The role of hyperscaler marketplaces in the **software procurement** landscape

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Executive summary

Modern businesses demand agile and secure software solutions to maintain productivity and competitive edge. In the current economic climate, every technology investment faces intense scrutiny, requiring IT teams to demonstrate clear value and alignment with strategic objectives. This necessitates a sophisticated software procurement strategy that actively minimizes complexity and unnecessary costs.

The advent of Hyperscaler Marketplaces has fundamentally reshaped the global technology landscape, offering a transformative approach to software acquisition. These centralized platforms empower organizations to efficiently discover, purchase, and deploy a vast array of software and services directly into their cloud environments.

By leveraging these marketplaces, businesses can streamline their procurement processes, consolidating software and licensing expenditures into a single, simplified cloud invoice. Critically, this approach enables organizations heavily invested in public cloud to maximize their cloud spending commitments, ensuring software investments actively contribute to their overall cloud strategy. Ultimately, adopting Hyperscaler Marketplaces allows businesses to optimize their software portfolio, enhance operational efficiency, and drive greater value from their technology spend.

Sim Aulakh

Head of Cloud & Licensing Operations at Insight

Procurement advantages

The past three years have seen the rapid rise of hyperscaler marketplaces. Canalys predicts that global sales of third-party vendor software and services through cloud marketplaces will hit U$85 billions by 2028, up from the latest prediction of 445 billion by the end of 2025.

AWS is currently ahead of the other hyperscalers in terms of scale and global availability.

Edie Van Den Berge, EMEA director of partnerships at Insight EMEA said:

"Hyperscaler marketplaces are revolutionizing software procurement by offering a dramatically simplified experience. With just a few clicks, organizations can launch pre-configured software, eliminating the complexities of navigating individual vendor sites and traditional distribution channels. This streamlined discovery and deployment process saves significant time and effort, particularly for those new to a technology or requiring rapid solution deployment.

Beyond ease of use, hyperscaler marketplaces provide crucial flexibility through various pricing models, including pay-as-you-go options. This allows businesses to optimize costs by paying only for what they consume, fostering agility to scale resources up or down as needed. Furthermore, the availability of pre-configured images and templates significantly accelerates deployment timelines.

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According to Sim Aulakh, Head of Cloud & Licensing Operations:

'The true power of hyperscaler marketplaces lies in their ability to centralize control and provide unparalleled visibility over software spend. This 'single pane of glass' not only simplifies governance and tracking but also empowers organizations to make smarter, more informed decisions about their software investments.'

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Buyer habits

The rise of the hyperscaler marketplace is occuring within the context of a change in buying habits. With procurement cycles getting shorter, organisations are are increasingly favouring subscription models, and the number of stakeholders involved in buying decisions is expanding.

"I think one thing that's growing in the general software market is the move from perpetual one off purchases, to subscriptions and service-based, monthly payments or regular payments," **said Sim Aulak:**

As well as a change in consumption models, there has also been a shift buyer personas within organisations. Tech-savvy stakeholders who are accustomed to making purchases online rather than through more traditional channels have had an impact on buying cycles:
"As millennials have become senior managers, they have changed the way software purchases happen," Explained Van Den Berge." Millennials are more familiar and happy with buying big things online. They have done their homework and do not want or feel the need to talk to a sales person. The proportion of millennials in senior roles will keep growing."

Furthermore, the number of individuals involved in technology buying decisions is expanding.

Procurement cycles are getting shorter, organisations are increasingly favouring subscription models, and the number of stakeholders involved in buying decisions is expanding.

"Historically there was one person responsible for procurement or a procurement department," explained Van Den Berge. "So everything was channelled through that person or team. Whereas now anybody can buy software. I think the role of procurement changes as well. Those involved need to be aware of how does all of this cloud consumption actually work and what is the committed spend."

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Governance challenges

While hyperscaler marketplaces have their benefits for both buyers and sellers of software, there are also some risks to be aware of. The ease at which software can be purchased risks introducing complexity. Stakeholders may make purchasing decisions independently of one another, creating governance and management headaches and duplicate purchases. Organisations must therefore have controls and risk management in place to monitor what is being bought and prevent shadow IT.

"Software sprawl is a risk," said Aulakh. "You could end up buying different software to do the same thing five different times if there is a lack of unity from business units.

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"Getting that centralised control back to be able to really get volume discounts and have the big picture is important. You can get fragmented procurement if you're not careful and that can lead to unoptimised spend."

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Governance challenges

This was echoed by Van Den Berge:

"The risk management associated with software asset management becomes even more important as the number of procurement channels increases. Organisations will need to make sure there is a centralised and coherent procurement strategy and process that covers all these new channels to manage compliance and cost optimisation."

It is vital to have a robust software procurement strategy in place to get the most out of hyperscaler marketplaces and minimise risk. A well-planned procurement strategy can help organisations save costs by enabling them to negotiate better pricing and terms with software vendors, helps streamline their software purchasing process, and helps organisations manage risks such as vendor lock-in, security vulnerabilities, and compliance. Furthermore, it can foster greater collaboration between different teams and stakeholders, ensuring that everyone is aligned on the organisation's goals and objectives.

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The role of partners

Channel partners and distributors may view the rise of hyperscaler marketplaces as a threat to their business models. However, the process of buying and selling software can involve complex negotiations, often with multiple stakeholders. So the involvement of trusted and knowledgeable partners is important for the success of cloud marketplace strategies.

Partners can act as an intermediary between marketplaces and buyers, ensuring clients are getting value for money and the right solutions for their business needs.

"Customers can use partners such as Insight to help negotiate discounts from published retail prices for large strategic purchases," said Aulakh.

"Insight can help customers balance spend across all of the main three marketplaces to optimise licensing and cloud commitments and discounts as part of their enterprise agreements."

Van Den Berge said:

"When you buy through the marketplace, you get the list price. If you want a volume discount or if you want to negotiate different terms than the standard terms, you would go through a partner like Insight. We have very long-standing relationships with a lot of the vendors that are also in the marketplace and we're used to doing that at scale.

"We can also support clients with their overall procurement strategy to help manage compliance and risk."

Conclusion

As hyperscaler marketplaces grow and evolve, it is likely that they will continue to have a significant impact on how software is bought and sold.

They help streamline the procurement process through the creation of a "one stop shop" for cloud-based services, making the process easier, faster, and more flexible.

However, this ease can also create governance and complexity challenges. This is why having a procurement strategy to keep track of what is being bought and for what purpose is essential. Reliable, well-informed partners are needed to ensure customers are putting their cloud spend to good use. Through expert consultation, access to the best terms and pricing, and the creation of unique private offers, organisations can ensure they are equipping themselves with the right software solutions to meet their evolving business needs.

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Next steps

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