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For Cloud Professionals, part of the On Cloud Podcast

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Title:	**Bringing software to the cloud: a blueprint for success**
Description:	Software powers the cloud. There are myriad software solutions that enable cloud providers to provide their bundle of services, but how do those solutions get to market and how do they get noticed by companies that need them? In this episode of the podcast, David Linthicum and guest, Tackle.io CEO John Jahnke, discuss how software vendors successfully bring their products to market. David and John break down the process of understanding market fit, establishing relationships with cloud vendors, and figuring out what success looks like. They also discuss remote working and how technologies that facilitate remote work help the process of selling and how those technologies will remake the sales process.
Duration:	**00:27:45**

Operator:
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David Linthicum:
Welcome back to the On Cloud Podcast, your one place to find out how to make cloud computing work for your enterprise. This is an objective discussion with industry thought leaders who provide their own unique perspective around the pragmatic use of cloud-based technology. Today on the show we have John Jahnke. And, John, tell us what you do and who you work for and your day job and what you like to do for a hobby.

John Jahnke:
Yeah, sure thing. So, I'm John. I work for Tackle.io. I'm the CEO of Tackle, and what we do is help software companies embrace the cloud marketplaces and really make it easier for their buyers to consume their technology via the cloud. And I'm a huge fan of remote work, huge fan of cloud just in general from all aspects of software, and when I'm not working, I spend time with my wife and our three kids in Buffalo, New York and a lot of time outside, as much time as we can these days.

David Linthicum:
So, walk me through a typical Tackle.io engagement. And so, what are you selling? How are you engaging your clients? You know, what's the process? And ultimately what's the value?

John Jahnke:
Sure, yeah. So, we work with software companies exclusively, and many software companies are trying to figure out how to increase their partnerships with the cloud providers, and the marketplace offers an avenue to sell through the cloud provider as a fulfillment solution. So, what our platform does is eliminate the engineering complexity of embracing these cloud marketplaces and then give software companies the tools they need to scale those businesses, because when you get a disbursement from a cloud provider it's a little different than doing a deal direct. And we actually think longer term the vision in the industry is that more and more people will want to consume B2B software very similar to the way they do it in a B2C environment, like on demand, as needed. And the marketplaces offer a foundation for that. So, typically we'll get customers started in pretty short order and our customer success team will walk them through configuring a platform, getting them listed, and then allowing them to focus on starting selling quickly.

David Linthicum:
That seems like a great solution because ultimately, I think a lot of software companies just either don't have the bandwidth, don't have the expertise, don't have the knowledge to get through the process. And so, what's the typical value that they realize, say a year or two years after they deal with you and they're listed on the marketplace?

John Jahnke:
Yeah, from a software company's standpoint the value is really about revenue. This is about being able to get to customers in a seamless way. And they're looking at the budget that large companies are – well, really all companies are allocating to the clouds and being able to use that budget to purchase their software. So, revenue is strategic to all companies, so that's probably the number one value position. The second piece is just we offer an almost continuous delivery of marketplace solution because we'll constantly be innovating on our platform and then there to partner with software companies when they're doing transactions and making offers. And oftentimes this is a new selling motion to these companies, so we need to support these businesses as they go on this marketplace transformation. And a big part of the value is the combination that the platform brings, plus the expertise that Tackle has to help make this seamless for software companies.

David Linthicum:
So, it's an interesting topic that I learned about you guys, is you have 100 percent remote-staffed company, and ultimately that became something that was very cool and also something that saved a lot of companies going forward, your ability to kind of work in an agile environment where people are able to work remotely. And one of the things about Deloitte is no one has an office. We all work out of our backpacks, airplanes, clients, homes, Starbucks all over the place. So, tell us how it's gone for you, and why did you create a 100 percent remote-staffed company?

John Jahnke:
Yeah. I mean, we were born remote, I think before it was cool, founded in 2016, and really intentionally remote. So, I live in Buffalo, New York. Our cofounders are in Boise, Idaho. And we all grew up in B2B enterprise tech working for companies out of the Valley or out of Boston and New York and spent our lives on planes, probably very similar to most of the folks at Deloitte. But when we had a chance to create something on our own, we knew we wanted to embrace more of the patterns that GitLab was pioneering and technologies like Zoom and Slack enabled. And we said from day one we were going to go 100 percent remote.

And I think for us – in the early days it was about efficiency; one, capital efficiency as a startup is really, really important. And then the second piece was about allowing people to do their best work, like no commuting time, no time wasted. Just focus your time and attention on delighting your customers, building great products, and really building great teams. So, I think we've learned a lot along the way. Probably the number one piece of advice I give to companies who are trying to embrace remote is you have to be really intentional about the communication infrastructure you build. You have to almost create opportunities for collision or be a little more thoughtful about having tactical and strategic times to engage with the team. So, we've spent a lot of time refining our communication infrastructure over time and using a lot of different technologies

Like we use Donut inside of Slack which forces random pairings of teams every couple weeks so you'll get to talk to different people that you might not talk to on a daily basis. And I think that's been really great for our culture. It just has helped everyone kind of learn to evolve remote, and we are excited that the world is moving more towards remote work.

David Linthicum:
Yeah, It's a long time in coming, and I guess some of the silver lining about what we're going through right now, the trials and tribulations, is people are learning how to work remotely. And we're finding that our ability to become more flexible and agile and the ability to adapt around these things very quickly is going to lead to the survivability of any company right now. And certainly Global 2000 companies that didn't have a robust remote work environment are going through their trials and tribulations right now, getting their VPCs and VPNs up and running, virtual private cloud and virtual private networks, to set things up, communication, suddenly being good at videoconferencing when they probably didn't have a lot of it in the past, and picking videoconferencing software. Those sorts of things are starting to pop up. So, what would be a downside that you could name of having 100 percent remote-staffed company?

John Jahnke:
Yeah. I think probably the biggest thing we've had to work through most is the leadership team and how to run a remote leadership team. I think a lot of companies had remote staff in the past but operating 100 percent distributed leadership team I think takes a lot more thought. And we've had to do a lot on that communication, and prior to the pandemic we would spend time on a quarterly basis together. We would organize offsites for the leadership team and really try to drive communication and ultimately the conflict that leads to the best outcome trying to determine how to make conflict comfortable when Zoom and Slack are your mechanism of communication and have people have enough trust to accomplish that. I think that requires a lot of thought.

David Linthicum:

Yeah, it's something where if you're doing something in writing or even over a conference call, it has a tendency to seem a bit more terse than it actually is. And so, the ability to kind of present something and present criticism in a productive way and have it received productively, and have it effect to a positive change is kind of an art unto itself. And I think what a lot of leaders have done, and I certainly did this when I had a company that was mostly virtual as well, is ultimately you have to be very cognizant of your tone, very cognizant of the way you present information, and almost be a little more nicer than you would be if you were sitting in the room with somebody. And that seems to be a leadership kind of skill that I learned in going through it, just through trial and error when people would take something the wrong way, things like that. Have you found similar things?

John Jahnke:
Yeah, definitely. I think Slack, the lack of tone in Slack is an area we've seen people get mixed signals from. And turning your empathy dial to 11 and knowing that, hey, if I felt a little off in this interaction, it's worthwhile just to take that extra step to say, "Hey, I'm not sure if you felt this way, but I just wanted to let you know that wasn't my intention." And I think we've tried to make that part of the culture, just like empathy is an element of the culture that everyone needs to understand, and when they feel that way just go out of your way to reach out and make sure things are okay. One last point. Another area that's interesting in a fully distributed company is enablement. Like, how do you enable team members and show them what good looks like from a work standpoint? And shadowing will get you only so far, so we've started to use Gong and we do a lot of recording of calls and being able to show people, "Hey, here's what good really looks like," and you can go through and replay it. And here's also what bad looks like if there's bad interactions. And people knowing that things are being recorded and having a willingness to share good and bad examples with their peers I think is another great solution that we've found as far as enabling new folks.

David Linthicum:
Yeah, it's a great time to have a virtual company because of the tools and technology out there. The ability to transcribe calls so you don't have to keep notes on video calls that you have with clients that kind of stuff is amazing to me because I've had to go back and bring up transcripts and bring up recordings to figure out what was said to make sure I don't get something wrong. And the clients appreciate that because we're listening to them not only once, but a second time to make sure that we understand exactly what's being asked of us for a certain project.

And so, leveraging these tools not only is a way to provide a more productive workforce because, like you mentioned, you don't have to commute and right now – we're not traveling right now and that's a huge amount of time that comes out of my week and not having to sit on airplanes and cancelled flights and waiting for trains and things like that. But also, the ability to kind of leverage these tools as a force multiplier and get very good at them, and I think some of the remote staffing that's going on right now or the remote work that's occurring right now is allowing people to get very proficient with these tools.

So, let's say I'm a software company and I'm going to start an API governance system, and this is going to – eh, maybe I'm going to build it on, say a big public cloud provider – let's say some generic cloud provider, XYZ cloud provider. And I'm coming to you and I'm saying, "I want to get this into a marketplace." What would you ask of me to do it? And what would be maybe the steps it would take to get my product listed in the marketplace and getting it on demand within the particular cloud provider?

John Jahnke:
Yeah, it's a great question. I think I'd start with some questions around product market fit because with a startup especially I think it's never too late to embrace the clouds and align the clouds with your go-to-market machines, but it can be too early. If you haven't quite figured out your product market fit, when you place products in the cloud marketplaces your pricing is public. People could actually just go there and purchase it. While that's not the way – that automatic discovery doesn't always happen today; it's much more of a fulfillment system. Ensuring that you know what you're selling, and you know how buyers want to buy it is an important first step. So, we'd spend a little time seeking to discover product market fit.

The second piece is, do you have an established relationship with the cloud provider? And oftentimes that starts with where do you run? Where are you built? And if you're built on one of the clouds, that's a really natural place to start. And then from there it's about how do your buyers want to buy and understanding, like, what licensing strategies do you have? Is it a subscription? Is it annual? Is it user-based? Is it monthly? Is it per hour? And will that align with the cloud provider model, or how do we help you translate your current licensing and subscription model into something that fits in the cloud provider?

And then from there, really, it's about subscribing to our platform and our customer success team handholding you through the process. And really that's about providing more business information. That's the marketing information that would end up on a marketplace listing. It's the pricing and packaging that ultimately gets concluded. It's a ULA that you'd need in order to place your cloud agreement out there on the marketplace. And then it's what will happen when someone purchases that post-purchase process. How does that get to customer success? How do you make sure someone starts to consume? Most companies are trying to provide a very kind of high-touch experience, especially in the early days, to ensure people are getting value out of a product.

So, we ensure everyone understands that, and then you do a preview of the listing. Our platform does all the engineering integration. You don't have to worry about that at all. And then you're off to the races. And really once you're listed it's about trying to find your first deal. And typically, through that whole process we're spending time educating software companies on what does good look like? What are some questions you could ask of your buyers to discover if marketplace is a pathway?

And oftentimes that question isn't, "Hey, would you want to buy us through XYZ cloud marketplace?" It's more like, "Would it be easier to purchase our software on your cloud bill?" Or, "Do you have a strategic relationship with XYZ cloud provider? Because if you do, did you know that it's possible just to add our software to the bill?" That might be an easier way to do a first transaction, or potentially use a contract that exists with the cloud provider, versus having to do a new contract or add us to a new procurement system. Oftentimes that part of a purchasing process could add weeks or months to a first transaction for a seller or to a buyer getting the tool they need to be successful.

David Linthicum:
So, what metrics am I getting back that shows how well I'm doing in a particular marketplace? And via the metrics I get back, how do I adjust and improve to increase my sales?

John Jahnke:

Yeah. I mean, the metrics – I mean, depending – the marketing side of the cloud provider -- let's say we're in the third inning of cloud to use a baseball analogy. We're in the first out of the first inning of marketplace, so it's relatively early. We are seeing a huge acceleration in the number of software sellers selling in this way, as well as the number of buyers buying in this way, and mostly that's because the buyers are making larger commitments to the cloud providers and the marketplaces offer an avenue to consume those commitments. So, when it comes back to metrics, the marketing metrics of who's going to your listing, those are emerging, and really, it's about transactions.

And in the earliest days – you know, I like to think about this as in a flywheel style. To start to drive demand to your marketplace listing, you're going to need a program, and that's going to need – how do you drive some – how do you build some content to make sure your customers are aware that you're in marketplace? How do you actually go identify some deals via your traditional channels that you could put through marketplace in order to build the social proof that you could use with the cloud provider in order to trigger them into co-sell motions? They need to understand what's the value prop of your software. How does it benefit them as a cloud provider? And once you get that flywheel moving, that's when you start to see the magic of organic sales or leads coming from cloud providers to a software company.

So, the majority of the metrics are post-sale information about disbursement. So, if someone was to purchase, you're going to get a disbursement, and that disbursement would not include the fee from the cloud provider. They'd take some fee – all the cloud providers are a little different, so you have to understand what those disbursements look like. You would see reporting on that revenue over time. And those are a lot of post-listing, like finance and operation solutions that we specialize on as –in onesie, twosie transactions you can use the native tools from the cloud provider, but with some of our larger customers really reporting finance operation around doing – doing offers and tracking offers as well as reporting on revenue at scale can be complex and we make that easier for people.

David Linthicum:

So, John, are we moving away from quota-carrying salespeople? Is that going to be passé in ten years?

John Jahnke:

Oh, that's a great question. I love the idea of product-led growth. I think it's amazing. And you just look at the run that Zoom's had. I mean, we're on a Zoom right now. It's a product-led growth product. It's really easy to consume. Most B2B enterprise software doesn't align to that model. And I do think the nature of sales will change, but the change of sales is going to be measured over a decade, not like a year. And I think as people get more and more comfortable buying through marketplaces – and Gartner has a bunch of data out there on the level of engagement that buyers have with sellers, and it's like 75 percent of the time that they spend is with content that you create and reading information on the internet, long before they ever want to engage with you. And there's a significant population of buyers who never want to engage with a vendor at all.

They really would prefer a digital avenue for purchasing. So, I think those signals imply that there'll be less and less salespeople or that salespeople will change, and the bar for a salesperson will move way up as far as their ability to deliver value. How to help people understand the product and the value of the product and the impact of a product and much further away from the kind of classic sales relationship-based selling or entertainment-based selling. I think that era is rapidly going away. Value-based selling is rapidly increasing, and as marketplaces take root, I do think the nature of sales will change tremendously.

David Linthicum:

Yeah, I agree with you. I think sales is changing now. I mean, even the way we sell our services, it's just a matter of putting out enough content – this podcast being an instance of it, but the reports you write, the courses we give, the case studies we provide online – where people can do their own research and figure out if we're a right fit or not. And then by the time they pick up the phone and call us, it's a lead with a need. So, in other words, they're ready to move forward with a particular deal and we're able to align them to get the right consultants.

And so, we're not doing this back and forth when you're dealing with something that's a little bit more aggressive in a traditional sales model where they're reaching into companies and they're cold calling and they're getting into certain meetings and they're getting 100 meetings to get to one lead. And all those sorts of things just always seemed like a big waste, a waste of money and a waste of time to me. And even – they were always needed because that's the way people sold, but it seemed to me that the inefficiencies of that model and also the ability to just put – you just put it in line. In other words, your ability to go out and look at the product and participate with the product and even try the product before you buy the product, that seems like the ultimate model.

John Jahnke:

Yeah.

David Linthicum:

And so, no more salespeople say in ten years, five years? What are you thinking?

John Jahnke:

Yeah, I think there will still be salespeople. I think that their nature will change. I do think in ten years it will look very different. And just looking at a startup – you know, I had a conversation with a venture capital firm where they made the comment – you know, "What you're doing enables channel to be really one of the first investments you make as a startup versus, like, the fourth or fifth go-to-market investment." Because in the past, like, establishing a channel, you had to be pretty mature in the way that you sold and the processes you had for enablement. And the marketplaces allow you to align your early salespeople with something that's super valuable. Access to budget and access to a standard contract with a million potential customers – you think about that for startups three to five years ago. None of that existed. So, I think teaching salespeople to use the clouds and use marketplaces as tools to accelerate the value for their buyers is the short-term transformation, and then we'll see where things go from there.

David Linthicum:

So, what about guidance around partnering with cloud providers doing so from the seller standpoint rather than the buyer standpoint? What are some of the best practices out there that you see?

John Jahnke:

Yeah, I think all the cloud providers are leaning into this idea that capturing more wallet share from their customers is a good thing. And I think more software that's being built in the cloud you're seeing being built with a combination of first- and third-party services. You know, using GitHub as an example, like we use GitHub as a technology. We've built serverless on the cloud. We also use CircleCI as a solution. We use Sentry from an application surveillance standpoint. The combination of those first- and third – we use Auth0® for authentication. The combination of those first- and third-party services make up our SaaS platform. And I think that's more and more common.

And what the cloud providers also know is that SaaS equals a lot of future consumption. More and more SaaS services will get consumed and they need to be the place where those SaaS services run. So, they're incentivizing their field organizations to understand how to use marketplace and how to help sellers who are built on their clouds sell to their end customers. And I think the combination of all of that equals value for the software company. And that means you need to understand – pay attention to the partner programs for the cloud providers. They have a lot of incentives that are available. So, I think it's if you're not established as a partner, get established, and then pay attention to the tiers.

The tiers mean a lot. If you're just at the base level you're not going to get a lot of time and attention. You have to figure out that level in the cloud partnership world where you'll get the time and attention of their field. Marketplace can be an accelerant to that cloud partnership process. And then determine – like, they all have ways where you can register opportunities, and this is that flywheel motion we talked about earlier. If you can bring a few deals to the cloud provider, fulfill them via marketplace, and start to tell stories about how your product helps drive core service consumption, it makes the cloud providers' lives easier. That's when you can really get to that two-way co-sell motion. So, I think figure out the partner program, lean into it, bring some deals, get them registered, drive them via this new mechanism, and you can find a way to get some sizable attention from the really large field organizations.

David Linthicum:

So, rumor has it that Tackle.io is built using serverless technology, and that's kind of exciting. You built the entire platform using this technology when it's off in the Global 2000 and they're using it for tactical applications, using it for net new applications, things like that. But you built a system with it, so tell us what your experiences are with serverless technology when you built the system.

John Jahnke:

Yeah, I mean, it's really been – and I'll talk about it more from a business context. You know, I spent a lot of time in my career in the container space – Kubernetes and platform-as-a-service – as ways to accelerate how software was built. And I think continuous delivery is unbelievably important. But when you break things down into this kind of function level or serverless design pattern, the consumption of core cloud services goes down tremendously. Truly you're only paying for what you use. And I think when our CTO started experimenting with productizing the platform and really experimenting with the core cloud services that build, serverless became one more from a velocity standpoint, just ease of build.

Our platform facilitates transactions, so the nature of serverless, kind of that on/off, a transaction fits really well into that model. But the economic side of it, we didn't really know it would be as efficient as it's ended up being for us. So, I think from a cost efficiency standpoint, scaling with serverless is really powerful, and then we've had a lot of success scaling our platform. You know, we've gone from a handful of customers to closing in on 200 software companies that we support who are all growing their businesses via the clouds. So, that just drives up a lot more demand for our platform, which our serverless infrastructure is scaling with without a problem.

David Linthicum:

Yeah, and being a small company, you don't have to worry about sizing the applications and the storage as close as you can get it. That always was a bit of a struggle for I think people who are building products, because you don't know how many people are going to leverage the products and the patterns and way in which they're going to leverage the product. And, therefore, if you allocate storage you may find you didn't allocate enough. You may find you allocated too much and therefore you're going to pay for more storage. And if you're a small company, that's going to be money going out the window. And same with CPU and processing power, things like that. Serverless removes us from that, and so in other words we're writing functions and we're doing things on more of a transactional basis. And we're able to let the cloud providers – and this is what I thought they should've done from the beginning – allocate the storage and the processing and other resources we need to support that particular application and what that application is doing. And so, that's a better way to do it, don't you think?

John Jahnke:

Yeah, 100 percent. I mean, my engineering team gets to focus their time on building features that delight our customers and ultimately turn into revenue for Tackle and value for our customers, versus wasting time configuring very basic infrastructure-level services in the cloud. So, I mean, from a value standpoint, as a SaaS company your value is the unique code that you build that delights customers, and having the team focus all their time there is really important to us.

David Linthicum:

Yeah, and the smart use of technology and using technology as a force multiplier. And certainly, when you're a company like Tackle.io and every little bit helps, your ability to optimize the architectures and the technology and the way you take it out to the marketplace is going to be the difference between winning and losing. So, if you enjoyed this podcast make sure to like and subscribe on iTunes or wherever you get your podcasts. Also check out our past episodes including On Cloud Podcasts hosted by my good friend Mike Kavis and his show Architecting the Cloud. And if you'd like to learn more about Deloitte's cloud capabilities, check out www.DeloitteCloudPodcast.com. And so, John, where can we find you guys on the web?

John Jahnke:

You can find us at Tackle.io or you can always e-mail us at Hello@Tackle.io. And if you're thinking about marketplace, we're here to help.

David Linthicum:

Reach out if you need these guys. This sounds like a great service. And if you'd like to contact me directly you can reach me at DLinthicum@Deloitte.com, L-I-N-T-H-I-C-U-M. So, until next time, best of luck with your cloud computing projects. We'll talk to you real soon and you guys stay safe.

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