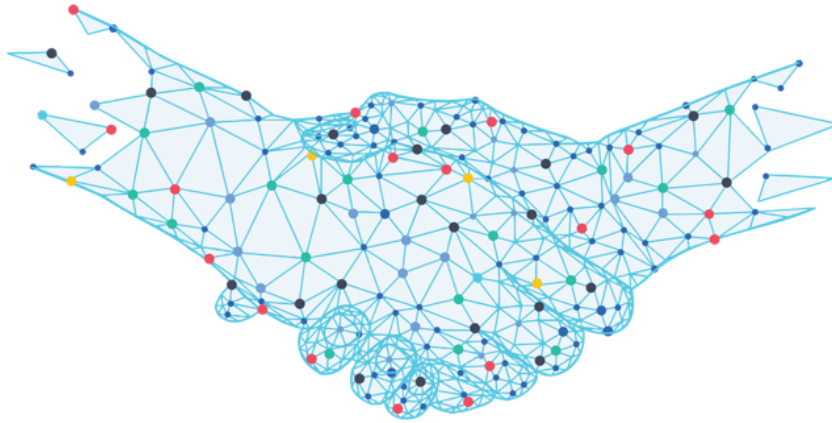


2023 IT Channel Predictions

Partner Up Across the Ecosystem!



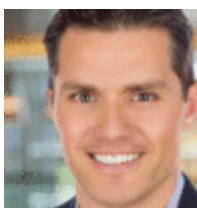
Introduction

Most of us in the IT industry love to read and listen to predictions to help us prepare for the needs of our customers. I'm especially interested in IT channel trends, directions, and predictions. As we begin this new year, we are fortunate to have many exceptional industry leaders sharing their points of view on the upcoming challenges and their recommendations to best prepare for 2023 and beyond. Across these predictions, there clearly is a common discussion around the importance of ecosystems and increased dependency on effective partnering.

In this blog, we explore insights from a few industry “rockstars” and highlight why there is a growing need for effective partnering across the ecosystem – Technology Vendors, Distributors, and Solution Providers. We believe that demand for specialization and current skill shortage is further driving the need for an ecosystem approach – for this reason, we've expanded our discussion from “Partner Up!” to include “Skill Up!”

Let's consider a few of the many headline predictions from several channel ecosystem experts.

Channel Predictions



*“The pressure is increasing on channel leaders to deliver at a new level of scale, automation and personalization, and to figure out the people, processes, programs and underlying technology that will drive competitive advantage in the **decade of the ecosystem.**” - Jay McBain, Canalys Chief Analyst*

Jay McBain is an accomplished speaker, author, innovator in the IT industry and is often sought out for keynotes, consulting, thought leadership and industry guidance.

We recently caught up with Jay and asked him to expand on the “decade of the ecosystem” and provide his insights on the need for effective partnering as we kick off 2023.

- The “marketplace route to market” is on fire and cannot be ignored by any channel leader – hyperscaler cloud marketplaces from Amazon Web Services (AWS), Microsoft and Google Cloud are leading this momentum.
- Channel programs continue to evolve to better align with ecosystems of all partner types - while traditional channels all seem to be getting phased out in favor of open ecosystems and marketplace dynamics.
- Similar to Microsoft’s solutions partner designations (Performance, Skilling, and Customer Success), program categories will further highlight partner capabilities and value.
- The future of business is partner ecosystems and co-innovation is the key to the decade of the ecosystem and these partner-to-partner relationships become even more essential to meeting the demands of modern businesses.
- Automation, deeper integrations and data-driven decision-making are creating measurable competitive advantage (through partnerships) and are quickly becoming table stakes in the industry.
- Skill shortages are not going away - it is really a double-edged sword - there is a shortage but this is driving outsourcing (and more demand on the channel community) since customers cannot scale up and compete without them.
- We’ve been talking about partner-to-partner for 20+ years and the need for P2P is more timely now than ever - as we see non-transacting partners working with transacting partners, with DevOps, with services folks and those all need to come together.
- The tech industry brought the world out of recession in 2008, and it is projected that this will happen again for this next recession with ecosystems leading the way.



“In 2023, we expect accelerating innovation to focus on making the entire technology ecosystem work as a platform for your digital transformation... no single solution, platform or provider will deliver on the full promise of technology. That means that the proverbial “walled gardens” of “closed” ecosystems will crumble.” - Jeff Clarke, Vice Chairman and Co-COO, Dell Technologies

We enjoyed reading Jeff Clarke’s recent article on his Top Tech Predictions for 2023¹, which referenced how the technology industry’s continued growth is driving innovation, addressing both the breadth of business opportunities as well as sprawl and complexity. This is placing even more demand on partners who will need to coordinate the sprawl into an automated working system.

¹ <https://www.smechannels.com/top-tech-predictions-for-2023/>



“Over the next year or so, Channel Account Managers will be replaced by Partner Ecosystem Managers... CAMs will have to upgrade their skills or be replaced by partner ecosystem managers. Ultimately, we’ll have to redefine the meaning of the word “channel” from that of the transactional partners to a much broader and more diverse partner ecosystem.” - Rob Spee, BeyondTrust, SVP of Global Channels and Alliances

Rob Spee not only has a perspective from leading his channel and alliance team, but also spends time hosting a series of podcasts, Channel Journey². Rob highlights the expanding role of “partner ecosystem managers” in his Channel Predictions: 2023 and Beyond³.

We recognize this is a common discussion across channel leaders - and this will place even more emphasis on the need for automation, tools, and platforms to help manage ecosystems. Whether partner ecosystem managers help their channel grow partnerships or more aggressively empower their channel partners to be their own ecosystem orchestrators, it is about enabling ecosystems to work, and for that, effective partnering is needed⁴. Channel managers have always been playing cupid between partners - now this needs to scale. As McBain has pointed out in the past, *“The effective use of technology tools is no longer optional — ecosystems don’t run on spreadsheets!”*



“During this time of headwinds and “doing more with less” – organizations that are successful and ultimately survive will be those that recognize and apply a principled and disciplined approach to effective partnering.” - Vince Menzione, Founder, Ultimate Partnerships

We wanted to include another rockstar perspective. Who better to add their expertise than Vince Menzione, a former Microsoft Channel Chief and host of a top-rated partnership and ecosystem podcast, Ultimate Guide to Partnering⁵. Vince shared his insights on partnering challenges and what this means for 2023.

- Right now, the channel is operating from a place of scarcity - some caused before the recent economic condition - providing an opportunity to evolve the channel.
- The more nimble and agile companies will go further faster and scale their growth.
- Oftentimes, there is a lack of trust with partnerships driving the need for commitment at the executive level, understanding of the vision and value, communication across the organization (organizational alignment).
- Utilizing the channel to benefit the entirety of the ecosystem allows for scale.

² <https://channeljourneys.com>

³ <https://www.beyondtrust.com/blog/entry/channel-predictions>

⁴ <https://p2pglobal.info/2022/04/01/automating-partner-collaboration-in-2022/>

⁵ <https://ultimateguidetopartnering.com>

- Marketplaces are becoming a thing and possibly crowding out the traditional channel value – analogous to when the internet was born and it was predicted that direct selling would die.
 - The key ingredients to optimizing successful partnerships includes agility, adaptability and embracing change – super critical attributes.
 - Organizations will need to band together in order to get to the “next level” of the pyramid, and reconsider their strategies.
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“We are forging deeper relationships with our channel partners to help them connect, partner and leverage more across the ecosystem for better time-to-value and cost savings.” - Mark Taylor, president of Arrow Electronics' enterprise computing solutions business for North America

Any discussion about IT channel predictions would not be complete without a view from distribution. Distributors play a key role in supporting both technology vendors and channel partners in their growth initiatives. With the need for effective partnering across the ecosystem and the growth of partner communities, distributors must continue to provide additional value including technical services to help close the skills gap⁶.

Arrow has helped P2P Global scale and provide further enablement of partners. We asked Mark Taylor for his perspective on open ecosystems and his view on the need for effective partnering.

- We see a growing need to automate services orchestration in support of our customers.
 - We believe in an open ecosystem and supporting the platforms that help solve for partner skill gaps.
 - Our goal is to be viewed as a connector – or multiplier – to stimulate innovation and create a pathway for our channel partners to expand their businesses.
 - Acquiring the necessary technology, skills and services needed for IT solutions needs to be simple. Therefore, ecosystem platforms need to evolve to be self-serve, easy to use, accelerate partnering engagements and allow for scaling.
 - By providing easy access to highly specialized, top-tier technology products and services, we allow channel partners to address complex business problems and maintain their role as trusted advisors to their clients.
 - Distributors will continue to expand partner communities, or ecosystems within ecosystems, and create additional alliances that can accelerate our go-to-market strategies.
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"Our partnership with P2P Global provides us expanded access to an ecosystem of solution providers with a diverse set of educational needs. This means partners now have a one-stop-shop to solve for skill gaps – collaborative partnering and easy access to training."
- Gwenn Lazar, VP Global Partner Ecosystem and Alliances, Skillsoft

Given today's challenge around skill shortages, we wanted to include some forward-looking thoughts around building skills across the ecosystem. Partnering can clearly help solve for a given client project – but strategically, we also need the channel to skill up through planned education⁷.

Skill gaps have a direct impact on businesses, including increased project costs, delayed project deployments, decreased customer satisfaction, and negative impacts on revenue. It is critical for IT leaders to find a solution⁸. For this reason, channel partners can further expand their "trusted advisor role" by offering education roadmaps to their clients.

P2P Global recently announced a strategic partnership with Skillsoft Global Knowledge, a premier provider of training. The P2P platform now combines the ability for Solution Providers to access Skillsoft Global Knowledge's best-of-breed training for both internal use and for resale to their customers⁹. We asked Gwenn Lazar to outline key considerations as we prepare for continued demand for skills.

- Demand for skilled channel partners is driving the need to train, train, and train.
- Likewise, skill gaps with Solution Providers' end-customers can reduce deployment success and overall technology consumption, both of which inhibit initial and recurring revenue opportunities.
- Many channel partners are not taking advantage of reselling training - this is a lost opportunity that can best be addressed through an ecosystem platform.
- By including training, channel partners can expand their product portfolio, increase sales / margins and generate incremental and recurring revenue.
- It's not just about product education and certifications - leadership training is critical for the channel too.
- Many channel partners have embraced transitioning to "recurring revenue business models" - this will become an incremental revenue stream for reselling training too.

We also follow Techaisle, a data-driven global SMB IT Market Research and Industry Analyst organization¹⁰. Heading Techaisle, Anurag Agrawal is a veteran Market Research executive and has done extensive research with findings that are based on surveying the channel community.

⁷ <https://p2pglobal.info/2022/07/19/solving-for-skill-gaps/>

⁸ <https://www.skillsoft.com/blog/how-to-overcome-the-tech-talent-shortage#Attracting>

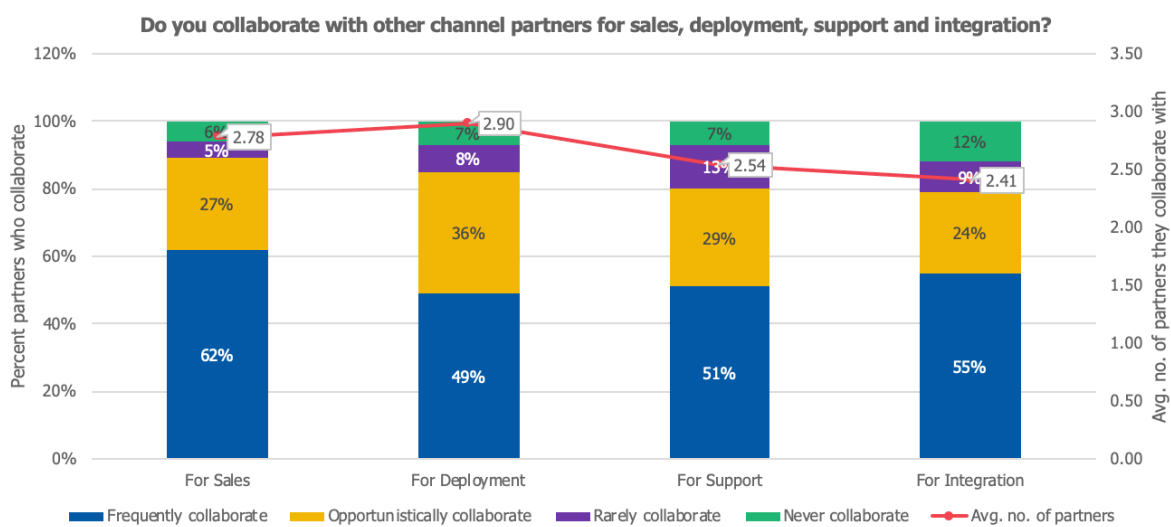
⁹ <https://p2pglobal.info/skillsoftglobalknowledge/>

¹⁰ <https://techaisle.com>

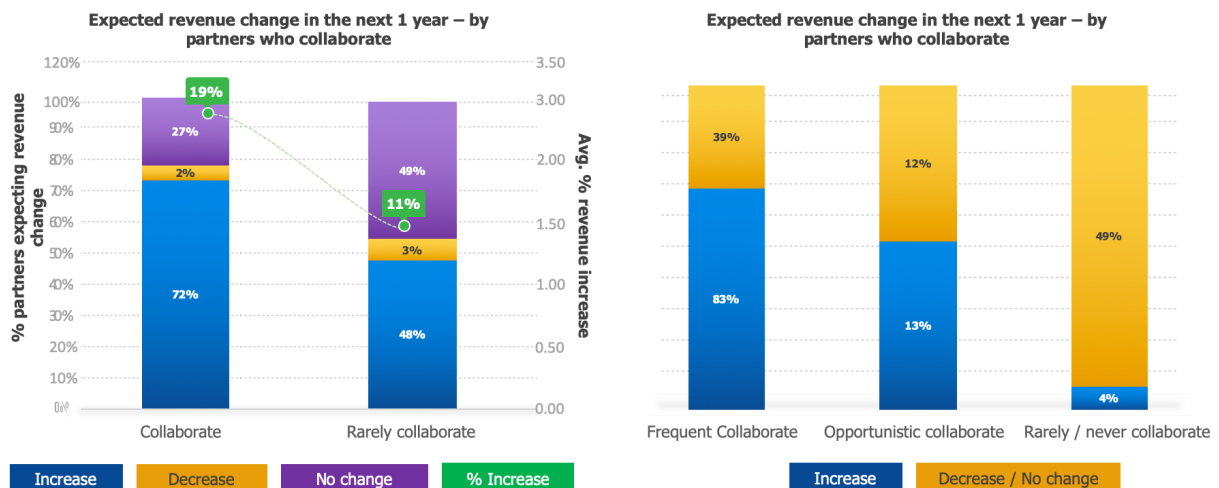
As referenced in Anurag's 2021 blog, partnering and collaborating across the ecosystem is now a strategic imperative¹¹. More recently, based on those surveyed, there are clear expectations by channel partners that participating in an ecosystem and collaborating with other like-minded solution providers will yield higher growth. The answer to "why collaborate?" can vary based on the need of a given project. We also see an increase in collaboration to address business development activities - vs simply solving for a skill gap based on fully qualified opportunities. In a way, this is an indication that more partners are planning ahead to address anticipated partnership needs¹².

There is growing recognition across the channel partner community that partnering will result in a strategic competitive advantage and will expand their "trusted advisor role" with clients¹³.

Partner Ecosystem Collaboration Snapshot



Benefits of Ecosystem Participation



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<https://p2pglobal.info/2021/06/15/the-power-of-p2p-partner-ecosystem-collaboration-is-a-strategic-imp-erative/>

12 <https://p2pglobal.info/2020/05/22/partner-ecosystems-help-you-plan-for-the-future/>

13 <https://p2pglobal.info/2022/01/12/how-to-grow-your-business-as-a-trusted-advisor/>

Source: Techaisle Partner survey, N=972

Source: Techaisle Channel Partner study, N=740



“The IT industry dynamics have placed even more demand on solution providers with recognition that client projects require hybrid solutions and various delivery models. For this reason, traditional channel partners are evolving into “hybrid solution providers” that need effective P2P engagements to focus on customer outcomes. The customer is the driving focus for HSPs.” - Blaine Raddon, CEO at The Channel Company

Our list of channel leaders and their respective predictions could go on and on. We thought it would be good to conclude with a very broad perspective from The Channel Company. Blaine Raddon and his team work across the ecosystem and The Channel Company’s CRN is the record of the channel with over 500 channel chiefs providing insights and more than a half million unique visitors worldwide each month. The Channel Company works with HSPs, vendors, and distributors to provide insights, engage in the channel communities, and drive the success of the channel through its marketing services.

We discussed the dynamics of the “hybrid solution provider” model and the impact on channel partners based on the outcomes they need to deliver for their customers.

- The evolution of the channel has the emergence of the Hybrid Solution Provider model which primarily focused on customer outcomes.
- While HSP is not a new or unique business model, there is recognition that partners are not limited to traditional delivery models or labels.
- Given the pace of technological advancement, digital transformation and shift of technology spending to business outcomes, the demand on solution providers can be overwhelming.
- Solution Providers are evolving with client focus across multiple LOBs that require expertise in advanced practices and various delivery/business models. The need to solve for skill gaps has never been greater.
- A partner-to-partner ecosystem offers solution providers the ability to partner together on projects with defined and shared value.
- Instead of competing, partners can work together and play to their strengths by filling each other’s skill gaps, ultimately solving clients’ end-to-end journeys in a more efficient way.
- Many vendors are relying on a subset of their partners - service delivery providers - to help their other partners implement solutions that require efficient coordination between partner types.

Conclusion

Clearly 2023 will require increased attention to partner-to-partner engagement. Eliminating skill gaps through partnering and continued training will only make the overall ecosystem stronger, as "all ships rise."

So, how can “partnership platform providers” like P2P Global use these predictions to deliver even more channel value?

- In the end, no vendor or distributor “owns” the solution providers (channel partners) – or their clients – these partners will continue to grow to be more agnostic with a priority on delivering value to their end user clients.
- Channel partners’ focus is on ‘clients for life’ and defending their trusted advisor role. More and more, they view ‘partnering’ as their strategic means to maintain account control and deliver maximum value to their clients.
- Customer-facing partners are in the driver’s seat and partnering platforms need to continue to listen to their requirements - enhancements should be grounded on member feedback.
- Specialization is not going away and the vast diversity of partner profiles (capabilities & skills) should be the foundation for connecting firms.
- Recognize there is leverage to be gained via effective partnering between “service delivery providers” and those transactional partners with client relationships.
- Scaling partnerships can only be accomplished by creating a self-serve environment - enabling and empowering solution providers.
- While providing customer value and a source of new profit pools, channel partners can help address their clients’ training needs.
- Partnership platforms should be an extension of vendors’ and distributors’ channel programs – or more appropriately “ecosystem and community programs.”
- Automate where possible – platforms are just tools that can help the partnering process scale. In the end, it is about making connections across the ecosystem and then letting discussions begin.

About P2P Global

P2P Global members have access to other skilled solution providers to help address their collaboration needs and solve for skill gaps. In addition, we provide members easy access to a broad catalog of training courses for both internal use and for resale to their clients. While our platform is very solution provider-centric, we are seeing new use cases that include direct participation from technology vendors and distributors - a true ecosystem approach!

Yes, it truly is the decade of the ecosystem, and 2023 will be a great year to leverage innovation across the IT channel ecosystem. To learn more about P2P Global, visit us at

<https://p2pglobal.info>