven to be high-growth market categories according to IDC research): data analytics, AI and generative AI, cybersecurity, and infrastructure modernization and optimization.
- Continue to grow Google Cloud expertise and build targeted skills, ensuring business practices can address fast-growing customer demand to implement Google Cloud's portfolio of products and services.
- For smaller partners, learn from the GSI approach to strategic partnership, and work with Google Cloud to build impactful services targeted at your niche of customers.Seek a partnership with opportunities that exceed industry growth.

# About the IDC Analyst

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Steve White is program vice president for the Worldwide Channels and Alliances research team. He manages a group of channels and alliances analysts as well as their related research products, with extended teams in EMEA and LATAM. Prior to joining IDC, Steve spent over seven years at Microsoft in both the United Kingdom and Canada, and he has over 25 years of experience in senior marketing roles in enterprise, services, and partner businesses with leading technology vendors such as Microsoft, Compaq, and Digital Equipment Company in the United Kingdom. Originally educated and trained as a management accountant in the United Kingdom, Steve progressed via business analyst roles into marketing early in his career and enjoys working with clients on their partner ecosystem challenges, with a focus on better outcomes for vendors and their partners.

More about Steve White

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