



THE CHANNEL IN™  
**2020**

---

MARKET REPORT

# TRANSFORMATION IN THE GLOBAL IT CHANNEL

---



**AGILITAS®**  
PASSION TO INNOVATE

**“ IT IS CRITICAL THAT CHANNEL  
DECISION MAKERS EMBRACE  
TRANSFORMATION ”**



---

# INTRODUCTION

SHAUN LYNN  
CEO OF AGILITAS IT SOLUTIONS

---

It is often said that the only constant is change, something that seems especially appropriate in today's tumultuous political climate. This age-old saying is particularly applicable to the global IT channel today, which has to adapt and evolve to deal with changing customer demands and requirements, advancements in new technologies, and other disruptive elements of the ever-changing IT and business landscape.

Agilitas' 'Channel in 2020' campaign is coming to the end of phase one with this final report, fittingly covering a theme that has been mentioned and woven in and out of all the previous topics of our past reports. When investigating People, Finance, Technology, Disruption, Innovation, Collaboration, Globalisation, and Relevance, we found that survey respondents and key figures in the channel have often alluded to the idea of Transformation.

Channel companies that want to thrive, not despite the changes and challenging times we are all faced with, but because of them, are transforming their own business models. It is critical that channel decision makers embrace Transformation, ensuring that their businesses have the agility and flexibility needed to properly optimise the other business approaches that have been the focus of discussion over the last few years. It perhaps goes without saying that in order to make the most of a company's people, finance and technology, and business



models of disruption, innovation, collaboration, globalisation, and relevance, a company must be able to evolve and make changes to its current ways of doing business. You can have all the good intentions to adopt these approaches to business, but without the ability to be agile and transform, they are meaningless.

For some organisations, transformation may involve making small adjustments to business plans or organisational structure, whereas for others, it entails a complete internal transformation, involving a cultural shift to meet the needs of their customers and channel partners. For others still, the transformation is not internal, but rather comes in the form of mergers and acquisitions.

To explore the extent to which IT channel companies are transforming their businesses, and why, we have surveyed over 100 decision makers from leading channel businesses, including Managed Service Providers, IT resellers, and channel service companies. The findings discussed in this report are the results of this commissioned research, carried out in partnership with OnePoll in June 2018. We explore the findings of this research in this report on Transformation in the Global IT Channel.

**@AgilitasIT**  
**#Channelin2020**

**“68%  
OF DECISION MAKERS SURVEYED  
SAID THAT BUSINESS  
TRANSFORMATION IS ESSENTIAL  
IN ORDER TO MEET CUSTOMER  
REQUIREMENTS”**



---

# ADAPTING AND EVOLVING

---

Our previous report, which looked at Relevance in the Global IT Channel, covered in detail the efforts that channel businesses are going to in order to ensure that they remain relevant to their customers.

It should come as no surprise, that many businesses reported that they are planning to or are currently undergoing a transformational shift to align themselves better with their customers' requirements. In fact, 15% of companies are ahead of the game and have already undergone a transformational shift to meet customer requirements, and 28% are currently undergoing a significant transformational shift.

A further 33% of companies answered that they have started to look at areas in which efficiencies can be improved, bringing the total to over three quarters (76%) of businesses that are considering, in the process of, or already have, undergone a transformational shift.

Surprisingly though, 12% of respondents said that their companies have no plans to undergo a shift. Perhaps most unexpectedly, a further 12% reported that they did not know whether their companies were planning to, or were already undergoing a transformational shift - suggesting that these decision-makers who said they were unaware about transformation within their business do not understand the importance of transformation in today's changing IT channel.

Clearly, though, the vast majority of companies surveyed are making transformation part of their business plan, illustrating how widespread and positive the general attitude is towards the need for transformation. From these results, it seems likely that the small minority that are not planning to undergo a shift may find themselves left behind by the rest of the IT channel.

This interpretation is further backed up by the fact that over two thirds (68%) of decision makers surveyed said that business transformation is essential in order to meet customer requirements, both nationally and internationally. In fact, almost a quarter of respondents strongly agreed with this idea.

With only 4% of decision makers responding that they disagreed with this idea, it is clear that transformation is generally regarded as a critical way to keep businesses up to date and relevant for customers.

Interestingly, 28% of those surveyed were on the fence with regard to this idea that business transformation is essential in order to meet customer requirements, both nationally and internationally. This response may indicate that these decision makers consider transformation essential for another reason other than in order to meet customer requirements, or that they found this to be the case either nationally or internationally, but not both. Alternatively, this could illustrate that these businesses are putting other aspects of the business ahead of transformation, such as global expansion and innovation.

The vast majority of decision-makers surveyed (81%) said that the relentless development of technology, and changing customer requirements, had encouraged business transformation within their business. In fact, a quarter of respondents said that these factors had been a big influence on their transformation.

# 28%

## ARE CURRENTLY UNDERGOING A SIGNIFICANT TRANSFORMATIONAL SHIFT



The background is a vibrant blue with a 3D effect. It features numerous rectangular blocks of varying heights and widths, some of which are outlined in a lighter blue. Sweeping, curved lines of light, also in shades of blue, flow across the scene, creating a sense of motion and depth. The overall aesthetic is modern and technological.

**“36%**

**OF BUSINESSES ALSO SAID THAT  
INTERNAL FINANCIAL  
CONSIDERATIONS WERE A  
CHALLENGE FOR BUSINESS  
TRANSFORMATION ”**

---

# APPLYING TRANSFORMATION TO BUSINESS

---

Having determined that transformation is widely considered critical for channel IT businesses, so much so that large numbers of these companies are taking steps to make this a reality, or already have done, it is interesting to look in more detail at what it is that these companies mean by transformation.

The majority (65%) of companies surveyed that have undergone or are undergoing a transformational shift have had a change of business model or a change in their strategic short term and long term objectives. This is interesting, as it shows that most companies making transformation part of their approach are doing so by making a significant general change to their business.

For 40% of companies, the way in which they have made a transformational shift is by making a change in their product/service development.

35% have opened new offices in existing and international markets, a general move discussed in much more detail in our previous report on Globalisation in the IT Channel.

An additional 35% have developed new partnerships - something that will not come as a surprise to any readers familiar with our previous report on Collaboration in the IT Channel.

Finally, 23% of companies have employed new recruits and shifted their recruitment models as part of the transformational shift that they are undergoing.

When asked about the challenges and barriers facing businesses that are embracing transformation, 36% of respondents said that they considered changes to an existing business culture a key challenge. 31% of companies said that changing an existing product development model was a challenge in transforming their business as well. These figures are unsurprising - by answering that these aspects are a challenge for them, these companies are in effect saying that they consider the process of transformation itself to be a challenge.

30% of companies responded that they considered identifying what actually needs to change to be a challenge. These respondents clearly see the strategy behind transformation to be the main challenge, rather than the actual process.

36% of businesses also said that internal financial considerations were a challenge for business transformation. This has been a recurring challenge that respondents have selected throughout our 'Channel in 2020' campaign, showing that finance is a key driver for most business decisions.

Interestingly, 10% of respondents did not know what the challenges to embracing transformation were, or found there were not any. These companies are clearly optimistic towards the need to undergo a transformational shift, not identifying any barriers to the process.

**36%**  
**OF RESPONDENTS  
SAID THAT THEY  
CONSIDERED  
CHANGES TO AN  
EXISTING  
BUSINESS  
CULTURE A KEY  
CHALLENGE**

---

# EMBRACING THE CHANGING MARKET

---

60% of the channel businesses surveyed said that technology vendors are providing them with the necessary support to transform their business at the speed they require. Of these, over two thirds said that vendors were providing this support by embracing changes in the market.

40% of decision makers said that it was their customers looking for more added value from channel partners that was driving transformation within their business. The second most popular response when asked what it was that customers were demanding that drives the need for transformation within their business was a demand for automation, with 35% of respondents giving this answer. Closely behind, with 34% of respondents, came customers' demand for reductions in cost.

Many respondents felt that customers were requiring them to investigate new technologies, or demanding a flexible/on demand commercial model, or multi-vendor 'as a solution' service.

Only 6% of respondents said that they did not know what customers were demanding that was driving transformation within their own business. It is clear that since there was such a low proportion of decision makers purporting not to know this, this indicates a generally very high level of understanding of customers' requirements. This is unsurprising, especially taking into consideration the insights discussed in our recent report on Relevance - channel businesses are clearly undergoing transformational shifts to ensure they stay in line with

customers' desires and needs. Investigating these responses a bit further, we found that there was a fairly even distribution of responses when people were asked which departments are leading transformation within customers' businesses.

47% of respondents said it was the senior management team leading transformation within customers' businesses - this is unsurprising, as the senior management team generally leads strategy within a company. 48% said it was the product/service development department, probably as part of a change in product or service offering, in order to better match customer demands.

Almost a third said that the sales team leads transformation, which may be because sales is typically the key contact point with customers, so this team will usually have the best understanding of customers' requirements.

Clearly, transformation is an essential part of modern-day business models in the changing IT channel landscape. The average amount of money invested in business transformation over the last 12 months was around £60,000.

Surprisingly, though, 40% of decision-makers surveyed did not know how much their company had invested in transformation over the last 12 months. This could indicate that transformation is seen by them as more of an overarching strategy, rather than them being involved in the details of investment in transformation. Maybe there is a lesson to be learnt here for channel firms to communicate their transformation strategy across the whole business to accelerate that pace of change.

Given this, it is unsurprising that 35% of respondents did not know how much their business planned to invest in transformation over the next 12 months. More surprising is the fact that the average amount given in response to this question was £41,143 - less than the average amount invested over the last 12 months. This may be explained, however, by the 15% of companies that have already undergone a transformational shift, so these businesses may not be planning a further big transformation in the next year.

# 47%

## OF RESPONDENTS SAID IT WAS THE SENIOR MANAGEMENT TEAM LEADING THE TRANSFORMATION



# 40%

**OF DECISION MAKERS SURVEYED  
DID NOT KNOW HOW MUCH  
THEIR COMPANY HAD INVESTED  
IN TRANSFORMATION**

---

# CONCLUSION

---

The IT channel, both in the UK and internationally, is embracing transformation in a more widespread way than ever before. Increasing numbers of businesses are undergoing transformational shifts, changing their business models, their recruitment policies, and their product and service development strategies. Additionally, many companies are transforming their business by opening new offices in new or existing markets - clearly, the IT channel is going global.

The drivers of this transformation include technology developments, which are changing at a faster rate than ever before. Overwhelmingly, though, it is the need to remain relevant for their customers and to keep in line with their evolving requirements and demands that is driving these transformational changes that channel companies are undergoing.

For the last three years, we have been contributing to and leading research into the global IT channel with our 'Channel in 2020' campaign here at Agilitas. We have been publishing market reports such as this one, with insights based on responses that you, decision makers in the IT channel, have given in our research surveys.

This report on Transformation marks the end of our 'Channel in 2020' campaign, but this does not mean we will stop bringing you insights. Watch this space for updates about our upcoming new campaign that will look to make connections across the whole IT channel!

“

**THE IT CHANNEL, BOTH IN THE UK AND  
INTERNATIONALLY IS EMBRACING  
TRANSFORMATION IN A MORE WIDESPREAD  
WAY THAN EVER BEFORE**

”



---

# KEY TRANSFORMATION TAKEAWAYS AT A GLANCE

---

1

## TRANSFORMATION IS WIDESPREAD AMONG CHANNEL BUSINESSES

Over three quarters of businesses are planning, in the process of, or already have, undergone a transformational shift.

2

## TRANSFORMATION IS NOT OPTIONAL

68% of channel businesses surveyed said that business transformation is essential in order to meet customer requirements, both nationally and internationally.

3

## TECHNOLOGY AND RELEVANCE ARE DRIVING TRANSFORMATION

The vast majority of respondents said that the relentless development of technology, and changing customer requirements, encouraged transformation within their business.

4

## TRANSFORMATION MEANS DIFFERENT THINGS TO DIFFERENT BUSINESSES

For most businesses surveyed that are undergoing a transformational shift, this entails a change of business model, but others made a change in their product/service development, opened new offices, or developed new partnerships.

5

## TRANSFORMATION IS CHALLENGING

Although companies accept the need for transformation, there are several key challenges to embracing transformation, including changes to existing business culture or development models. Channel firms need to be brave and foster an environment of innovation in order to survive.



# THE CHANNEL IN™ 2020