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Looking towards a greener future

In association with

AGILITAS®
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CHANNEL CONFIDENCE INDEX 2021

NEW HORIZONS

Our independent research collected responses from 250 Channel leaders. We share this insight so you can make the right strategic decisions on the future direction of your business.
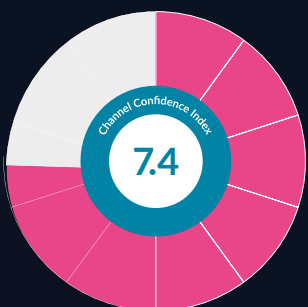
SUSTAINABILITY

RESILIENCE

PRODUCTIVITY

CUSTOMER EXPERIENCE

Channel Confidence Index

7.4

Discover the trends shaping the decisions of tomorrow

SCAN ME

Embracing new horizons

As Agilitas once again partners with CRN to provide a platform for channel debate on one the key issues facing the industry today, Shaun Lynn, CEO of Agilitas, reflects on the need for sustainability in operations

This year's *CRN On*: Discovering New Horizons event marks the sixth consecutive year that Agilitas has partnered with *CRN* to bring together some of our industry's brightest minds, providing them with a platform to share their insights on what they believe the future looks like for the channel. This year's theme of 'New Horizons' showcases emerging from the last 18 months and the challenges that channel firms now face when finding ways to both adapt to, and be prepared for, inevitable new experiences.

Although digital transformation had already been on the horizon for many companies, it was never expected that they would have to adjust and overcome the challenges they had to endure. For technology companies operating in the channel, it meant providing new ways for customers to access services, support processes as well as helping partners in a much more flexible and sustainable way.

As we continue to utilise hybrid ways of working, we can see how successful the transformation has been and how it has been embraced across the channel. Today, the global IT channel has evolved to meet new customer expectations, incorporating new technologies, sustainability pledges, business models and services to fit the new and more environmentally conscious landscape.

Sustainability is a topic that is commonly raised when reviewing transformation at the end of each year. However, never has it had so much relevance as it does in the immediate situation we find ourselves in. In many ways, 2020 was the year in which technology triumphantly helped businesses remain operational, and in some cases, stay afloat, but it was also the time we reviewed how we operate our organisations. This is now paramount with the need for sustainability and transparency now expected by end-users who are looking at how we are shaping the future direction of our industry.

At Agilitas, we have passion - we care about our

> **" An increased number of channel firms are now better equipped to restructure their businesses in the event of any future disruption, whilst agile enough to embrace the new world of sustainable services.**
>
> **Shaun Lynn, Agilitas**

people and are making a contribution to healing our planet. Implementing incremental changes can go a long way, so as we continue to grow as a company, adapting to the changing climate is now a necessity. By pledging to practice what we preach and operate more sustainably, we can remain competitive and responsive to the needs of our partners and customers in the channel.

An increased number of channel firms are now better equipped to restructure their businesses in the event of any future disruption, whilst agile enough to embrace the new world of sustainable services. With this in mind, when looking ahead, the sector should revisit its strategies and policies and investigate the ones that need to align with its mission to become more sustainable. This approach is essential to stay authentic to customers while still offering the best services possible and standing out from the competition.

In our latest campaign, 'CONNECT For a Sustainable Future', we wanted to identify and understand the

outlook on sustainability amongst senior leaders of the IT channel. The guide highlights how changing business models, expanding propositions and ultimately transforming the industry can help channel firms survive and thrive, whilst making way for a more sustainable future. This research comes at a pivotal moment as the IT channel and wider world looks towards post-COVID-19 and beyond.

The report also reveals that decision-makers have come to accept and understand that innovation has a key role to play in offering eco-friendly supply chain processes that build a culture of sustainability through workforce initiatives. IT channel organisations must find ways to reduce waste and build a circular economy that maximises resources with efficiency and longevity. The release of this report follows the recent launch of Agilitas' eVentory Charter and Sustainability Pledge, the latest step in our ongoing commitment to 'Act with Impact' and provide sustainable inventory management services relevant for the IT channel of tomorrow.

Shortly, we will be releasing our 'CONNECT for Stronger Resilience' report, which will explore how businesses have become more adaptable and flexible. Our aim for these reports is to help advise and shape the future strategic direction of channel businesses in order for them to remain credible to their customers. By working together to create more sustainable working environments, and with the optimism shown by channel leaders in their ability to make change rapidly, it is a huge vote of confidence for our industry and the business strategies of the future.

Finally, it is an honour to stand shoulder-to-shoulder with our long-serving partner *CRN* and sponsor this

insight-led initiative for the sixth year running. The associated *CRN On* event provides an opportunity where we can come together with our peers to discuss the issues that matter most to the channel, share visions for the future and find ways to overcome challenges that face us. Planet, People, and Partners are three fundamental considerations both for Agilitas and across our industry today. We look forward to sharing this important conversation with you, both at the event and into the future.

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PASSION TO INNOVATE
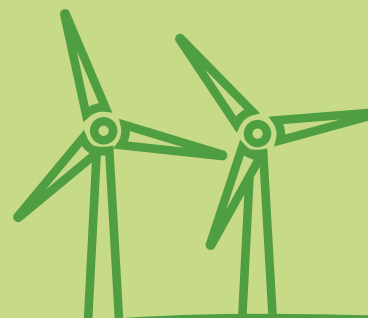
Agilitas are committed to act with impact and build a more sustainable future for our planet, people and partners.

Our charter outlines the elements of our services, operations and internal initiatives that contribute to our sustainability mission and supports a circular economy.

e-VENTORY CHARTER

SUSTAINABLE INVENTORY MANAGEMENT

FOLLOW OUR SUSTAINABILITY JOURNEY AT

pledge.agilitas.co.uk

A passion to act with impact

Sustainability: the key to a successful future

In this report featuring exclusive research on channel attitudes to the circular economy and greener tech investment, along with key points made during a CRN On event focused on resilience and the green economy, we discuss why a corporate sustainability strategy is no longer just a nice to have, but a must have, and why it will help futureproof a business post Covid-19

The past 18 months has seen the industry go through a seismic change thanks to the effects of the Covid-19 pandemic, not only with regards to the increased pace of digital transformation, but also because crucial issues such as sustainability and business resilience became more prevalent.

No fortune teller could have predicted the speed at which the pandemic forced digital transformation to the top of the agenda, and indeed a new way of working for so many firms in such a short time frame.

Many companies not only experienced a massive technology shift, in terms of cloud migration, but they also underwent a significant cultural shift as well, with even more trust placed on employees as they were asked the embrace 100 per cent home working.
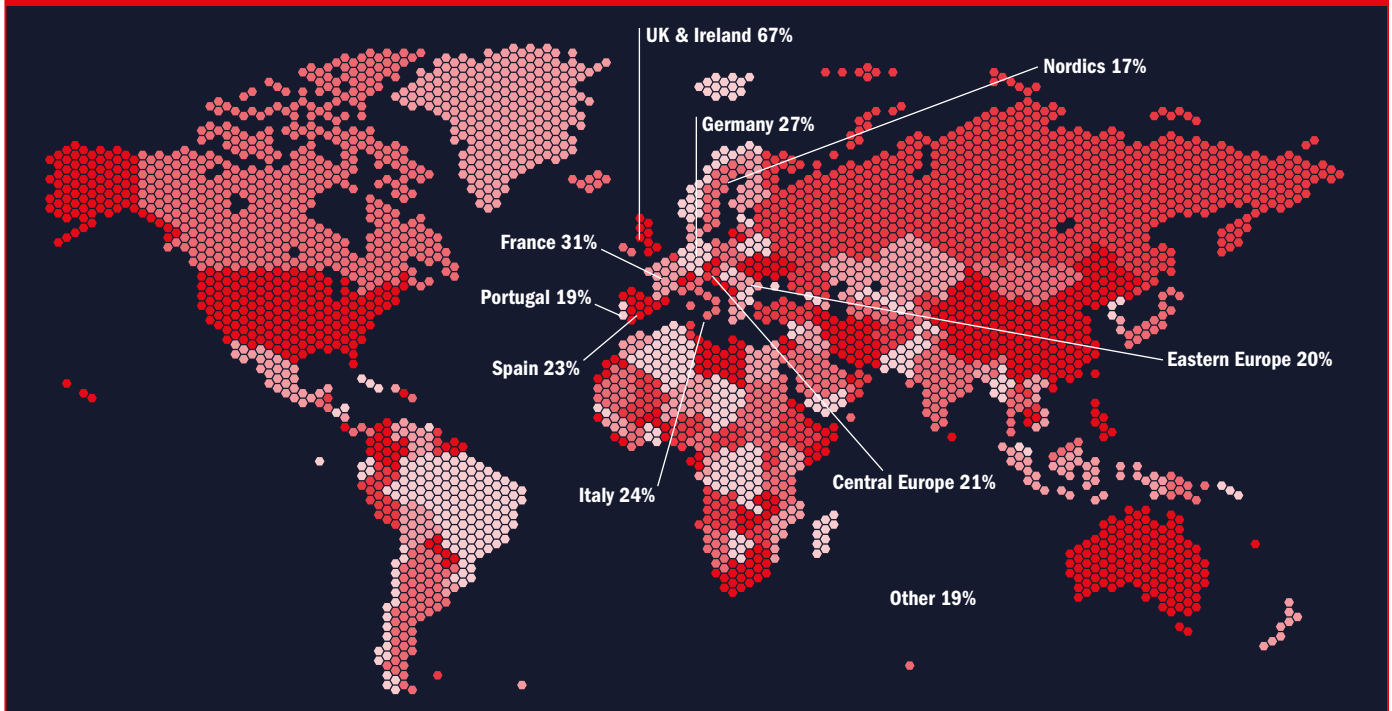
Most importantly, the messaging about the impact our business actions and supply chains are having on the environment really began to hit home during the pandemic, as the earth seemed to thrive with less business travel, traffic pollution and waste creation. We are the biggest threat to our own planet.

The above were key themes raised during a *CRN On* event, held in central London in November and sponsored by Agilitas, which aimed to give channel firms some help and guidance on forming their own sustainability strategies and building resilience in an ever-changing world.

This report will cover some of the key points made during that event, and also the results of exclusive research carried out among the top 250 UK VARs to discover their thoughts on the circular economy and sustainability, what technologies they are placing their

Which geographical region(s) do you cover (pick all that apply)?

UK & Ireland 67%
Nordics 17%
Germany 27%
France 31%
Portugal 19%
Spain 23%
Eastern Europe 20%
Italy 24%
Central Europe 21%
Other 19%

bets on in the coming year, what their main challenges will be in the future, and how the pandemic has impacted their business models and staff priorities.

Coincidentally, the *CRN On* event coincided with the UN climate change conference COP26 in Glasgow. Just as the messaging to world leaders was all about coming together to tackle the very real threat we are facing from global warming, the message from the *CRN On* event was that the channel needs to come together now to not only get its own house in order, but also to help other industries reduce their carbon footprints through technology innovation.

With a growing number of firms across the world pledging to work to a 1.5 future – or reducing their
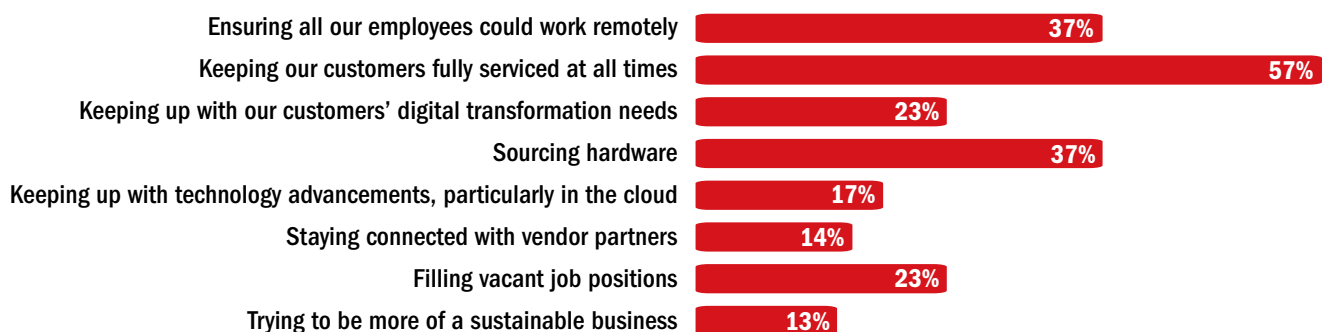
emissions quickly enough to stop global warming going above 1.5 degrees – the message needs to spread quickly and even more companies need to get on board and start taking action.

In the words of David Attenborough: "If working apart we are powerful enough to destabilise our planet, then surely working together, we are powerful enough to save it."
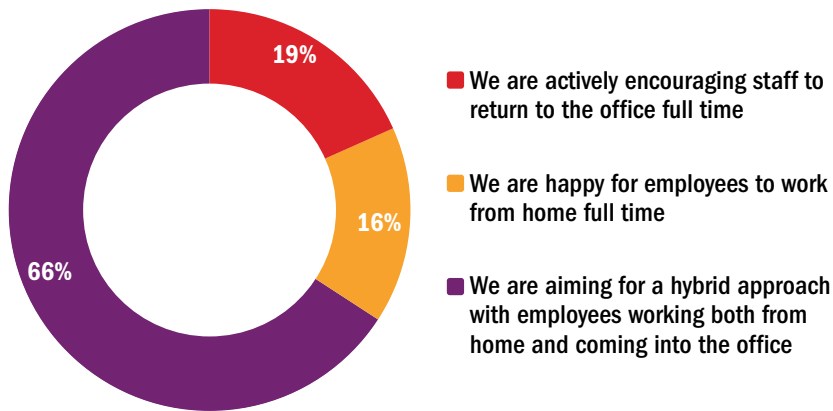
Challenging times

Starting with the research, respondents were C-level executives from VARs, solution providers, resellers, born in the cloud partners and MSPs. Turnover ranged from less than £2m to £500m-plus

1. What have been your biggest challenges over the past 18 months? (pick up to three)

Challenge	%
Ensuring all our employees could work remotely	37%
Keeping our customers fully serviced at all times	57%
Keeping up with our customers' digital transformation needs	23%
Sourcing hardware	37%
Keeping up with technology advancements, particularly in the cloud	17%
Staying connected with vendor partners	14%
Filling vacant job positions	23%
Trying to be more of a sustainable business	13%

2. What is your attitude to remote working now restrictions have lifted?

- 19%
- 16%
- 66%

- We are actively encouraging staff to return to the office full time
- We are happy for employees to work from home full time
- We are aiming for a hybrid approach with employees working both from home and coming into the office

and customers ranged from public sector health/ government/education organisations to private companies in verticals such as retail, law, leisure, manufacturing and finance, plus many more.

Our first question (*Figure 1, p7*) asked what their biggest challenges have been over the past 18 months, and respondents were able to pick up to three. A significant 57 per cent said their biggest challenge had been keeping their customers fully serviced at all time.

In joint second place with 37 per cent each, was ensuring all employees could work remotely, but also sourcing hardware. It is no surprise given the number of companies that were frantically trying to equip their teams with the necessary homeworking hardware all at the same time.

And in joint third place with 23 per cent of votes each was keeping up with customers' digital transformation needs, and filling vacant job positions – a notoriously difficult feat in the height of a pandemic.

Next, we asked respondents what their plans for remote working were now restrictions have lifted (*Figure 2*). Encouragingly 66 per cent said they were aiming for a hybrid approach with employees working both from home and coming into the office fairly regularly, a further 19 per cent said they were actively encouraging staff to return to the office full time.

Even more positively, 16 per cent said they would be happy for their employees to work from

home full time. While not every firm can operate this kind of system, it really will make a huge difference to the environment. Because the need to reduce emissions is a matter of urgency, any firm that can cut down on the amount of travel its staff need to do on a daily basis just to get to work will help to make a significant difference to the UK's carbon footprint.

A greener future for the channel?

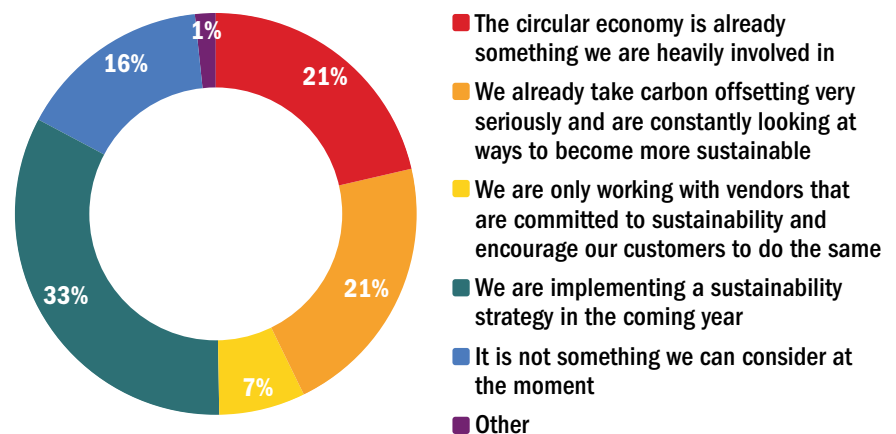Our next question (*Figure 3*) was fully focused on the environment. We asked our respondents to reveal their plans around sustainability.

The largest percentage, 33 per cent, said they were implementing a sustainability strategy in the coming year, while 21 per cent both the circular economy is already something they are invested in, and the same number (21 per cent), said they already take carbon offsetting very seriously and are constantly looking at ways to become more sustainable. Seven per cent said they were only working with vendors that are committed to sustainability and are encouraging their customers to do the same.

The above results are encouraging, showing that 75 per cent of all respondents are actively addressing and focusing on sustainability.

Joel Berwitz, chief financial officer at VAR Boxxe, said during his keynote at the *CRN On* event that the industry as a whole needs to act now.

3. What are your plans around sustainability?

- 1%
- 16%
- 21%
- 21%
- 7%
- 33%

- The circular economy is already something we are heavily involved in
- We already take carbon offsetting very seriously and are constantly looking at ways to become more sustainable
- We are only working with vendors that are committed to sustainability and encourage our customers to do the same
- We are implementing a sustainability strategy in the coming year
- It is not something we can consider at the moment
- Other

> **We changed the cooling systems in our datacentres, and our emissions dropped by 89 per cent – it gives us a great story to talk to our customers about.**
> Joel Berwitz, Boxxe

"Now is the time we need to stop talking and take action. As leaders we have to come together," he said. "You have to make it a priority in your organisation. It doesn't just happen, it has to be owned. Our senior leadership team own the sustainability agenda in our organisations. It is driven by communication and by aligning goals, ensuring people are paid bonuses against our sustainability goals. Everyone needs to work together."

He added that leading by example will give channel firms a story to sell to customers.

"We changed the cooling systems in our datacentres, and our emissions dropped by 89 per cent – it gives us a great story to talk to our customers about."

Also during the event, a passionate and heartfelt keynote was delivered by Sonya Bhonsle, global head of value chains and regional director corporations at CDP. Her key message was that the tech industry should be leading the way when it comes to the environment and is a crucial cog in the wheel in the fight against climate change.

"The technology sector is doing better than most. Big technology companies were the first to raise the bar, the first to disclose [emissions] and they have been very vocal globally about getting their own houses in order," Bhonsle said.

"You as a group have a phenomenal opportunity and power, but also grave responsibility to help other sectors transition to a 1.5 future. And they are reliant on technology. We also need to help consumers and tackle the billions of tonnes of waste that we create. Consumers need to reduce their resource use and get into the culture of repair versus replace. There is a role for the technology industry in the circular economy that everybody is waiting for you to move on."

However, more worryingly, 16 per cent of respondents said they would not be implementing any kind of sustainability strategy in the coming year.
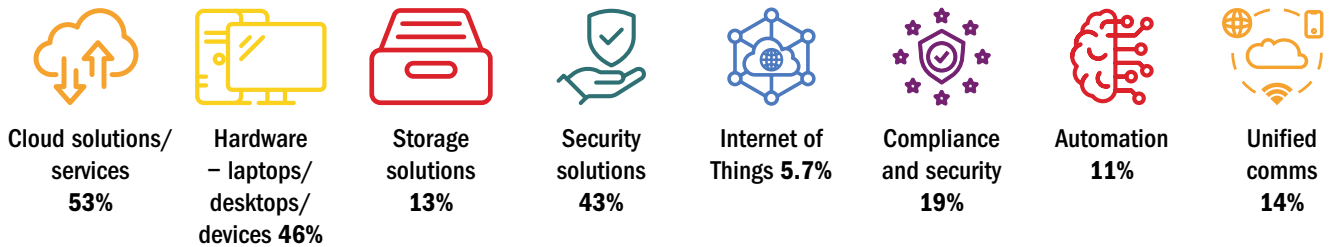
This figure is concerning, and during a panel debate at the *CRN On* event, the panellists, consisting of Paul Barlow, CEO of Servium, John Gladstone, sustainability lead at Softcat, Jon Sansom, CEO of Greensafe IT, and Shaun Lynn, CEO of Agilitas; said the key to getting more people on board, even the most cynical, was to get the messaging right to give everyone a voice.

Barlow said: "It is a difficult road to navigate. In the past in this industry we have overhyped things and that has annoyed people. It is about getting the right messaging. The first thing we are not going to do is mention anything that the politicians are saying because you will lose half the room straight away."

Softcat's Gladstone agreed: "I think this has to be a multi-pronged attack and understanding what the motivation of the audience is – whether financial, the planet or just wanting to do the right

The panel debate focused on how to get more people on board

4. What has been the most in-demand technology/services from your customers during the pandemic? (pick up to three)

Cloud solutions/ services **53%**	Hardware – laptops/ desktops/ devices **46%**	Storage solutions **13%**	Security solutions **43%**	Internet of Things **5.7%**	Compliance and security **19%**	Automation **11%**	Unified comms **14%**

thing – is important. If we keep throwing the word sustainability at the door, it will be closed and people will tire of it. We have to be very careful."

Greensafe IT's Sansom said customers will force change on businesses. "Mindsets towards sustainability are changing and businesses have to prove what they are doing. If they don't change, they won't be in business for long. Sustainability is here to stay and everybody will have a role to play."

Our next survey question (*Figure 4*) asked what the most in-demand technology and services had been from customers during the pandemic. Respondents were allowed to pick up to three.

The top answer was cloud solutions and services with 53 per cent of votes – this is an unsurprising result. Wth the number of employees forced into

> **On average, supply chains are 11.4 times that of companies' operations emissions. For the tech sector specifically, that goes up to 23 times the amount.**
>
> Sonya Bhonsle, CDP

home working almost overnight, there was a mad scramble to the cloud to ensure every person could continue doing their job to the best effect, plus the added capacity demand from the education sector with millions of schoolchildren and students pushed into e-learning.

In second place with 46 per cent of votes, was hardware such as laptops/screens/desktops and devices – which saw demand rocket through the pandemic as thousands of firms and education establishments were frantically left sourcing enough kit to equip everyone who needed it. Next, with 43 per cent of votes, was security – again no surprise as unscrupulous fraudsters tried to take advantage during the height of the pandemic. Compliance and security combined scored 18 per cent of votes, and in fifth place with 14 per cent of votes was unified comms. Other technologies that made the list included storage solutions (13 per cent), Automation (11 per cent) and IoT (six per cent).

Supply chain pressures

One of the most urgent climate-related action points arising from the *CRN On* event was the emissions from the tech sector supply chain. It is more than twice the average and needs to be addressed, according to CDP's Bhonsle.

"On average supply chains are 11.4 times that of companies' operations emissions," she explained. "For the tech sector specifically, that goes up to 23 times the amount. You have a big supply chain with a lot of emissions. To truly transition, you have to look at not only what you buy, but the behaviour of your supply chain."
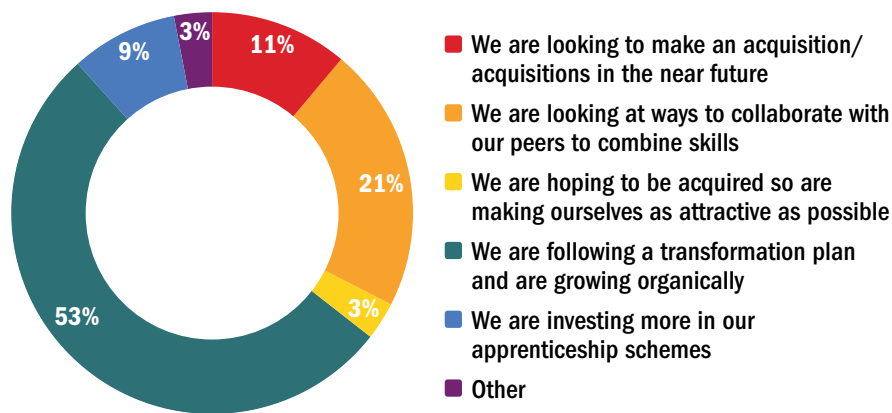
Agilitas' Lynn said consumers have to take responsibility too. "We have pushed vendors to sell products cheaper and cheaper – pushing manufacturing out to places that have the biggest impact on pollution, so that makes it an end user decision as well in my eyes. We have to be more aware," he said.

5. How are you planning ahead for growth?

- **11%** We are looking to make an acquisition/acquisitions in the near future
- **21%** We are looking at ways to collaborate with our peers to combine skills
- **3%** We are hoping to be acquired so are making ourselves as attractive as possible
- **53%** We are following a transformation plan and are growing organically
- **9%** We are investing more in our apprenticeship schemes
- **3%** Other

The next survey question (*Figure 5*) stepped away from sustainability briefly to gauge how respondents were planning ahead for growth. The majority – 53 per cent – said they are following a transformation plan and are growing organically, while 21 per cent said they were looking at ways to collaborate with their peers to combine skills. A further 11 per cent said they were looking to make an acquisition in the near future, and nine per cent said they were investing more in apprenticeship schemes to tackle the growing skills gap. Just three per cent said they were hoping to be acquired.

Our penultimate question asked what technology areas our respondents would be investing in over the next 12 months (*Figure 6*). Again, they could select up to three.

Topping the chart, with 73 per cent of votes was cloud solutions and services – again no surprise given the extra demand for remote working. A further 51 per cent said they would be investing further in security, with 36 per cent picking automation as an area of investment – clearly fuelled by a demand for customers who want to be able to remotely manage some of the more menial tasks in the office as they plan ahead. In fourth place, with 21 per cent of votes,

was Unified Comms, with 17 per cent saying they were planning to invest in lifecycle services and a more sustainable supply chain.

Finally we asked our respondents what they thought would be the biggest disruption to their business in the coming year (*Figure 7*).

The majority – 59 per cent said it would be a result of continuing uncertainty because of the pandemic, while 33 per cent were concerned about recruitment and finding people with the necessary skills. Close behind, with 31 per cent of votes was continuing uncertainty because of Brexit, and in fourth place with 16 per cent of votes was a concern that rapidly changing technology trends make it difficult to keep up. In fifth place with eight per cent of votes was concerns over culture, and finding new methods of keeping a remote workforce engaged and happy.

Finally, and disappointingly, just seven per cent felt sustainability planning and working out what they can do for the environment, would be a disruption. This is something that needs to change, and fast. Sustainability issues need to be disrupting business now.
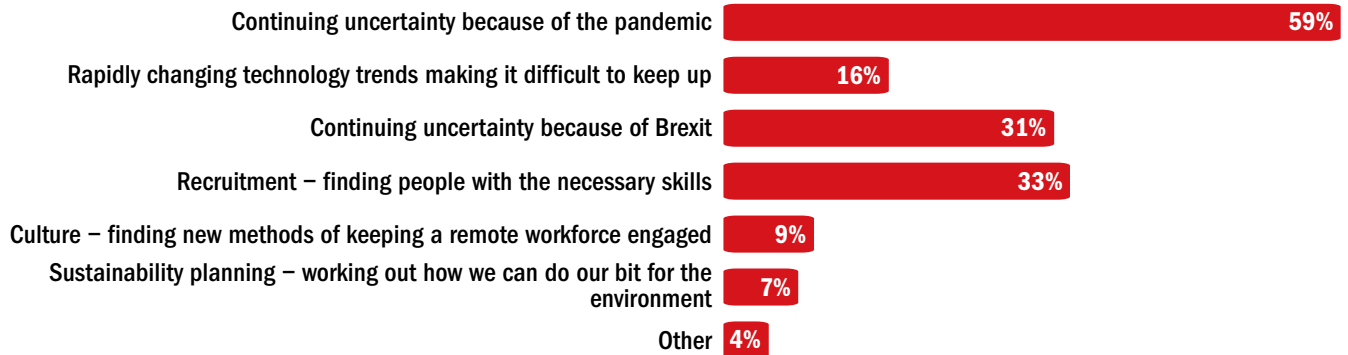
CDP's Bhonsle explained that doing nothing will result in significantly increased costs to the industry.

"Last year 8,000 suppliers including HP, Cisco, Dell, BT and Microsoft, reported £1.25tn in environmental risks to the supply chain – this includes climate change, deforestation and water supply – and this has a domino effect as costs are transferred to the customers," Bhonsle said. "Major corporate buyers could face increased costs of $120bn in the next five years due to environmental risks in the supply chain. Just five years. It is very likely to happen. And these risks are expected to increase. Companies are failing to deliver already and are increasing costs to try and plan better and be more resilient for the future."

6. What technology areas will you be investing in for the future? (pick up to three)

| Cloud solutions/ services **73%** | Internet of Things **16%** | Automation **36%** | Security **51%** | Unified Comms **21%** | Lifecycle services – sustainable supply chains **17%** | Other **1%** |

7. What do you think will be the biggest disruption to your business in the next year?

Category	Percentage
Continuing uncertainty because of the pandemic	59%
Rapidly changing technology trends making it difficult to keep up	16%
Continuing uncertainty because of Brexit	31%
Recruitment – finding people with the necessary skills	33%
Culture – finding new methods of keeping a remote workforce engaged	9%
Sustainability planning – working out how we can do our bit for the environment	7%
Other	4%

Crucially Bhonsle said those companies that do nothing will suffer as a result and are risking their very survival as sustainability becomes a customer priority.

"What we are finding is that laggard companies will face increasing risks and costs making them less competitive and resilient to further changes in the market. Leading companies will face lower costs and better reputations and it will give them a competitive edge," she added. "Your customers also need help – the green economy is going to be massive because it is going to be the economy of the future and innovation is going to be the key to that."

Agilitas' Lynn added: "If you look at COP26 you had Greta Thunberg and David Attenborough at either end of the scale – both of them joining together because they are passionate and they are showing real leadership – they are cajoling and shaming world leaders to have the same passion about this subject. In turn, that makes you think about what each and every one of us can do. Don't just leave it to somebody else – make your little bit of difference in whatever way you can."

Conclusion

Bhonsle's stark warning is a good point to finish on. Some people still think climate change is a fad that will eventually disappear and they opt to bury their heads in the sand rather than take preventative action.

But the issue of climate change is not going to disappear. It is very real, and our actions now will make all the difference in the future and to future generations.

The experts are warning that those who fail to act now and actually embrace a more sustainable future within their business, will not survive the environment-related challenges to come. There is a financial and business impact around sustainability and a massive cost ahead if you fail to actually do anything and prepare.

Climate change is going to have a very real impact on the cost of importing and exporting goods in the future as more supply chains are disrupted. Significant costs are going to be accrued, and as with most supply chains that extra cost is going to be passed down through the chain until it eventually hits the customer.

Developed countries have increasingly adopted a throwaway attitude to everything, and tech is right at the top of that list. It is now up to technology companies to lead the way by encouraging a more circular economy and spreading the message that reuse and recycle is the way forward.

By taking action now, putting a proper sustainability strategy in place, channel firms really can make a significant difference, not only to their own carbon footprint and that of the UK, but to actually reduce the pain of rising prices and managing customer expectations.
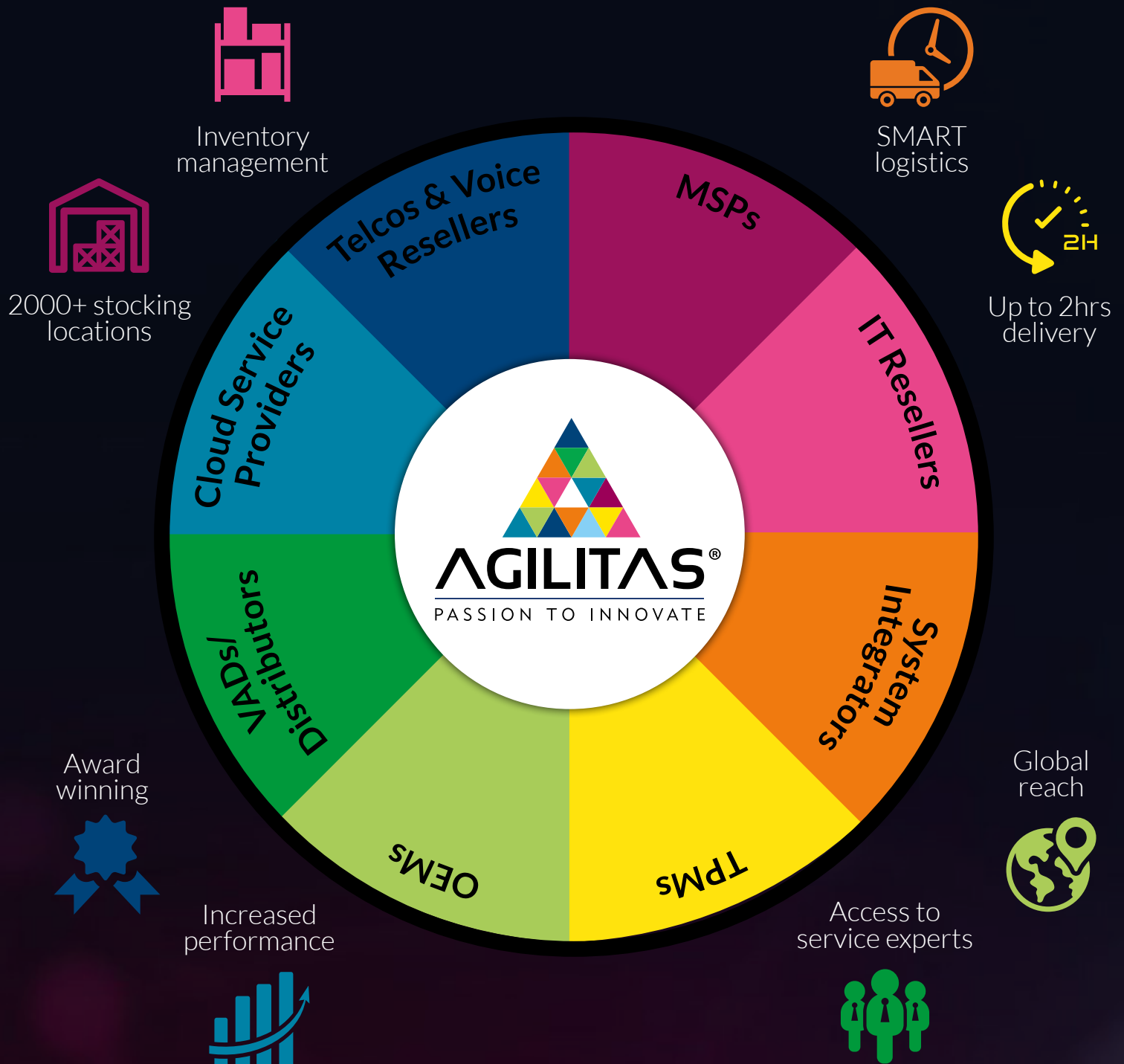
There is a growing will in the industry to work together and to share best practice. It is in everybody's interest to break down competition barriers and start working together for the greater good. We only have one planet and it is on the edge of irreversible destruction.

It is clear from both the research and the messaging from the *CRN On* event, that the intention to make a difference to climate change is there.

The key now is acting on that intention and working hard to achieve tangible results, ensuring that all channel firms, and more importantly the planet, have a future.

By committing to a greener strategy, lowering emissions and ensuring your business is as resilient as it can be, the channel will have many more years of growth and prosperity ahead.