

REPORT REPRINT

Pivotal partners 'differently' with systems integrators

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By Katy Ring

As enterprises begin to embrace cloud-native development and open source software, many more systems integrators are reaching out to Pivotal to partner as both they and their clients transform their businesses.

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Summary

Pivotal has never viewed partners as simply a channel to market for the Pivotal Cloud Foundry platform, because if it did there is a reasonable probability of client project failure, unless both the partner and its client are proficient in cloud-native development. For this reason, Pivotal has always partnered 'differently' by creating deep working partner relationships that enable Pivotal to drive the business outcomes that more nimble processes create. With each partner, Pivotal shares its point of view around tooling and provides advisory services to ensure that the desired outcome is achieved quickly. Partnering for Pivotal is as much about helping systems integrators implement new software methodologies for building software and changing their culture as it is about doing the same with the end clients.

451 TAKE

Following its IPO in 2018, Pivotal is shifting gear to establish itself as a mainstream market provider of cloud-native software development technology. In some ways, IBM's acquisition of rival Red Hat should help Pivotal by establishing the multi-cloud, open source approach as the direction of travel for the enterprise. As enterprises with decades of business experience and sunk investment in legacy technology attempt to transform themselves to ship code daily, the appetite to take advantage of partners with cloud-native skills is becoming voracious. This is why the systems integration community is finding Pivotal to be a very attractive partner. The challenge for Pivotal is that it now needs to pace itself and its messaging to be in step with the broader market, not just the early adopters of cloud-native techniques. Its partnering strategy will play a big role here.

Context

The Pivotal Cloud Foundry (PCF) platform portfolio includes the Pivotal Application Service (PAS), Pivotal Container Service (PKS) with support for Kubernetes and container orchestration and the Pivotal Function Service (PFS) for Knative serverless environments. Pivotal's promise is improved developer productivity by providing the tools and frameworks that allow developers to deploy faster across hybrid and multi-cloud infrastructures using PCF, which also includes the Pivotal Services Marketplace.

Now a publicly held company, Pivotal has 377 subscription customers yielding subscription revenue of \$401m (FY 2019) \$101m (Q3 2019) and has 135 ISV partners that integrate software with Pivotal Cloud Foundry.

Strategy

Pivotal's SI and channel partnering strategy for those companies working with PCF to help customers accelerate their outcomes spans digital firms, global systems integrators and next-generation boutiques and supports complex go-to-market motions. With GSIs, the approach is to enable them to help joint customers accelerate and scale their digital transformations, namely by modernizing and migrating legacy applications to PCF and by helping them learn and implement related development and operations methodologies (i.e., modern software development, XP, agile, product-not-project mindset, balanced teams) throughout the enterprise. The approach with boutique SIs is the same, with the caveat that some of the boutiques are more specialized, such as partner Magenics with its .NET expertise.

Although most of Pivotal's partnering work is in the US, it does not have any strategic focus to shape partnering in any one region or sector, although it is building partnerships in EMEA and APJ based on customer demand, and now has just under a third of Advanced partners active in APJ, a third that are Global, and 28% in North America, with the remaining 5% in EMEA. The growth in partner interest is such that it is handling mostly inbound requests rather than proactively looking for partners.

Traditionally, Pivotal has tended to work directly with large enterprise customers initially to get them started on a cloud-native journey by either developing new cloud-native apps on PCF or modernizing legacy applications and moving them onto PCF. In particular, Pivotal has focused on supporting its SI partners as they help customers scale their deployments across their enterprises. Consequently, the roots of its partnering program are not in software resale, but are in application transformation and modernization opportunities that often then also expand into opportunities around datacenter modernization. However, Pivotal is now more actively getting its direct channel to engage with partners by incentivizing Pivotal field sales to bring partners into sales discussions earlier to improve customer outcomes.

Being part of the Open Source Software (OSS) community means that Pivotal has a different attitude to partnering because the approach to market is via shared empathy to create a fast pace of delivery. However, that racing pace of change requires Pivotal and its partners to remain current, which in turn means a high level of investment commitment by both Pivotal and its partners.

The boutique systems integrators that Pivotal works with tend to come from the OSS space and so have a strong instinct to share and be part of the wider ecosystem because they understand that this is the value multiplier for their businesses. Global systems integrators, however, have not been born in the OSS ecosystem and Pivotal's relationships with them differ from those with the boutique systems integrators. Often the GSIs are Pivotal customers as well as partners and are currently in the process of shifting to cloud-native service delivery around outcomes rather than contracting around FTE rates. Many are creating agile delivery teams, hiring the right talent, mentoring young developers and buying boutiques with the new cloud-native skills that are at a premium in the market.

Pivotal's initial focus with partners has been on programs for operations staff, developers and coding architects but it is now expanding the program to address sales consultancy and pre-sales solution architects, helping these roles to identify the workloads to be modernized and which to leave as-is. To do this, Pivotal is sharing its own sales methods and processes with partners for the first time.

Regarding supporting smaller enterprises using Pivotal technology, the main initiative here is around VMware Pivotal Container Service (PKS), where VMware is working with the broader infrastructure service provider community. In this way, VMware is bringing the scale and expertise to the market by selling and deploying the PKS distribution for cloud-native apps to its 500,000 customers.

Partnering program

The Pivotal Ready Partner Program (PRPP) was established in 2016 and now has 190 partners (55 Advanced and 135 registered) in 16 countries. Advanced Partners are those that have invested in and sent a minimum number of consultants to Pivotal-led training and achieved varying levels of Pivotal certification. Advanced partners have also established at least one Pivotal-based services practice; for example, around application transformation at scale. Registered partners are generally earlier in their Pivotal journey and are in the process of building up their Pivotal knowledge and practices but are not as mature as Advanced Partners.

There are also now 500 Cloud-Native Platform Acceleration Labs (PAL) graduates across 40 partners. These graduates are architects with hands-on keyboard experience that have the expertise to tackle legacy workloads and modernize them at enterprise clients. One PAL offering is an immersive 'training the trainer' bootcamp in which participants from SI partners learn the Pivotal technology and methodology, but also learn how to deliver the curriculum to others within their own organizations. The goal is to enable the partner to hit the ground running with cloud-native development and spread the knowledge throughout the organization.

Advanced Partners have invested in Pivotal training and certifications (i.e., they pay Pivotal to send their engineers and consultants to PAL and other Pivotal training) so they can deliver the same high-quality services to customers that Pivotal provides.

Ten partners have Pivotal Centers of Excellence, which, in most cases, are physical environments styled after Pivotal Labs staffed by Pivotal-trained developers, engineers, product managers and designers. CoEs are venues to introduce prospective customers to the Pivotal approach and to execute actual customer engagements with developers from customers working side-by-side with CoE developers. For example, Accenture has its Columbus Innovation Hub in Ohio, where the Accenture Pivotal Business Group is based.

Pivotal has developed a Partner Health Framework that includes a blueprint for a systems integrator practice around new cloud-native offerings, and that also provides practitioners with immersive training and thought leadership in the cloud-native space so that they can act as technology champions. Under the framework, Pivotal and the partner meet on a quarterly basis and work through 15 areas where the partner needs to be successful in order to transform. In return, these partners provide Pivotal with a lot of feedback around the enterprise pace of adoption and expectations surrounding cloud-native adoption.

Competition

Pivotal's primary PaaS competitor, Red Hat with OpenShift, was recently acquired by IBM and this will affect the partnering landscape as IBM pushes a hybrid cloud strategy across the major public clouds – a similar strategy to Pivotal itself.

Pivotal is not the only distribution of Cloud Foundry code available and competitors include Atos Cloud Foundry, Huawei FusionStorage, IBM Bluemix, SAP HANA Cloud Platform, Swisscom Application Cloud and Fujitsu K5. Pivotal's key GSI partners include Accenture, Capgemini, CGI, Cognizant, HCL and Wipro.

SWOT Analysis

STRENGTHS

As the most visible commercial backer of the open source Cloud Foundry PaaS, Pivotal benefits from the vital community behind the software. Unlike many other companies with Cloud Foundry distributions, it is not distracted by other PaaS portfolio capabilities or practice rivalries. This makes it a natural thought leader in the market for cloud-native development within enterprises and helps it attract GSI partners that do not have their own Cloud Foundry distributions.

WEAKNESSES

The Pivotal point of view around tools and components for cloud-native development can be perceived as dogmatic by some enterprises, and so the two-way relationships between Pivotal and its partners are important to create messages that are better suited to more mainstream development teams.

OPPORTUNITIES

Pivotal's main opportunity is hybrid support of its software across the major hyperscale public clouds, which it is doing well. The acquisition of rival Red Hat by IBM may well create new opportunities for partnering with GSIs if Red Hat's open source credentials are tarnished under IBM's ownership.

THREATS

To achieve its business development goals to become a much larger mainstream open source software provider, Pivotal must work more closely with the global IT service providers, and the challenge here is that some of them have their own Cloud Foundry distributions, limiting the partnerships Pivotal can forge.