



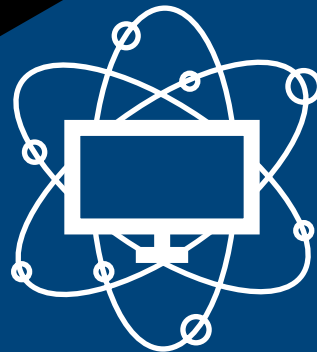
THE CHANNEL IN™  
**2020**



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# THE CHANNEL IN 2020 MARKET REPORT #2

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**TECHNOLOGY**



**@AgilitasIT**

**#THECHANNELIN2020**

**[www.thechannelin2020.com](http://www.thechannelin2020.com)**

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# THE CHANNEL IN 2020

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BY AGILITAS

**T**raditionally, when we've talked about channel technology we've meant big hardware. As we all know, in the last ten years this has moved to include cloud, and the market hasn't stopped driving change since. We're in the midst of continued market disruption from the growth economy and the internet of everything.

As an organisation looking to remain ahead of the curve, we're already exploring the impact of new systems and the support networks behind innovations such as artificial intelligence (AI), the internet of things (IoT) and 3D printing, alongside more channel focused developments around 'as-a-service' propositions. The challenge for us as a business continually looking to the future, is how to provide the best possible support for customers who themselves are looking to alter their business models to embrace new technology.

With this in mind, I'm delighted to introduce part two of our ongoing exploration into what the channel will look like in 2020. The report provides invaluable insights into the growth of new technologies, and how disruption is going to alter the market in the next four years.

The report reflects changing priorities and disruption across the channel. Vendor specific solutions are becoming less important, with resellers taking more control to address the evolving needs of their end user customers. Yet hardware is continuing to play an important role.



The research is clear that new and emerging technologies are very much part of the future, the question for now is how do we ensure our future as well?

The outlook is challenging yet positive, but as an industry full of resilience and expertise, we must embrace change and the challenges 2020 presents.

I hope you enjoy reading the report. If you have any questions, comments or would like to get involved in the wider 'channel in 2020' discussion, please connect with us at: [www.thechannelin2020.com](http://www.thechannelin2020.com)

**Shaun Lynn, CEO**

# 400%

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THE ARTIFICIAL INTELLIGENCE INDUSTRY IS ESTIMATED TO HAVE RECEIVED OVER 400% MORE FUNDING IN 2016 COMPARED TO 2012...

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# THE GROWTH OF NEW TECHNOLOGIES

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When the cloud emerged a little over ten years ago, it was largely ignored by many of the bigger organisations in the channel, regarded as a temporary fad, that wouldn't be embraced by customers due to perceived security issues. However, 'Born in the Cloud' players emerged and have started to dominate the industry since.

Today the whole channel has embraced the cloud in some form, but the previous error to appreciate the business value in it is a mistake that cannot be repeated if we wish to continue to grow as an industry.

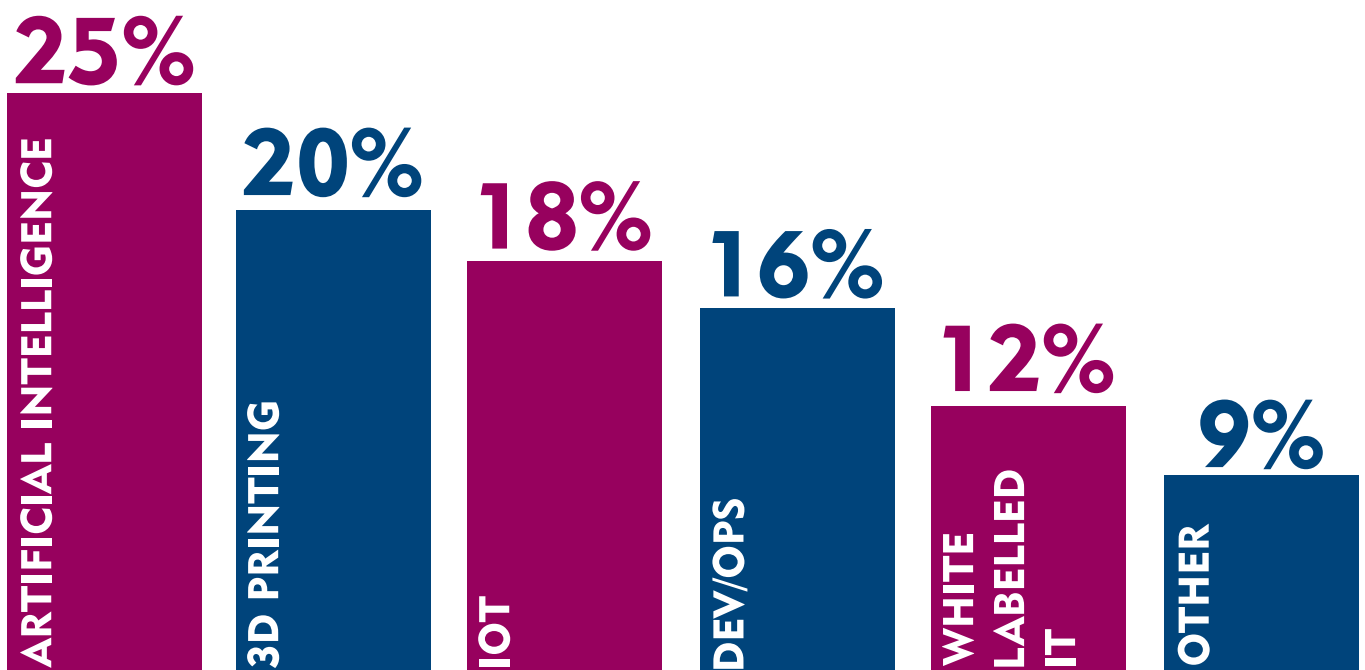
Looking to 2020 our research has found that AI, IoT, 3D printing and white-labeled 'as-a-service' IT are all expected to experience significant sales growth in the next four years.

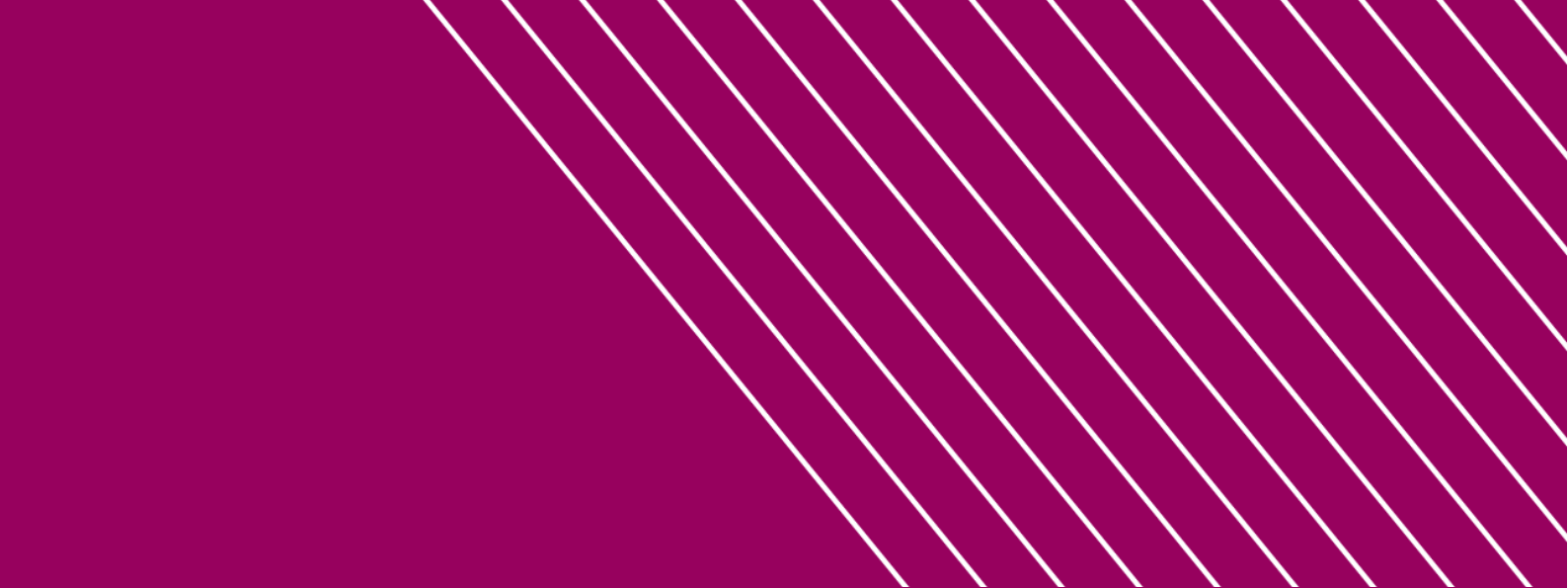
The research reflects wider trends within the technology industry. AI, the technology expected to experience the greatest sales growth between now and 2020 is estimated by Venture Scanner to have received \$974 million in funding in the six months before June 2016; a staggering increase of over 400% since 2012.



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Which of the following technologies/services do you think will experience the greatest sales growth by 2020?





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# THE ROLE OF HARDWARE IN 2020

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In this cloud driven environment with new technologies fast emerging, it doesn't seem wrong to assume that hardware sales, particularly with on-premise storage and server products, may take a dip between now and 2020.

Interestingly two thirds (64%) of the resellers, managed service providers and independent IT providers agree that hardware sales will still make up an important part of business in the channel in 2020.

Despite the cloud being an always-on fully accessible piece of technology, data still needs to be stored somewhere, and the cloud is heavily reliant on hardware to maintain uptime. As a result, the big cloud firms are continuing to build data centres. Amazon and Microsoft for example have both opened data centres in the UK in recent months.



The challenge for the channel is how to adapt their business models to continue to provide new and old technologies at the same time. The bottom line impact of the growth of the cloud, and continued importance of hardware is only going to be positive for the channel as we approach 2020. It is clear that many recognise its importance to business and continued successful revenue streams.



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**“64% OF RESELLERS, MANAGED SERVICE PROVIDERS AND INDEPENDENT IT PROVIDERS AGREE AGREE HARDWARE SALES WILL STILL MAKE UP AN IMPORTANT PART OF BUSINESS FOR THE CHANNEL IN 2020”**

# 44%

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CHANNEL LEADERS EXPECT 44% OF SUPPORT CONTRACTS TO BE FOCUSED OFF-PREMISE AND IN REMOTE DATA CENTRES BY 2020

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# A CHANGING SUPPORT MECHANISM: HOW DISRUPTION WILL CHANGE THE MARKET BY 2020

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The growth in hardware and disruption in the wider technology space suggests we will see growing demand for greater technical IT support, and new technology solutions models. A fast changing market points to potential opportunities for disruption and changes in the way customers are supported.

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## SUPPORT CONTRACTS

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In line with data on the use of hardware, our research also revealed that channel leaders expect almost half of support contracts to be focused off-premise and in remote data centres by 2020.

The insight points to the growth of cloud environments, supported by modern hardware in large centralised offsite data centres. We've already seen centralisation of data-centre technologies in large banks in 'hardware hubs' across the UK and Europe.

For resellers looking to sell data centre technology, this presents a number of opportunities and challenges. Contracts are likely to be bigger, with larger collective data-centres, and a number of opportunities for new servicing models will emerge.



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**RESELLERS EXPECT TO BE SELLING 35% MORE MULTI-VENDOR SOLUTIONS, WITH JUST 20% BELIEVING SINGLE SOLUTION DRIVEN OPERATIONS WILL BE A BUSINESS PRIORITY BY 2020**

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# A CHANGING SUPPORT MECHANISM: HOW DISRUPTION WILL CHANGE THE MARKET BY 2020

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## MULTI-VENDOR SOLUTIONS

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One area our customers have highlighted a marked rise in is the sale of multi-vendor solutions. Performance and stringent SLAs have become more important to our business at the same time as in the wider channel.

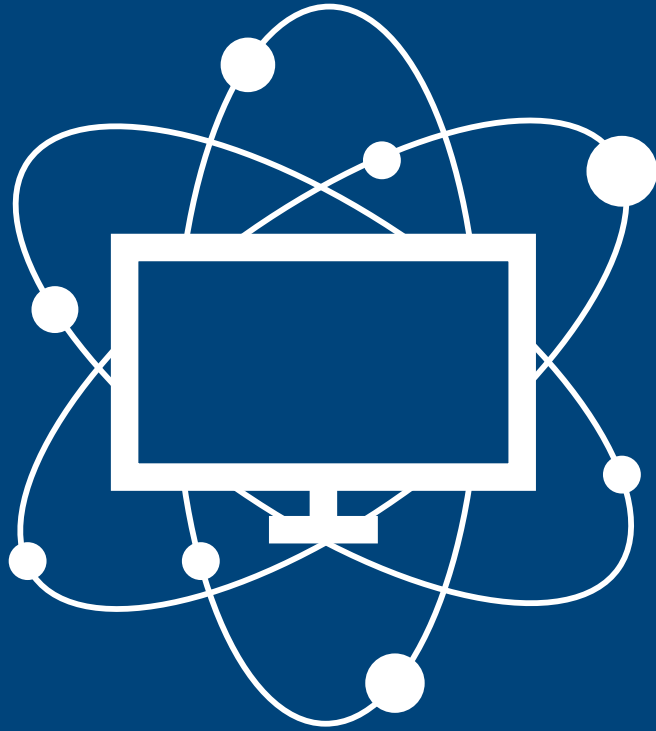
Our data revealed that resellers expect to be selling 35% more multi-vendor solutions, with just 20% believing single solution driven operations will be a business priority by 2020.

The data points to a growing trend - resellers taking back control from vendors. With customer expectations rising it presents multiple opportunities for disruption. We know from our work with hardware that customers are less concerned with brand label. Performance is a priority, with our research pointing to a higher number of bespoke solutions being delivered by 2020.

This new status quo presents an opportunity for resellers to build new relationships with vendors, based less on packaged standardised solutions. The real winners in 2020 will build positive customer focused relationships and disrupt existing vendor relationships to deliver bespoke and results focused solutions.



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**AS 2020 APPROACHES, ORGANISATIONS  
MUST LOOK TO INNOVATE, DISRUPT AND  
EVALUATE**

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# CONCLUSION

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It is clear from our research into technology in the channel that things will change between now and 2020. We're expecting a significant rise in vendor agnostic resellers selling and servicing new innovative technologies, from AI through to VR. However, it is clear that one thing won't change as much as many would expect: hardware.

Hardware is likely to continue to make up a valuable aspect of channel sales in 2020 and the data centre will continue to be important in maintaining cloud uptime. What will change is where and how hardware is sold and serviced.

In this new environment, disruption and innovation will be key to success. The channel must look at how we as an industry can do things better and build improved services for customers so they can engage with, and thrive off, the latest technology innovations.

In short, as 2020 approaches, organisations must look to innovate, disrupt and evaluate. "Those who embrace [technology] change, listen to the next generation of workers, and think outside the box will have a very rosy future indeed." Sara Yirrell, CRN Editorial Director.



The Channel in 2020 event panel

From left to right:  
Shaun Lynn, CEO Agilitas  
Richard Lockey, UK MD, Crayon  
Barrie Desmond, COO, Exclusive Networks  
Tom Kelly, Chairman, Agilitas



Sara Yirrell, CRN.

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# KEY TAKEAWAYS FOR THE CHANNEL

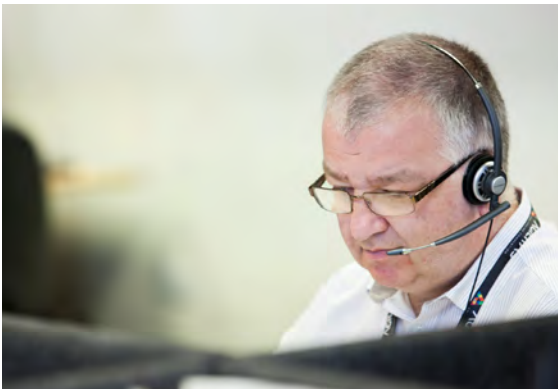
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One area this report hasn't touched on is external forces. Like within the channel and technology sphere, things outside the channel are moving fast. The pound has been at a record low, and the impact of Brexit on trade and the skills gap has produced uncertainty. In this challenging environment, we as an industry must hold our nerve, and focus on our customers and growth. These are Agilitas' six key takeaways from the report:

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## FOCUS ON SOLUTIONS RATHER THAN BRAND AND INVEST IN MULTI-VENDOR EXPERTISE

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Customers want results, and we must not forget this, no matter what vendors tell us about their solution being the best. Focus on what is best for your customers and you will succeed. There might be significant opportunities passing you by as a result of limited vendor knowledge and relationships.

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## TAKE BACK CONTROL FROM VENDORS

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"You've got to take it [control] back, because by default you are subservient to vendors" Tom Kelly, Agilitas Chairman.

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## BE DISRUPTIVE

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**“Don’t be scared, get some battle scars. The worst thing you can do is carry on doing the same thing.”**

**Richard Lockey - UK MD of CRAYON**

**“We soon realised that if it felt wrong, it was right...Everything is about learning; consumers are beginning to broadcast back to vendors. Listen to your customers because they will collaborate.”**

**Barrie Desmond - COO of Exclusive Networks.**

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## LOOK TO PROVIDE NEW AND TRADITIONAL HARDWARE SUPPORT AND TECHNOLOGIES TO CUSTOMERS

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## LOOK TO BORN IN THE CLOUD PLAYERS FOR INSPIRATION

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**As Channel veteran and Agilitas Chairman, Tom Kelly commented, Born in the Cloud players are innovating more than the rest because “they don’t know the fear”. These players have always been the underdog, so are much more willing to take risks and disrupt. Use them for inspiration.**



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