



THE CHANNEL IN™
2020



THE CHANNEL IN 2020 MARKET REPORT #4



INNOVATION



#THECHANNELIN2020

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THE CHANNEL IN 2020

BY AGILITAS

In the last year we've faced considerable market changes across the European IT Channel. In the UK we've already had two generation defining votes in just one year.

In what could turn out to be a monumental year for both European and British history, our research over the previous 12 months into the people, technology and finance models that will form the Channel in 2020 aimed to provide thought leadership, advice and support to our industry. The research revealed some useful insights, particularly around the future role of new and emerging technologies, training and IT service contracts.

Innovation, Collaboration and Disruption

One year on, we've sat down with some of our closest partners and advisors to examine how we can best provide the support and insight our industry will continue to require for 2020 and beyond. We began by looking at our most recent research and specifically what industry leaders should be doing in order to alleviate the challenges identified.

Interestingly at the heart of these discussions were three core values we've continually identified the Agilitas brand with: innovation, collaboration and disruption. In breaking away from parent company Acal Plc through an MBO led by myself, we had to innovate in order to redefine ourselves as Agilitas and ultimately succeed. As part of this we've also



had to collaborate by building relationships with others, we deliver exceptional service, but we know we have gaps that need to be filled through strategic partnerships just like any other business. We're also well aware that in constantly moving markets you need to be disruptive in order to survive, looking to do things differently and changing traditional business models is essential.

With this backdrop, I'd like to welcome you to part two of our examination into the Channel in 2020. For this year, we're again working with OnePoll to understand what channel businesses should be doing to ensure they continue to grow and succeed as we approach 2020. We will provide advice, best practice and useful insights throughout.

Shaun Lynn, CEO

“
53%

OF CHANNEL LEADERS SURVEYED CLAIMED
THAT THEY WISH TO SEE INVESTMENT IN
TECHNOLOGY INNOVATION

”

INNOVATION

In this report, we seek to identify the areas where the channel most needs to innovate in order to succeed and maintain positive growth for the future. We've found clear industry demand for both investment and a change in approach. A considerable 53% of channel leaders surveyed claimed that they wish to see investment in technology innovation.

It appears that some businesses are looking to prioritise innovation, however there does also exist an element of complacency. In the final part of this report we'll seek to examine where new ideas and processes are already emerging and where it should in the future. As a business it is all too easy to say to others that they should be innovating. How, where and why do we do it are all important questions to address.

The report concludes with an examination of the direction the channel is heading, identifying key takeaways and potential areas for investment, before providing some best practice guidance to readers.





CHALLENGES FACING BUSINESSES

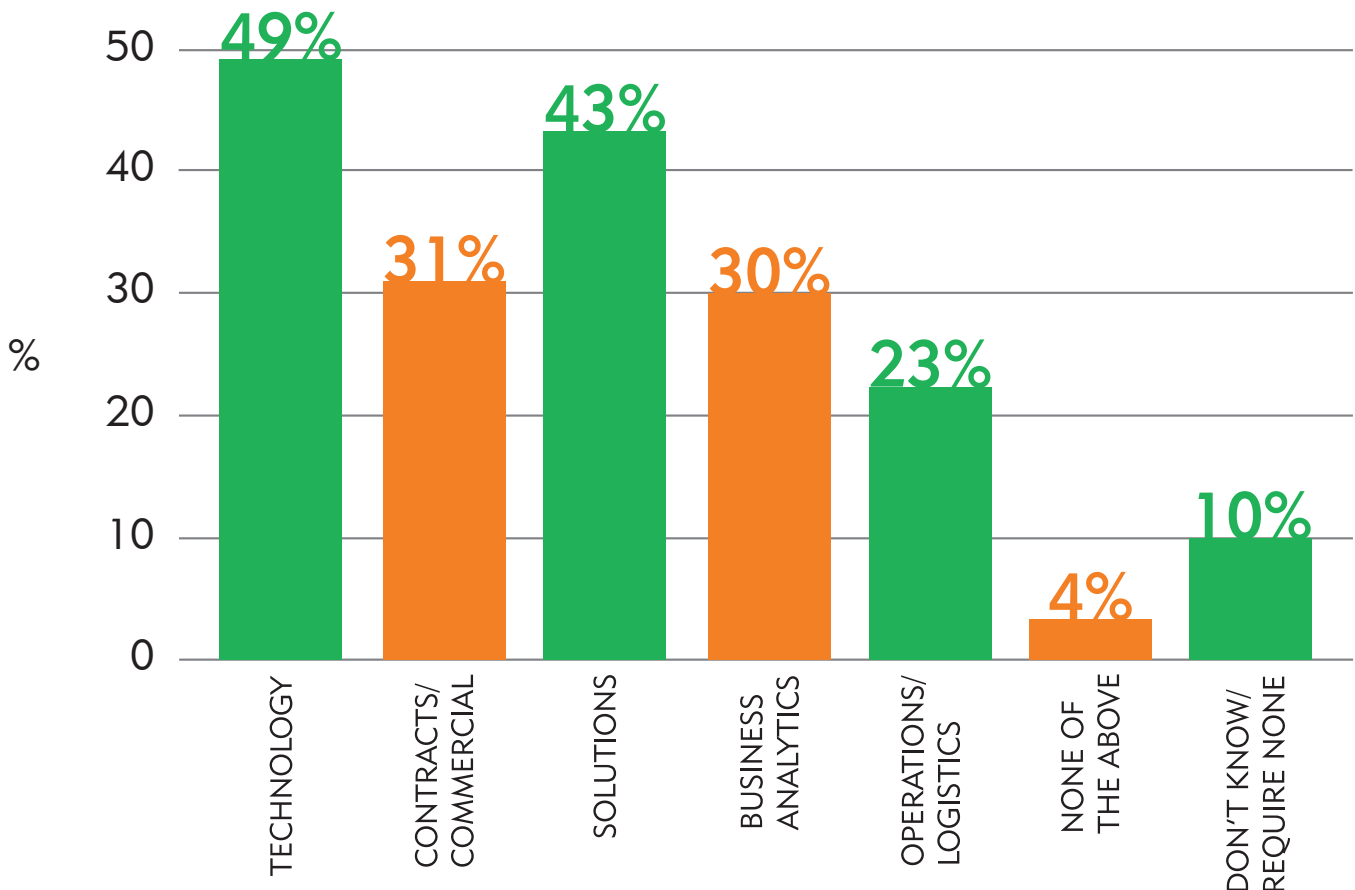
Brexit, disruption and market changes are forcing businesses to reevaluate how they operate. In this environment a clear value proposition is key. What are you good at, why you do it and where do you add the most value for your customers are all important questions to address.

In our previous reports we've highlighted the growing demand for end customer driven environments. To meet changing customer demand, organisations inevitably need to innovate, alter and improve their propositions. This research has further highlighted this point.

The business leaders we surveyed identified technology and solutions (49% and 43%) as the areas requiring the highest levels of investment in order to remain aligned to customer needs. Just 10% stated that they require no innovation, highlighting a wide consensus that change is a necessary process.

As a result, when asked which areas they want to see innovation in now, the channel leaders answered in a similar way. 53% said they wanted to see technology innovation, and 39% solutions.

WHICH AREAS REQUIRE INNOVATION INVESTMENT TODAY?



THE AGILITAS VIEW:

“

IT IS PLEASING TO SEE CONSIDERABLE FUNDS BEING SPENT IN THIS AREA. IT WOULD SUGGEST THAT CHANNEL LEADERS ARE RE-INVESTING AND PUTTING MONEY WHERE IT IS MOST NEEDED.

”

IS THE CHANNEL PRIORITISING INNOVATION?

It is clear that innovation is required for organisations to thrive in a moving channel environment. As we approach 2020 changes are set to be exacerbated, and innovation will become more important. An interesting question though is whether this necessary practice is truly being prioritised.

The research on the previous page highlights that the majority agree innovation is required however are channel businesses acting on this conviction?

Based on information from surveyed leaders, we have estimated that channel businesses spent on average £66,587.74 on innovation projects last year. Nearly 10% of the business leaders we spoke to claimed that their organisation was spending in excess of £250,000 a year. Channel leaders expect to be spending on average 50% more on innovation by 2020.



Richard Eglon
Marketing Director, Agilitas

The Agilitas view is that this critical investment should be spent on three key areas:

- Adopting more flexible business models and moving to OPEX sales and purchasing processes
- Providing cutting edge technology to staff and customers
- Bringing on board quality staff and upskilling existing staff to encourage company-wide innovation



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DRIVING INNOVATION IS GOING TO BE KEY TO
THE FUTURE OF THE EUROPEAN CHANNEL

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WHERE DOES INNOVATION COME FROM?

Driving innovation is going to be key to the future of the European Channel. People are set to play a key role in this. Change is driven by intelligent and creative people who are leading experts in their sector. Investment in staff training is key to motivating existing staff and attracting high quality new innovators.

In our 2016 research into people, nearly half (48%) believed that progress will have been made to resolve the skills gap. In 2017, little appears to have changed, with channel leaders providing us with the exact same figure to the skills gap question. The research further highlights the need for the channel to focus on making the most of the existing workforce.

What we can learn from our most recent research is that hiring strategies need to be effective and focused on creativity as well as ability. It is positive to see that 41% of those making hiring decisions make those based on a need for innovation. Furthermore 39% encourage innovation within their organisations by hiring creative staff.

The research has revealed a number of means by which innovation is already being encouraged in the channel:

39%

aim to hire creative staff

39%

dedicate time for staff to work on their own projects

35%

invest in skills development

27%

say they explore every employee idea

12%

use intelligent workplace design with dedicated creative spaces

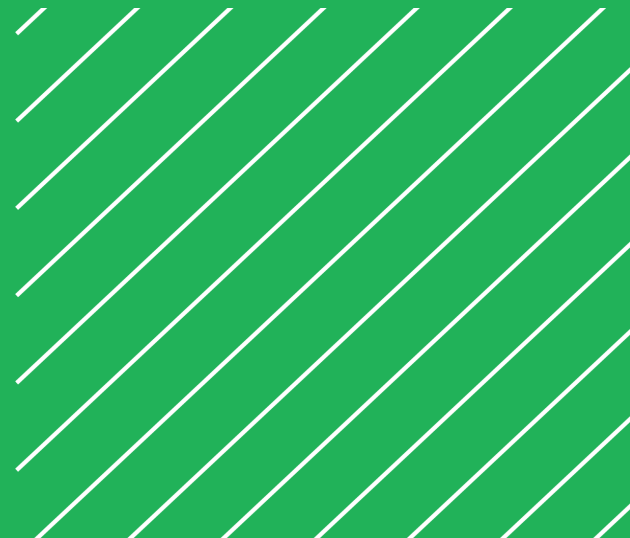
13%

don't encourage innovation



AGILITAS IT SOLUTIONS

PASSION TO INNOVATE



CONCLUSION

Our report has yet again highlighted the positive direction the technology channel is moving. Innovation will be critical to the industry's continued success and it is pleasing to see that many are already looking to adopt creative principles and are willing to adapt their businesses.

There is always going to be a level of scepticism, seen most clearly in the small numbers not encouraging innovation (13%) or recognising its need (10%). I do hope as the market continues to move this minority will continue to shrink in size as organisations of all types and sizes recognise the collective benefit that we can all realise from a fast moving and innovative IT channel.

As with anything in business, sitting on one's laurels is never a sensible move either. There is plenty more that can be done. In my view this is particularly true around investment. Considering the size of our industry, the average investment in innovation of just over £60,000 could be raised. Investment into research and development should be viewed as future building. It is critical to our industry's future and an area we at Agilitas will continue to be passionate about.



"Investment into research and development should be viewed as future building."

Shaun Lynn
CEO, Agilitas

KEY TAKEAWAYS

DRIVE INNOVATION

Invest in new ideas and fresh means of work to explore how innovation could make a difference to your business

ADAPT BUSINESS MODELS

Be flexible. Adopt OPEX based approaches to work so you can scale quickly and reduce costs easily

EQUIP YOUR WORKFORCE

Encourage existing staff to think outside of the box by embracing new ideas whilst training them with the skills to do so

EFFICIENCY & AUTOMATION

Meet business challenges with new ideas. Doing the same thing sometimes works, but what if you could shorten the process or solve a problem quicker?

RELEVANCE

The only element that remains constant in the channel is change so technology firms need to continue to innovate to remain relevant to end user demand

INVEST IN THE FUTURE

Hire creative innovators. These will enable your future growth and are critical to growth into 2020 and beyond



AGILITAS INNOVATORS

Encouraging innovation is by no means a simple task. At Agilitas we've developed a dedicated programme, inducting our best performing staff and encouraging them to be creative and think outside of the box.

All Agilitas innovators are experts in their respective fields, whether it's customer account management, logistics or business development. They have a responsive approach to a reactive marketplace that enables them to continuously improve business process and therefore better assist our clients in satisfying high service levels and profit margins.



MEET OUR INNOVATORS



Emma
European Customer
Support Team Leader



Andrzej
Customer Support
Technical Specialist



Julian
Technical & Training
Specialist



Steven
Component Level Engineer



Tomek
Test Engineer



Tom
Business Take-On
Administrator



Sammy
Sales Executive



Jess
Customer Support Co-
ordinator



Stacey
Marketing Executive



Andy
Bid Support Manager



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