THE CHANNEL IN™
2020

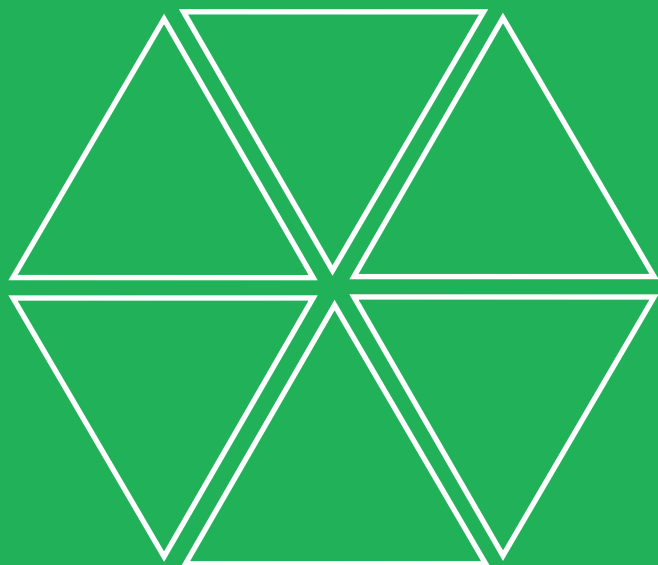AGILITAS®
PASSION TO INNOVATE

THE CHANNEL IN 2020
MARKET REPORT #1

PEOPLE

THE CHANNEL IN ™

2020

THE CHANNEL IN 2020

BY AGILITAS

Over the past four years, the channel has evolved faster than ever before. Customer demands are becoming more complex, putting IT suppliers under increased pressure to deliver the complete package at a competitive price point. At Agilitas we've witnessed this first hand.

Most of our clients are adopting Inventory-as-a-service in order to gain greater agility and provide their customers with a more flexible and personal service.

At the same time we've seen the skills gap exacerbated, with the channel facing one of the greatest challenges it has ever seen. As more and more IT functionality becomes cloud based, the opportunity to sell and service onsite hardware is on the decline. Consequently there is now a reduction in revenue and margin for reseller businesses to access. As a result, many channel firms are wondering how they can continue being that one-stop shop in a constantly changing market and are looking to reshape their businesses in order to adapt and survive for the future.

Past changes have been big for some and smaller for others, but what is next for the UK channel?

Our curiosity and constant drive for innovation at Agilitas has led us to ask this question both internally and to some of our trusted external partners and advisors. Every year, we talk about what is coming next year, but as technology moves so quickly, we need to think further ahead than 2017. Most fast growth organisations make plans for four, five or even ten years in advance.

So lets take a view of the channel in 2020.

Shaun Lynn, CEO

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THIS FIRST REPORT WILL SEEK TO EVALUATE THE PEOPLE AND THE SKILLS ACROSS THE INDUSTRY. PEOPLE ARE FUNDAMENTAL TO THE CONTINUED SUCCESS OF THE CHANNEL.

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THE CHANNEL IN 2020

Welcome to the channel in 2020, a series of industry reports in which we will gain an understanding of what the channel will look like by 2020. This first report will seek to evaluate the people and skills across the industry. People are fundamental to the continued success of the channel.

Particularly in Agilitas' space; I.T. services, skills are essential to guaranteeing uptime. Regular warnings of skills' gaps offer little positive for the wider industry's confidence, whether they are true or not. Despite concern, the channel community appears confident and resilient about the future, and is highly willing to put the work in to make a difference as it has done many times before.

What do businesses like ours and our customers' need to do to prepare?

Will we need more or less data-centre technical skills? How will we sell to Europe? Will CAPEX finally overtake OPEX?

These are all questions which could shape the future strategies of channel partners, so it is right that we ask them.

To try and get these answers, we commissioned independent research from OnePoll. The research surveyed 100 industry leaders running businesses in the channel. These included a mix of IT resellers, managed service providers, and independent IT providers of different scopes and sizes.
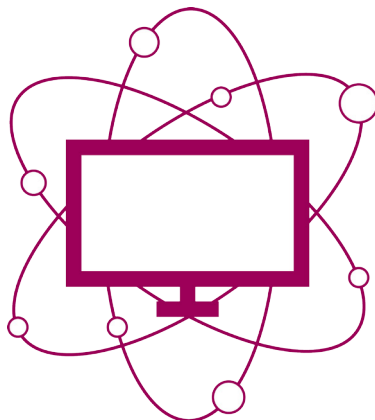
From speaking to these individuals, we hope to collaboratively establish a blueprint of what the channel will look like in 2020.

This series of industry reports will focus on three areas:
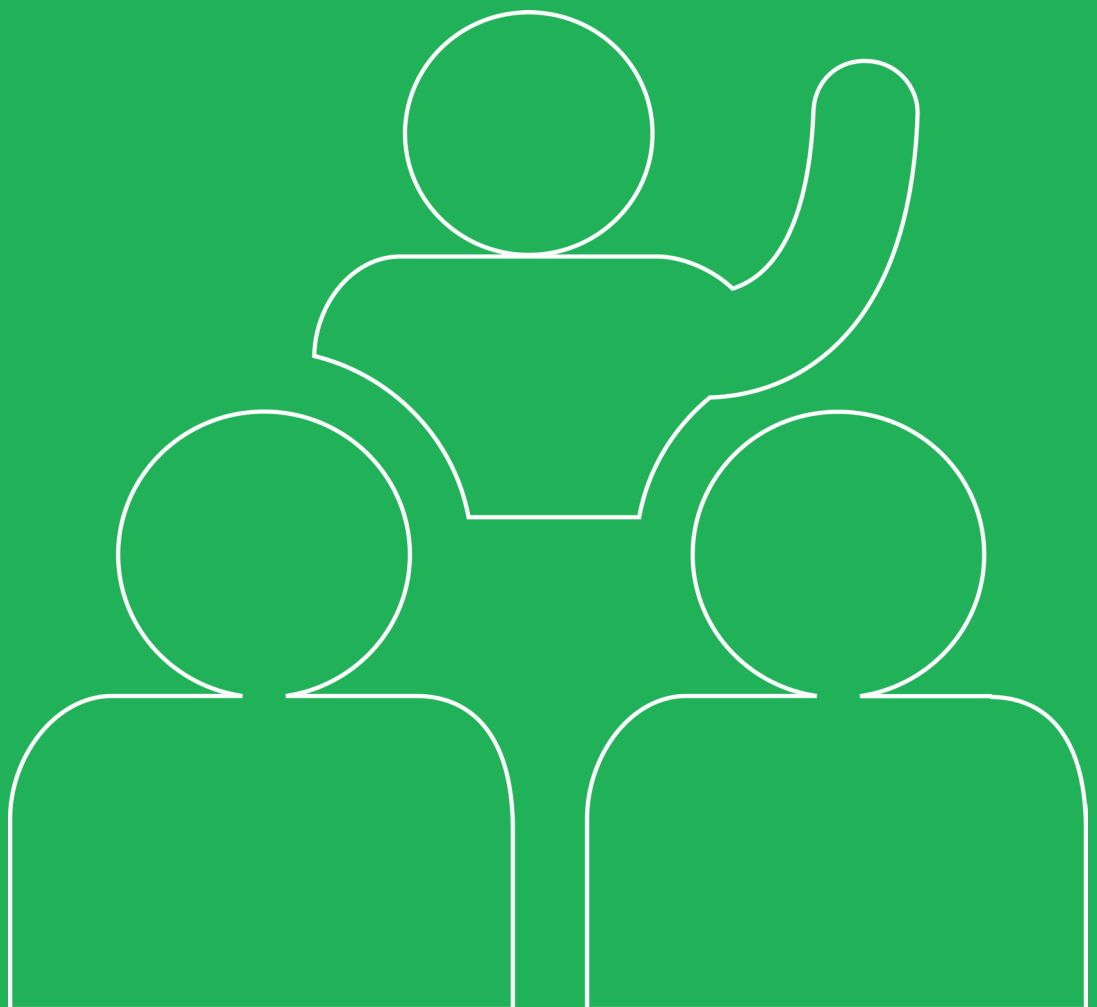
PEOPLE

Who will make up the channel of 2020?

TECHNOLOGY

What will we be selling in 2020?

FINANCE

What will our contracts look like in 2020?

THE SKILLS GAP

The skills gap is one of the greatest challenges the technology sector has ever faced. As business operations become ever more dependent on IT and technology, demand for supporting skills continues to grow. The gap is created when technology moves faster than the skills being taught, and demand for engineers, developers and IT expertise is higher than what is available. Particularly in the UK, the majority of the current workforce will not have been taught technical skills in formal education, and with training sometimes taking years, the result is a gap between supply and demand.

One short term way to resolve the skills gap is to recruit from abroad like in many other service industries, but this in itself can be challenging to implement. Efforts are being made to reduce the gap by increasing education provision for technical skills, however it is going to take at least ten years for students learning these skills to move into and then impact the workforce to reduce the gap. As a result businesses are having to take 'resolving the skills gap' into their own hands, and with Brexit now progressing and confidence low, it's understandable the channel is concerned about provisioning for future skills.

Despite this, our research reveals that the channel is confident that the skills gap will be reduced by 2020. Industry leaders are positive about the outlook, with 75% believing the skills gap will change by 2020, and 64% of those thinking it will be resolved or reduced.

On the flip side to this, just 17% believe the gap will be made worse in the next four years.

"75% BELIEVE THE SKILLS GAP WILL CHANGE BY 2020..."

"...64% OF THOSE THINK IT WILL BE RESOLVED OR REDUCED."
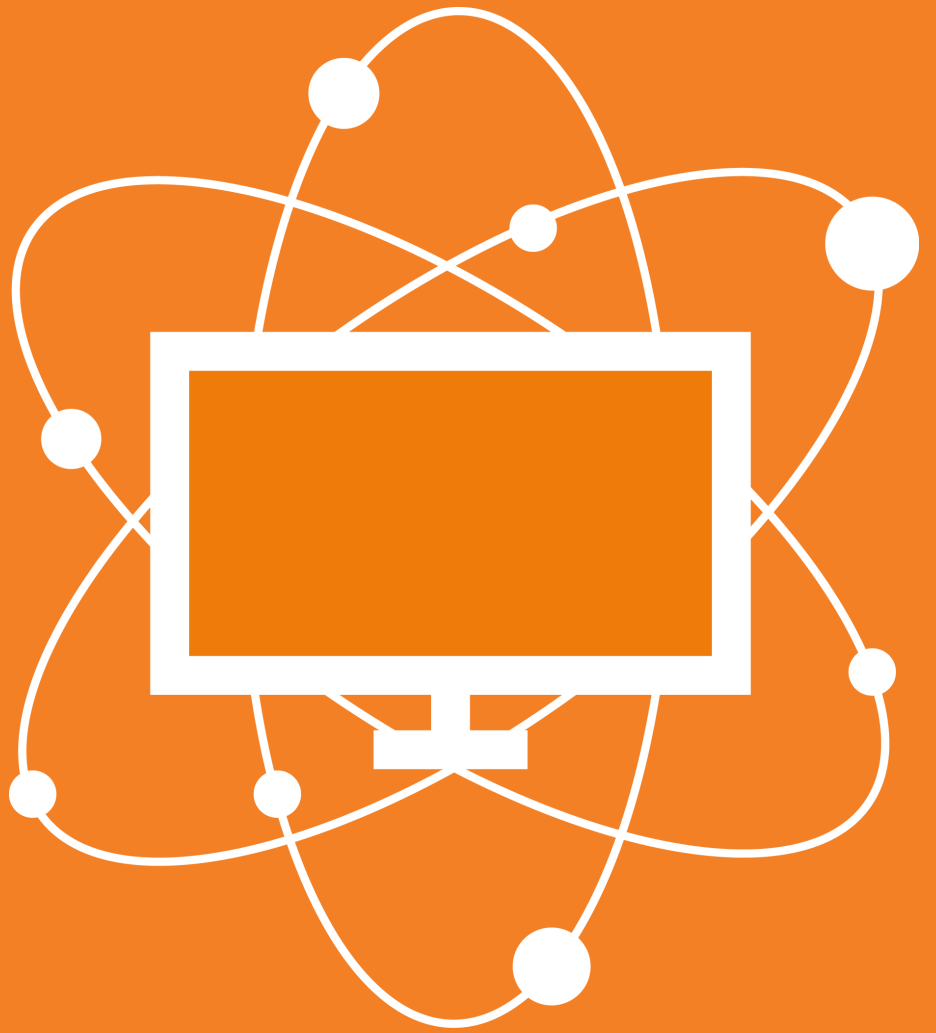
THE SKILLS OF THE FUTURE

How to deal with the skills gap is a contentious topic in the wider technology sector. Groups of MPs have been particularly critical of the Government's efforts to counter the gap. From our recent research, one of the key findings highlights not enough science, technology, engineering and maths (STEM) education as a reason for the continued existence of a skills gap by 2020.

A report by the Commons Science and Technology committee alleges that as little as

35%

of computer science teachers have a relevant qualification, while just 70% of the required number of teachers have been recruited into UK schools.

Of the respondents to our skills gap survey, around two thirds, or

62%

view training of existing staff as key to reducing the gap by 2020, suggesting talent development is a key focus amongst industry leaders.

Fostering high quality technical skills is a key priority in the channel. Despite criticism of government schemes, the majority pin the blame on a lack of internal industry training.

47%

see a lack of internal training as the key reason for a skills shortage in 2020, along with a shortage of STEM education.

Recruitment is a major challenge the skills gap produces, particularly in the channel. However, again training is seen as a key means to tackle this, with

46%

of channel leaders viewing training and development programmes as key to attracting new talent in 2020.

78%

" Our research also looked at the skills that will be needed by the channel in 2020, and whether these will change between now and then. Particularly interesting was the result that the vast majority (78%) believe that hiring and training more on-premise and datacentre technical skills will help to ease the skills gap by 2020. "

CONCLUSION

It has been particularly refreshing for us as a business serving the channel to see confidence so high. We regularly read about the challenges the channel faces with regards to skills shortages, but it is pleasing to see the industry's willingness to tackle these issues head on.

Recruiting during a skills shortage is always going to be difficult, so it is also positive to see industry leaders that are willing to invest in the improvement of existing skills and look to insource rather than outsource expertise. There is clearly an element of the industry that is uncertain of what the future holds, but interestingly the vast majority believe data centre and on-premise skills will continue to be important. Much of the channel's stream of business still comes from on-premise implementations, and although we're seeing significant growth in cloud and virtualisation technologies, these will still require support from datacentres complete with physical equipment and the support infrastructure to keep them operational.

KEY TAKEAWAYS

From examining the skills gap in detail, we can conclude that ultimately the channel is resilient and with investment in the right places, we at Agilitas believe the sector will be able to continue to face up to the skills gap as we approach 2020. To complete the report, we are able to provide a series of key takeaways for channel businesses:

LOOK TO INSOURCE AS WELL AS OUTSOURCE:

It is clear that recruitment is going to continue to be a challenge between now and 2020, so it's important for companies operating in the channel to take on new skillsets whenever they can. At the same time however, it is going to be important to insource, and develop existing staff skills to keep them on-board and ensure you're able to fully service your customers, particularly as technology advances.

INVEST IN SERVICES WHICH ENABLE STAFF:

With continued economic uncertainty, it is going to be critical to keep hold of staff. It is evident from our research that the industry is confident about reducing the skills gap, so making sure staff are fully engaged is going to be critical in ensuring your business reduces its' own skills gap. Invest in services which can realise staff improvements, encourge them to do additional training and develop their skills, and they'll be more likely to stay with you and remain loyal to the business cause.

INVEST IN 'NEW' AND 'OLD' SKILLSETS:
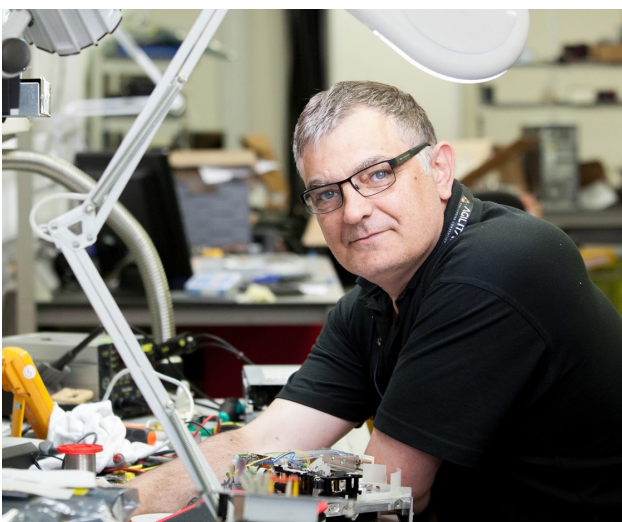
Despite a significant growth in cloud and virtualisation technologies, it is evident from this research that industry leaders still believe on-premise and datacentre skills will be important in 2020. As a result, to be ready for 2020, channel partners should continue investing in training staff on both legacy and new technologies. Not only will some customers inevitably want more traditional systems implemented into their business, but most of the newer off-premise cloud systems still require a datacentre backend, even if this is still hundreds of miles away.

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Using a mix of research, analysis and events, Agilitas has launched 'The Channel in 2020' initiative to assist in providing the channel with a go to resource to prepare for 2020 and beyond. Insight will include thought provoking content and shared opinions that will build a channel community focused on tackling the challenges that lay ahead to ensure future success. To get involved and to stay up to date follow Agilitas on Twitter and LinkedIn and check our website for a soon to be launched dedicated section to The Channel in 2020.