

The hybrid cloud opportunity

Proven ways Red Hat partners
can grow their business with
Red Hat Enterprise Linux



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Introduction

Your customers are looking to you for solutions to help them standardize and optimize their hybrid cloud environments.

Many organizations are faced with complex hybrid cloud environments that require stability to consistently meet business and customer needs and the flexibility to innovate on any footprint, all while meeting stricter security requirements.

This challenge presents a big opportunity for Red Hat partners like you and has already boosted revenue for partners by **3.5x**.¹

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Red Hat is here to support you with tools, technology, and services to help you deliver value to your customers and scale your business.

.....

Our open innovation ecosystem accelerates partner-to-partner collaboration and supports your sales and marketing capabilities.

As a trusted Red Hat partner, you can use Red Hat® Enterprise Linux® as a foundation to support hybrid cloud innovation, helping your customers build, deploy, and manage applications and critical workloads faster and more efficiently across physical, virtual, private and public cloud, and edge deployments.

You can certify your software on Red Hat Enterprise Linux to ensure adoption of best practices and achieve improved supportability and interoperability.

Additionally, Red Hat Enterprise Linux can unlock opportunities to market and sell the entire Red Hat portfolio of solutions, including Red Hat OpenShift® and Red Hat Ansible® Automation Platform.

Your customers are increasingly adopting hybrid cloud solutions, and as a result, their IT challenges have become more and more complex, starting at the foundational layers of infrastructure such as stability, scale, and security. The solution to this growing complexity is to proactively standardize critical infrastructure.

In this guide, we will look at how Red Hat Enterprise Linux can help you generate new revenue streams, strengthen your relationships, and position yourself as a long-term strategic partner for your customers.

How Red Hat Enterprise Linux can help grow your business

Red Hat Enterprise Linux is the world's leading enterprise Linux server operating system, providing a flexible, stable foundation to support hybrid cloud innovation.²

Red Hat Enterprise Linux can help your customers build, deploy, and manage applications and critical workloads on a consistent foundation across multiple environments from on-premise, to the cloud, to the edge of the network.

Create new revenue opportunities and cultivate stronger relationships by offering your customers a platform that promotes innovation and increases efficiency, no matter where they choose to use it.

According to IDC, the Red Hat Enterprise Linux ecosystem will grow to

\$138 billion
by 2026³

The revenue opportunity of selling Red Hat Enterprise Linux

Offering Red Hat Enterprise Linux creates an opportunity for you to become a strategic partner for your customers and generate revenue from sales and services. According to IDC, the Red Hat Enterprise Linux ecosystem will grow to \$138 billion by 2026 at a compound annual growth rate (CAGR) of 8%.³

² Gartner. "Marketshare: All Software Markets Worldwide, 2020," April 2021.

³ IDC whitepaper, sponsored by Red Hat. "Red Hat Enterprise Linux: \$1.7 Trillion a Year Boost for Customers," March 2022.

For every dollar of
revenue made by Red Hat in 2022,
the Red Hat Enterprise Linux ecosystem made

\$22.60³

The CentOS Linux migration opportunity

Red Hat Enterprise Linux is a natural path forward for many of your customers as other hybrid cloud solutions such as CentOS Linux 7 reach end of life or become outdated.

Red Hat estimates the CentOS Linux migration market opportunity in 2024 is US\$500 million in subscription revenue, which doesn't include partners' additional opportunity to sell services and other solutions along with Red Hat Enterprise Linux subscriptions to these customers.

When CentOS Linux 7 reaches end of life on June 30, 2024, its users will no longer receive new features, patches, and updates, creating potential security and compliance challenges. These customers will need to migrate to a new operating system, and this represents a major market opportunity for Red Hat partners.

Certify and differentiate your products

Certify your software and hardware on Red Hat Enterprise Linux and use best practices and a path for improved support and interoperability.

We work together with our partners to make certain your products and solutions are built right and ready for your customers. A partnership with us gives you access to Red Hat software, documentation, certification standards, and team support.

You can build flexible hybrid cloud solutions to find new opportunities, stay competitive, and meet market demand.

The [Red Hat Certified Cloud and Service Provider \(CCSP\)](#) program allows you to host and resell certified Red Hat offerings through multitenant, dedicated, and managed models. What this means for your business is lower costs, improved operational flexibility, and a jump ahead of the competition.

Every Red Hat Enterprise Linux subscription you sell is eligible for subscription renewal upon expiration—and the average renewal rate is

100%*

*Red Hat internal financial analysis.

Maximize revenue with subscription renewals

Red Hat partners interviewed by Forrester said that they sell Red Hat Enterprise Linux subscriptions in 1-to-3 year contracts. The average deal size across partners for a Red Hat Enterprise Linux subscription was \$75,400 in revenue, and the gross margin for Red Hat Enterprise Linux subscriptions was between 5% and 12% across partners, with an average of 10%.¹

Cross-sell and upsell opportunities

Cross-sell and upsell opportunities can provide you with the opportunity to offer additional value to customers and generate new revenue streams. Selling Red Hat Enterprise Linux to your customers can open the door to selling and providing services for additional Red Hat products, such as:



Red Hat Ansible Automation Platform

Enhance your managed cloud services business with the power of automation. With Red Hat Ansible Automation Platform, you can help your customers automate the migration, modernization, transformation, and management of applications in multicloud environments.

In fact, according to Red Hat partners interviewed by Forrester, sales of additional Red Hat products provided an additional 50% to 100% of revenue on top of Red Hat Enterprise Linux.¹



Red Hat OpenShift

Make the most of the rapidly growing opportunity of containerization and cloud by offering your customers Red Hat OpenShift, a unified platform that can help them build, modernize, and deploy applications at scale.

Consulting and managed service opportunities

Customers may face skills gaps and shortages in staffing and labor that can be a barrier to effective use of technology. As a Red Hat partner, you can offer your customers access to comprehensive services and product add-ons to help them modernize and upgrade their platform with Red Hat Enterprise Linux.

According to a Red Hat Linux Market study, almost half of respondents indicated that their primary source of technical support of their paid Linux OS was from a third party.⁴

These value added products and services may include:

Discovery services

Understand your customers' business drivers, challenges, and use cases.

IT assessment services

Evaluate your customers' IT environment to determine the OS they are using and what applications and workloads are running on-premise versus in the cloud.

Planning services

Build a roadmap for customers by analyzing their hybrid cloud strategy and identifying workloads that need to be upgraded, converted, or refactored.

Implementation services

Help customers migrate from another OS to Red Hat Enterprise Linux, or migrate to the cloud. Implement automation and management services to ensure customers' infrastructure is optimized for performance, while reducing operational costs and minimizing the risks associated with manual management.

Training services

Fill critical skills and knowledge gaps to assist customers with migration, and help onboard key operations, development, and engineering teams as they expand Red Hat Enterprise Linux technology in their environments.

Initial consulting projects

Partners often help their customers deploy and migrate Red Hat Enterprise Linux to infrastructure and environments. This consultative work typically generated between 60% and 100% of the Red Hat Enterprise Linux subscription revenue.¹

Ongoing professional services

After partners sell Red Hat Enterprise Linux subscriptions and perform consultative services to deploy, migrate, and integrate it into their customers' environments, additional services can be sold to manage the environments.¹

Independent software vendor (ISV) and infrastructure services

Partners can also sell ISV packages that run on Red Hat Enterprise Linux, as well as the infrastructure required to run it, including hardware, storage, networking, edge devices, and cloud infrastructure services.

⁴ Management Insight study sponsored by Red Hat, "Linux Market Study," June 2022.

¹ Forrester TEI Study, sponsored by Red Hat. "[The Partner Opportunity For Red Hat Enterprise Linux](#)," June 2023.

Help your customers migrate to the cloud with both Red Hat and hyperscaler programs

Red Hat designs our partner programs to compliment hyperscaler programs. With access to the funding offered by hyperscalers such as Amazon Web Services, Microsoft Azure, and Google Cloud, you can help streamline your customers' cloud journey.

3.5x

Increased revenues*

*For every \$1.00 in Red Hat Enterprise Linux subscription revenues, partners can make an additional \$3.50 by providing value added services.¹



The value that Red Hat brings to the table is huge. They are taking all that open-source innovation and turning Red Hat Enterprise Linux into something that is supportable and not a project for IT.¹

Practice director

Red Hat partner
North America

33%

Managed services
gross margin¹

Why Red Hat Enterprise Linux is the right choice for your customers

Your customers need a solution that can help accelerate their hybrid cloud transformation while increasing productivity, delivering services more efficiently, and providing flexibility. Red Hat Enterprise Linux can provide them with a stable, reliable foundation to support hybrid cloud innovation.

Read “[Why choose Red Hat for Linux?](#)” to find out more about why Red Hat Enterprise Linux is right for your customers.

Your customers rely on you to provide them with a stable foundation that can promote innovation for any workload and any cloud environment. But that’s not all—Red Hat Enterprise Linux can provide your customers with:

The ability to deploy anywhere

Extend deployment capabilities for customers, from the datacenter, to virtual, private cloud, public cloud and the edge of the network.

Access to an expansive partner ecosystem

Access certified solutions from trusted hardware, software, and cloud providers. Red Hat Enterprise Linux is certified on most major public and private cloud infrastructures and for SAP workloads. Red Hat Enterprise Linux is also engineered to work with the latest hardware and hundreds of integrated software vendors (ISVs) applications that have been certified for use.

Long-term life cycle support and flexibility

Help your customers choose from multiple supported versions, upgrade on their own schedule, and adopt new features as needed. Red Hat’s published, predictable release cadence, up to 10 years of support for major releases, and 2 years of support for minor releases allow organizations to plan for long-term success.

Streamlined management and automation

Help your customers administer their environments more effectively with built-in workflow automation tools and integration with Red Hat Satellite and Red Hat Ansible Automation Platform.

Accelerate innovation while minimizing friction

Your customers demand the freedom and flexibility to innovate efficiently across the hybrid cloud, without leaving their existing workloads and applications behind.

Red Hat Enterprise Linux lets them spend more time on innovation and less on maintenance by providing consistency across environments, so IT staff can build, deploy, and scale applications and workloads across the hybrid cloud without the need for additional training or tools.

The portability of applications and containers built on Red Hat Enterprise Linux means organizations can remain agile and meet evolving transformation and innovation goals. And operations teams can streamline deployment, scale, and manage applications in production by building standard configurations and deploying with built-in automation capabilities.

Learn more about [Red Hat's approach to hybrid cloud.](#)

Infrastructure modernization has made it possible for our team to dynamically scale our applications in line with seasonal load. As a result, we have eliminated application downtime—and the need for standby servers. We gained superior and consistent application performance, which has delighted our end users.⁵

Vijay Kamble
Client Partner,
Tata Consultancy Services

Tata Consultancy Services enhanced agility and modernized their IT with help from Red Hat solutions including Red Hat Enterprise Linux. [Discover their success story.](#)

⁵ ["Tata Consultancy Services gains agility and speed with open platform,"](#) Red Hat, accessed May 24, 2023.

Mitigate risk across the hybrid cloud

For many customers, finding a trustworthy open source platform on which to build, run, and scale workloads and applications can be a challenge.

With Red Hat Enterprise Linux, you can help them establish a consistent focus on security by building a stable, consistent, and trustworthy platform that sets the foundation for a strong security posture, letting them build with confidence and resolve any issues before they affect business operations.

Red Hat Enterprise Linux integrates automated security controls that reduce the attack surface, ensuring security is part of IT infrastructure throughout the life cycle.

Tomago Aluminum migrated its SAP HANA® environment to Red Hat Enterprise Linux for SAP Solutions, resulting in improved development efficiency, a consolidated server footprint, and enhanced system and data security.

[Discover their success story.](#)



Our goal is to improve effectiveness and efficiency while keeping infrastructure costs down. With Red Hat, we get a better return on our investment.⁶

Dennis Moncrieff
IT Superintendent,
Tomago Aluminium

Customers can centrally manage identities and configure authentication to mitigate the risk of unauthorized access, and reduce security overhead by allowing organizations to implement and manage security best practices with fewer resources.

Help your customers automate regulatory compliance. With Red Hat Enterprise Linux, your customers can apply industry best practices and independently validated baselines and generate comprehensive on-demand reports for auditors to help organizations implement or maintain security, compliance, and audit-readiness with fewer resources.

Navigate infrastructure complexity

Complexity happens naturally as IT teams build and deploy new applications across physical and hybrid cloud infrastructures. As your customers work to manage multiple operating systems with their own unique configuration, access, and administrative controls, costs increase and efficiency decreases.

With a subscription to Red Hat Enterprise Linux, you can use Red Hat Insights to help your customers reduce the time it takes to perform complex operational tasks from hours to minutes.

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They can use predictive analytics to take advantage of Red Hat engineers' expertise when and where it's needed.

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With ongoing analysis to proactively detect issues, deeply analyze configurations, gain visibility into the security and compliance posture, and prescribe remediations, your customers can make sure their Red Hat environment is running optimally.



Red Hat touches almost everything that we are required to implement for a government environment and makes doing that easy.⁷

Ryan Kimbrell

Senior Cloud Operations Engineer,
Zoom

Red Hat Enterprise Linux remains consistent across all footprints in infrastructure, whether on-premise, virtualized, in the cloud, or at the edge, and is available integrated within hardware vendors such as HPE, Dell, and Lenovo.

It is also available through multiple cloud vendors, including Amazon Web Services, Microsoft Azure, Google Cloud, IBM Cloud, and Oracle Cloud. This means your customers can standardize on whatever environment works best for them, gaining efficiency and reducing complexity across their operations, and allowing their teams to do more, faster.



Among the other distributions of Linux out there, I would rate [Red Hat Enterprise Linux] as 10 out of 10. If I have to compare this solution against everything else out there, this solution is at the top of the list.⁸

Jude Cadet
Sr. Systems Engineer

Operate with complete confidence

Red Hat Enterprise Linux is a reliable, cloud-ready platform with a long life cycle, an extensive software and hardware partner ecosystem, integrated tools for development, management and security, and 24x7 support to support faster and more successful innovation across the hybrid cloud.

With Red Hat Enterprise Linux, you can ensure your customers have on-demand access to a global network of experienced, motivated, and knowledgeable technical support engineers.

Red Hat's commitment to preserve application stability with each minor update streamlines the process of upgrading. Red Hat Enterprise Linux provides stability and longevity for operations, ensuring your customers can maintain critical applications for up to 10 years with a subscription that lets them choose which major, supported version to deploy.

A Red Hat Enterprise Linux subscription provides customers with the tools, resources, and services they need to run infrastructure and systems reliably and more securely, giving them control, confidence, and freedom to innovate their own way.

And with built-in tooling to inspect, analyze and tune system performance, they can optimize performance and simplify scalability.



We're free to choose the best-of-breed solution at any given time while keeping the cloud-agnostic infrastructure at the center of our deployments.⁹

Paul Monroe

CTO, Standard Bank International

Chapter 3

Ready to get started?

Contact your Partner Account Manager to learn more.

[Try Red Hat Enterprise Linux today](#) →

Additional resources:

Sales play:

[Standardize on Linux for any workload](#)

[Expanding workloads to the cloud - Linux](#)

Marketing resource guide:

[Platform simplification - Red Hat Enterprise Linux](#)

[Red Hat Enterprise Linux for SAP Solutions](#)

Training:

[Red Hat Sales Specialist - Red Hat Enterprise Linux](#)

[Red Hat Sales Specialist - Red Hat Enterprise Linux II](#)

[Red Hat Sales Specialist - Red Hat Enterprise Linux III](#)

Not a Red Hat partner? Become one today

Our partner programs can help you access new markets, broaden your company's expertise, and build stronger customer relationships.

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Learn more about how Red Hat partners grow their businesses with:



Proven technology

Open source technologies are mature and proven in the enterprise. Build applications for scalability, interoperability, and flexibility. Accelerate deployments with modern DevOps practices, reducing cost, and complexity.



Profitable growth

Gain recurring revenue streams through our subscription model and target newer markets with offerings supported by innovative technologies. Maintain lasting relationships with robust go-to-market strategies.



Customer demand

Whether for the datacenter, cloud, or at the edge, customers are looking for reliable, flexible, and cost-effective solutions. Red Hat has a proven track record of answering customer demand.



Competitive edge

Get ahead of the competition and learn about emerging technologies. Generate more opportunities with sought-after industry skills as a benefit of program membership.

[Begin your journey](#)
to reach more customers and
grow your business with
hybrid cloud.