A Canalys Special Report

# Partner Ecosystem Multiplier: The AWS Opportunity – France in Focus

February 2023

## Global summary

Cloud adoption continues to expand rapidly, with the market for cloud infrastructure services reaching a value of US$250 billion in 2022, according to Canalys estimates. In combination with this infrastructure is an entire ecosystem of partners that work with end customers to create functional cloud environments. Without these partners, customers would not be able to fully realize the potential of their cloud infrastructure. AWS provides a technology foundation to help customers solve key problems, but increasingly it relies on the contributions and offerings of their partners to complete the overall value stack. Canalys refers to these partner revenue opportunities as the Partner Ecosystem Multiplier (PEM). There are, of course, regional variances and this in focus series will highlight the key markets studied by Canalys in assessing the AWS Opportunity.

***"AWS is very business-oriented and focused on bringing customers to success, so it makes us very skillful and very aware of our own capabilities to bring customer success."***

## Key findings in France

- AWS partners in France can reach a multiplier of US$6.00 per US$1 of AWS sold. This is compared with the global figure of US$6.40 per $US1 of AWS sold.
- Despite a relatively mature services market, France's multiplier is slowed by its lower overall cloud adoption when compared with other EMEA markets, with the French cloud market growing at 27.3% year on year with a total value of US$6.66 billion in 2022. Canalys estimates that French cloud adoption growth will slow in 2023 to 24.4% year on year (meaning a value of US$8.28 billion). Despite this slowdown, this will be leading in EMEA of the countries surveyed in this report.
- The maturity of the services market presents a chance for French partners to generate recurring revenue. By pursuing the expansion of services such as Advise and leveraging existing customer infrastructure, French partners can support customers' public cloud transition.
- France can support a diverse mix of the six service segments. Though Build services dominate the total French multiplier, comprising 43% of all services, the other five can also generate long-term opportunities for revenue generation in what is already a mature market.

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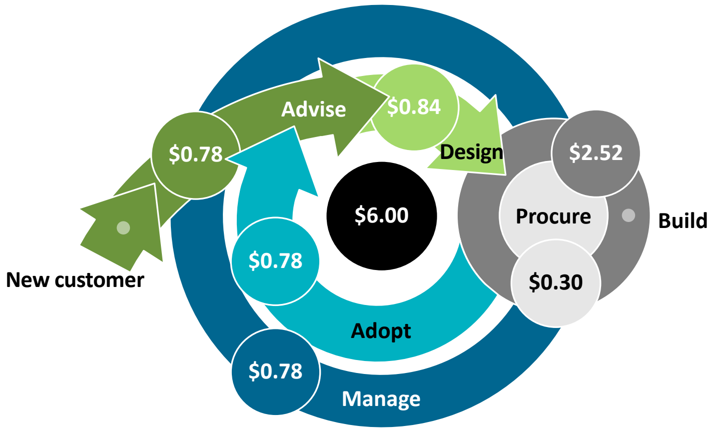
## Partner Ecosystem Flywheel: France




## Build – France's largest and strongest segment

As the largest area for differentiation between Expert and Focused partners globally, the Build segment is also the strongest segment in terms of the French PEM. It represents the greatest opportunity for channel partners to leverage the wider ecosystem of AWS partners, making it a significant area for ongoing and recurring revenue generation. In France, **the Build segment represents 43% of the country's total PEM.** This demonstrates the health of the AWS partner ecosystem in France, while also highlighting the high level of cloud maturity in France.

This is proven further when the Build segment is broken down. While many markets (including France) have significant portions of their Build revenue attributed to application modernization, France stands out with **67% of partners interviewed attributing PEM revenue to specific business productivity solutions.** This is critical as it shows French partners going beyond solving cloud problems and focusing on solving business problems, clear evidence of a mature services market. Despite the already high degree of market maturity in France, growth in cloud adoption continues to increase, in part due to the continued prevalence of local data centers – a trend shared with fellow EMEA markets Germany and the UK. France's Build segment is the largest globally and a great platform for the overall AWS ecosystem, but for France to reach the heights of the US and UK PEM scores, other key segments such as Manage, Adopt and Design will need to expand as cloud adoption grows.

## The French PEM includes a broad mix of smaller segments

Despite the prominence of the Build segment in the French market, the five other segments all have a clear presence as part of the French PEM. **Advise, Design, Manage and Adopt all represent smaller proportions of the market, with each segment contributing 13% or 14% of France's overall PEM.** Consistent with all other countries included in this study, Procure comprised the single smallest market share at only 5%. This breadth is key to the relatively high overall PEM in the French market.

There is clearly room for expansion in both pre- and post-procurement activities (Advise and Design and Manage and Adopt, respectively) in the French market. **Pre-procurement segments currently represent 27% of the total PEM, with post-procurement activities comprising 26%.** Though both of these categories each equate to over a quarter of the French multiplier, these pre- and post-procurement segments are smaller in France than they are in the Global PEM, in which they represent just over a third each.

Though cloud adoption is less extensive than it is in the US market, which has more balanced proportions of each segment, France's market is still highly mature. But regulatory pressures in the region are a cause of conservatism in cloud projects, potentially limiting the growth in partners' segments besides Build. Overall, there is a wide breadth of services in the country's multiplier, but as France's cloud growth continues, **these pre- and post-procurement services will expand to comprise a larger proportion of the country's services market.**

## The expansion of Advise and Adopt services will accelerate the French PEM

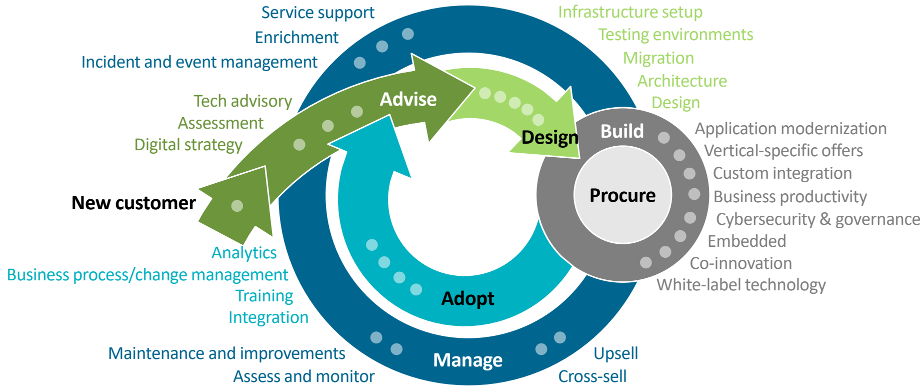
As France's cloud services market expands, extra revenue-generating opportunities will develop across segments. But Advise services should be a core partner focus. **Expanding Advise services by assessing existing customer infrastructure can support customers' digital transformations by facilitating their transition to the public cloud.** Also, partners can access extra revenue-generation opportunities by expanding their Adopt services. This can help customers further unlock the value of their cloud investments while boosting customer cloud expansion through initial engagements at the Adopt stage.

Expanding these core segments will equip partners with improved abilities to enhance customer experience and value provision. Partners can leverage these customer-facing benefits to secure recurring revenue, supporting these partners' long-term growth in the French cloud services market. But partners should be wary of the inherent risks of the market's continued growth, which may drive up costs.

## Summary

Though cloud adoption is less extensive in France than in the UK, the French cloud services market is maturing quickly. While on-premises storage is still common in the country, its multiplier is strong, with many opportunities for partners to generate revenue from cloud services on a long-term basis. Currently, much of the revenue opportunity lies in the French market's Build segment, where partners can leverage the wider ecosystem and profit from software stacks – both vertically specific and functionally aligned. Also, this segment is integral to France's high PEM score of US$6.00, as it works as a platform for recurring revenue, driven by customers' needs for application modernization, cybersecurity and infrastructure support as they mature. When assessing the slowing cloud adoption in the French market (dropping from 29.6% in year-on-year growth in 2021 to 27.3% in 2022 according to Canalys estimates, with an estimated further drop to 24.4% growth in 2023), it becomes clear that partners will need to continue to expand their cloud capabilities to ensure they can gain diversified revenue across multiplier service areas, and cannot simply rely on cloud adoption growth to drive their own revenue growth.

## Appendix – defining the Partner Ecosystem Flywheel




- **Advise services** capture the consulting and professional services activities held either with new customers, or existing customers that are embarking on new cloud projects. This typically involves an understanding of the customer's digital strategy, an assessment of the existing infrastructure and systems, as well as advisory on the specific technology solutions that will need to be built or procured.
- **Design services** capture the set-up activities needed for customers to establish or expand their cloud capabilities. This involves designing and testing the environment that will be used and ultimately migrating customer data onto the public cloud infrastructure.
- **Procure services** are the activities that partners conduct to acquire the necessary infrastructure for setting up cloud environments. Revenue from these activities typically occurs in the form of resell or through procurement services offered by partners.
- **Build services** are the broadest and most diverse set of services within the Flywheel. Inclusive of industry and functionally focused software stacks, these services leverage the widest variety of partners within the ecosystem. Partners leverage these services to, for example, transform a cloud environment from a storage solution into a business solution that adds value to customers, while also ensuring that the environment is safe and functional against growing external threats and challenges. This segments also includes the partners' own IP creation and IP software development, for example, as part of a customized solution.
- **Adopt services** can be understood as the services that let partners help customers use and unlock value from their cloud investments. This could be in the form of ongoing customer success engagements or dedicated workshops to train customers in usage. Business process and change management services allow partners to fine-tune these environments depending on customer demand, while data analytics are leveraged to identify opportunities, both for efficiency and further cloud revenue in the future.
- **Manage services** for many partners are the end goal for cloud projects that they undertake and are by far the most operational of the services featured within the Flywheel. They can also be a key revenue driver as they offer an opportunity for consistent recurring revenue beyond the initial set-up of the cloud environment.