TechTarget

Where serious technology buyers decide

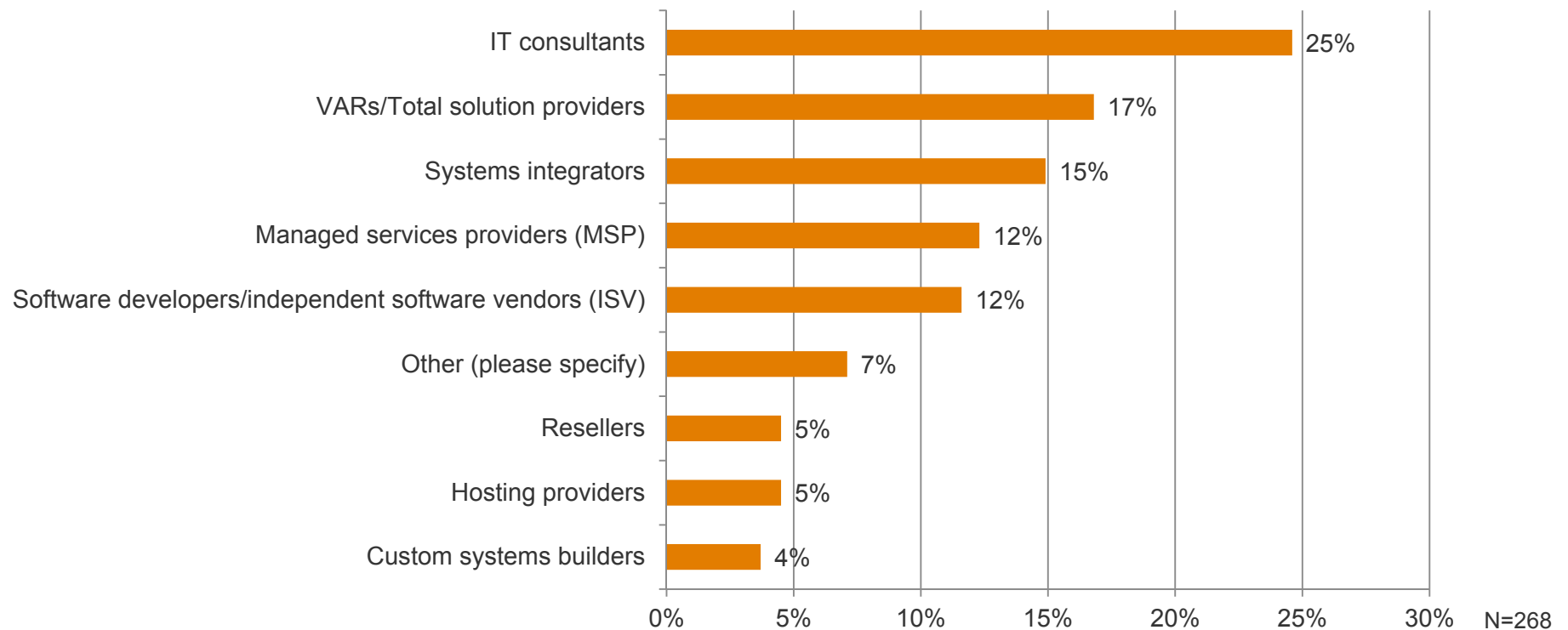# Channel IT Priorities 2013 Europe

Key Findings

- 79% of channel professionals now offer some form of managed service

- More than half of the revenues for the channel are coming from a mix of consulting and services – product sales account for just 28%

- Economic conditions remain the top challenges faced by channel players across the EU - winning new business is also a major concern

- Product quality is the most important feature of a vendor partner programme

N=268

Channel segmentation

## How does your business primarily define itself in the channel?

- A quarter of respondents refer to themselves as IT consultants and a further 17% like to view themselves as VARS/Total solution providers
- The level of channel players describing themselves first and foremost as managed service providers is growing- now at 12%
- The trend in the channel to distance themselves from the word 'reseller' continues with less 5% using that word to describe their business

Category	Percentage
IT consultants	25%
VARs/Total solution providers	17%
Systems integrators	15%
Managed services providers (MSP)	12%
Software developers/independent software vendors (ISV)	12%
Other (please specify)	7%
Resellers	5%
Hosting providers	5%
Custom systems builders	4%

N=268

Majority offer managed services

Does your company offer any managed services?

- An overwhelmingly positive response to the managed services business with 79% of respondents offering some managed services to customers
- The channel has been in transition to a managed services model and this is the highest level of channel providers delivering managed services we have seen and underlines the direction the market is going
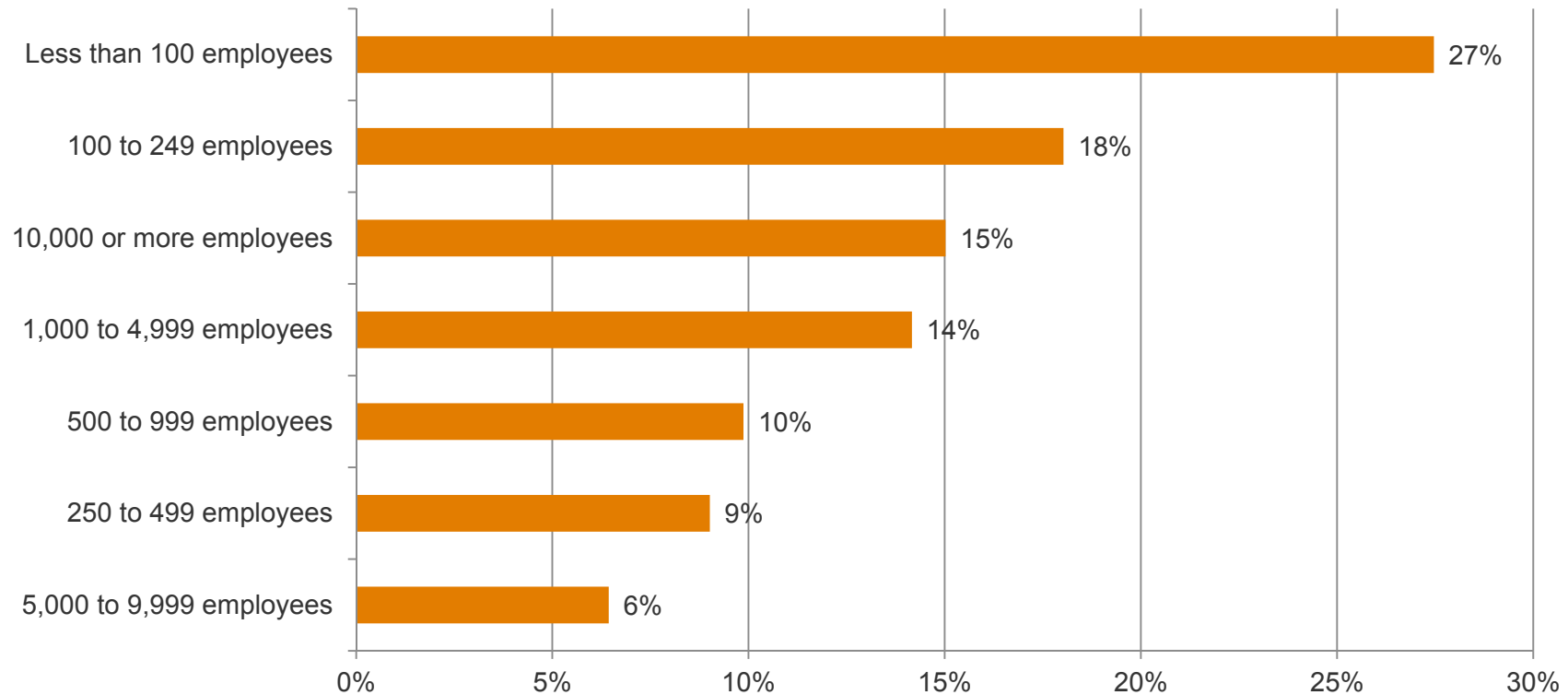
No
21%

Yes
79%
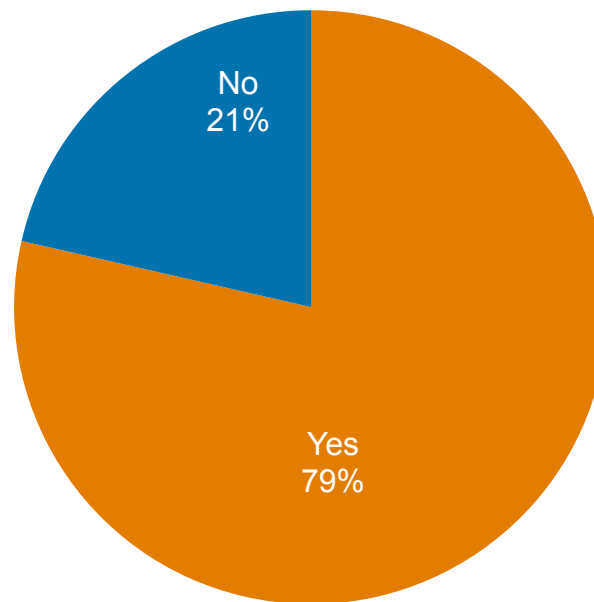
N=224

Common client company sizes

What is the most common size of client business that you target or cater to?

- Just shy of half (45%) are selling to firms with less than 249 employees but the channel is represented at every level of the market with 7% selling into the very top end of the enterprise space
- Confirms that the channel sweet spot really is the SME market up to around the 250 seat mark

Company size	Percentage
Less than 100 employees	27%
100 to 249 employees	18%
10,000 or more employees	15%
1,000 to 4,999 employees	14%
500 to 999 employees	10%
250 to 499 employees	9%
5,000 to 9,999 employees	6%

N=233

Revenue definitions

Where does your revenue come from?

- More than 50% of the revenue is coming from a mix of consulting and services
- Product sales now account for less than a third of the income for resellers
- A good mix of revenue sources indicates that the channel is positioning itself well for a world where the customer is looking for a solution combining products, services and pre and post sales consultancy
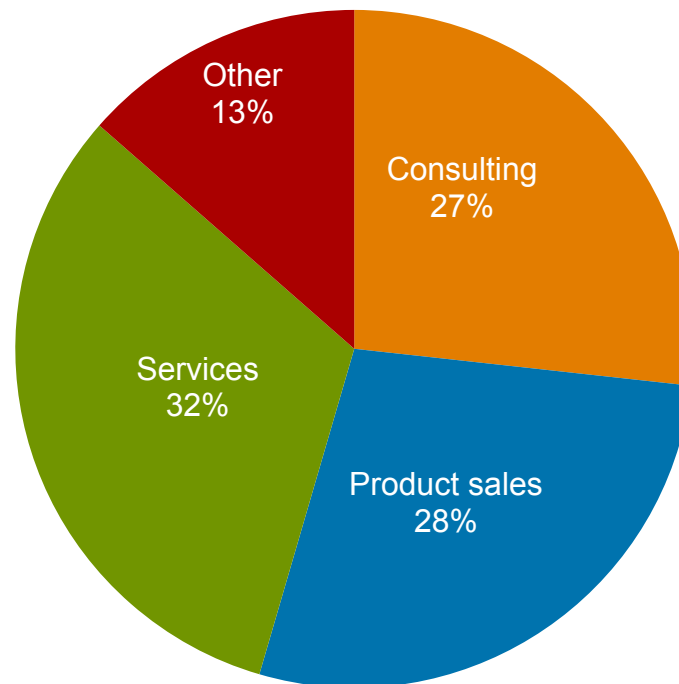

N=233

Top verticals Europe Channel sells to

Which verticals do you sell to?

- The financial sector is by far the most popular with the channel with 52% selling into that sector closely followed the 45% selling into the communications/telecom sector
- Despite the high profile public sector cuts 42% of respondents are continuing to sell into government although education has been hit and is down at around 18%

N=67
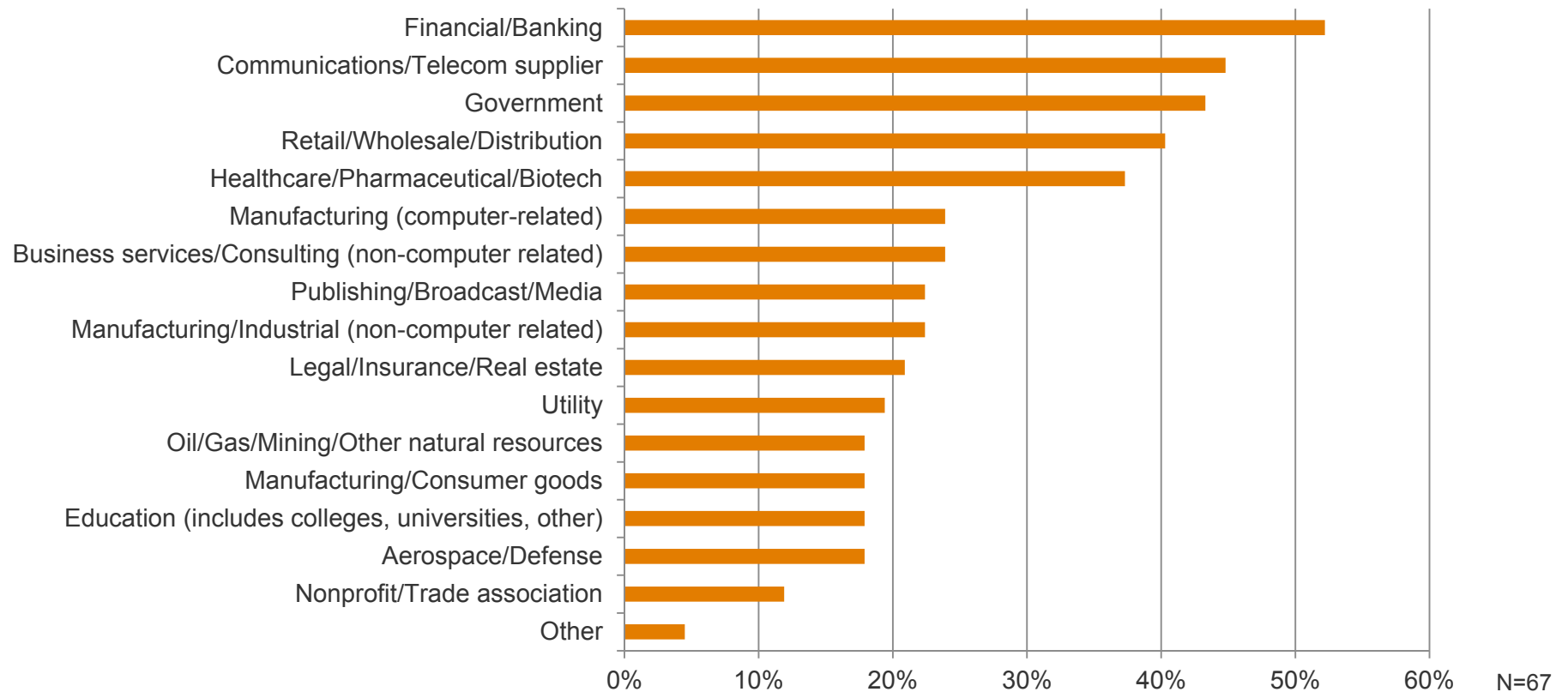
Product information most difficult to find

Considering your information needs, what do you need the most but have trouble finding?

- Finding end user prospects continues to be a problem for the channel along with getting information about customer purchasing trends, best practice and case studies involving the SMB sector

Customer purchasing trends Expert advice specific market practice in foreign regions

Clear pricing information Case studies involving the SMB sector

'Real World' solutions Finding end user prospects New good solutions

Vendor flexibility Best practices State-of-the-art technologies analytical specifications

New customers support model information Plain, simple technical documentation

Price comparisons forward strategy Technology Updates Reliable marketing data

Accurate information and statistics on the latest trends real life experience

Top challenges faced by EU channel professionals
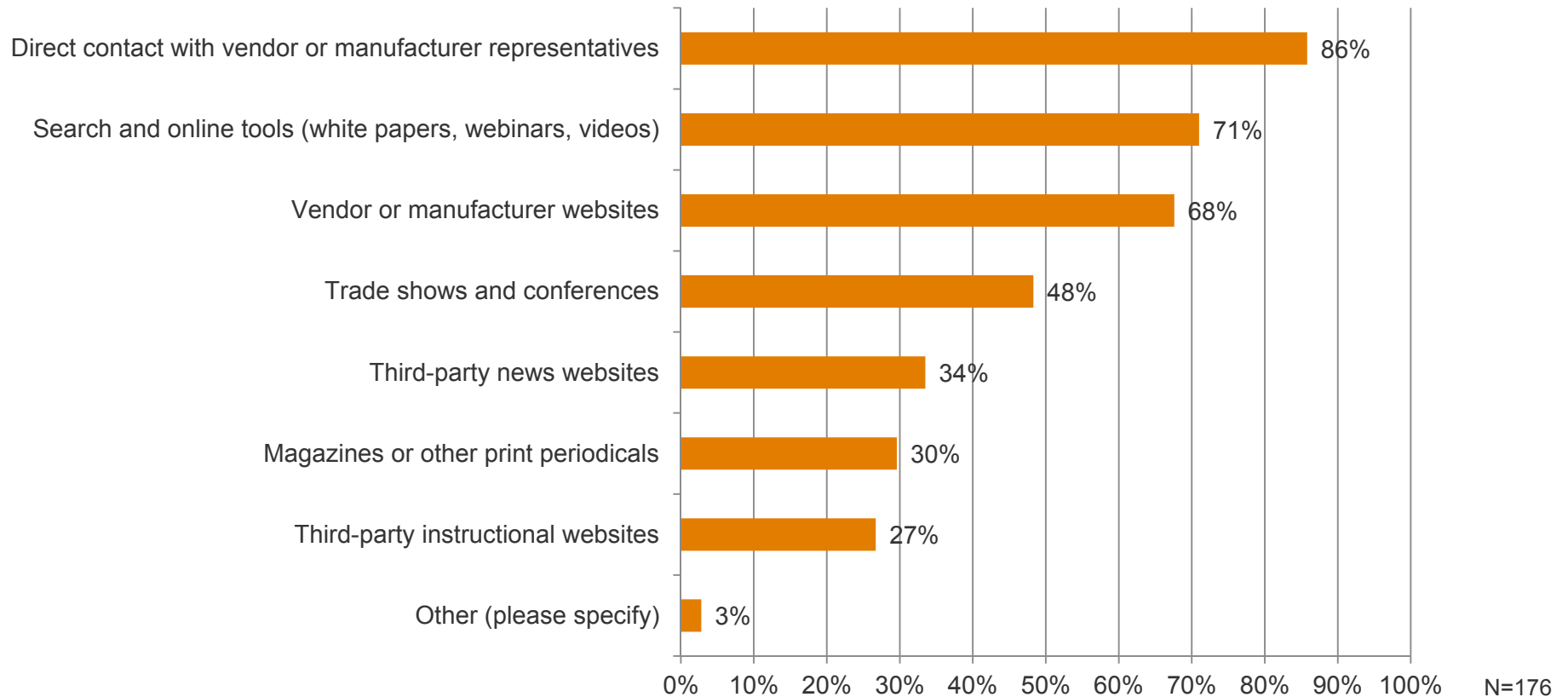
Top 10 challenges faced as a channel professional.

- The top challenge facing channel professionals continues to be the impact of the economy with 34% blaming that for reduced client spending
- Winning new business as well as keeping customers are also other top concerns along with trying to maintain margins

Challenge	Percentage
Impact of the current economy on client spending	34%
Winning new business	30%
Maintaining margins	22%
Keeping customers	18%
Interoperability with existing products or services	18%
Recruiting skilled professionals	17%
Learning new technologies	16%
Ensuring ease of integration with existing products/technology	15%
Complexity of products	14%
Establishing clear/meaningful reporting or integration with systems management	13%

N=175

Research methodology for EU channel professionals

How do you conduct research into new products and solutions for clients? (Select all responses that apply)
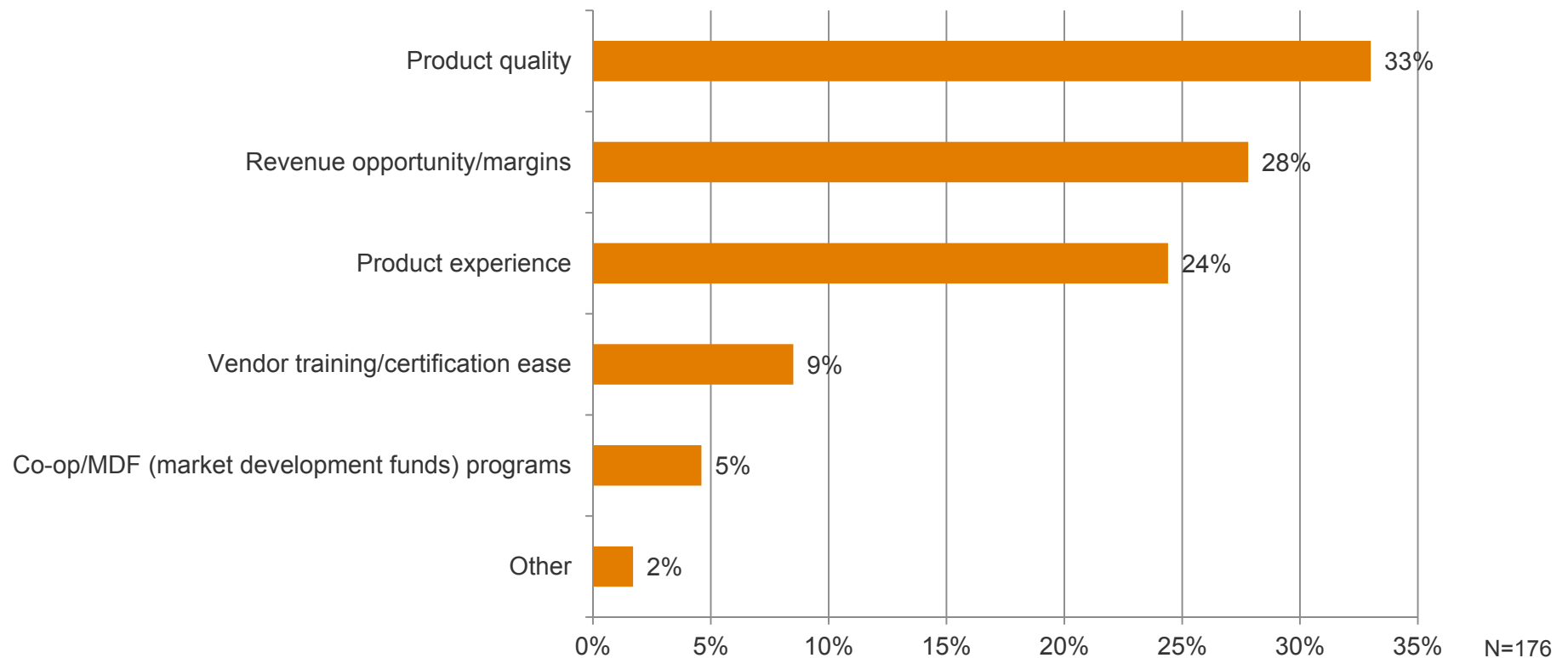
- Vendors are key to providing information with 86% of channel professionals across the EU looking for direction from their account managers as well as 68% browsing vendor websites as part of their research

Chart: How do you conduct research into new products and solutions for clients?

Research method	Percentage
Direct contact with vendor or manufacturer representatives	86%
Search and online tools (white papers, webinars, videos)	71%
Vendor or manufacturer websites	68%
Trade shows and conferences	48%
Third-party news websites	34%
Magazines or other print periodicals	30%
Third-party instructional websites	27%
Other (please specify)	3%

N=176

Product quality most important part of vendor partner programmes

What do you find to be the most important part of your choice to participate in a vendor partner programme?

- Product quality is the most important deliverable from vendors for channel professionals with a third (33%) placing that above revenue opportunities as a reason to participate in partner programmes

Product quality — 33%
Revenue opportunity/margins — 28%
Product experience — 24%
Vendor training/certification ease — 9%
Co-op/MDF (market development funds) programs — 5%
Other — 2%

0% 5% 10% 15% 20% 25% 30% 35%

N=176

Outside services and maintenance to lead spending increases

Where do you expect the biggest spending increases/reductions for 2013 IT client budgets? (Select up to three responses)

- Customer confidence might be returning with client budgets on staffing (58%) and hardware purchases (59%) increasing in the next year
- Pressure is going to come on outside services and maintenance with those budgets expected to decline by 51% and 37% respectively
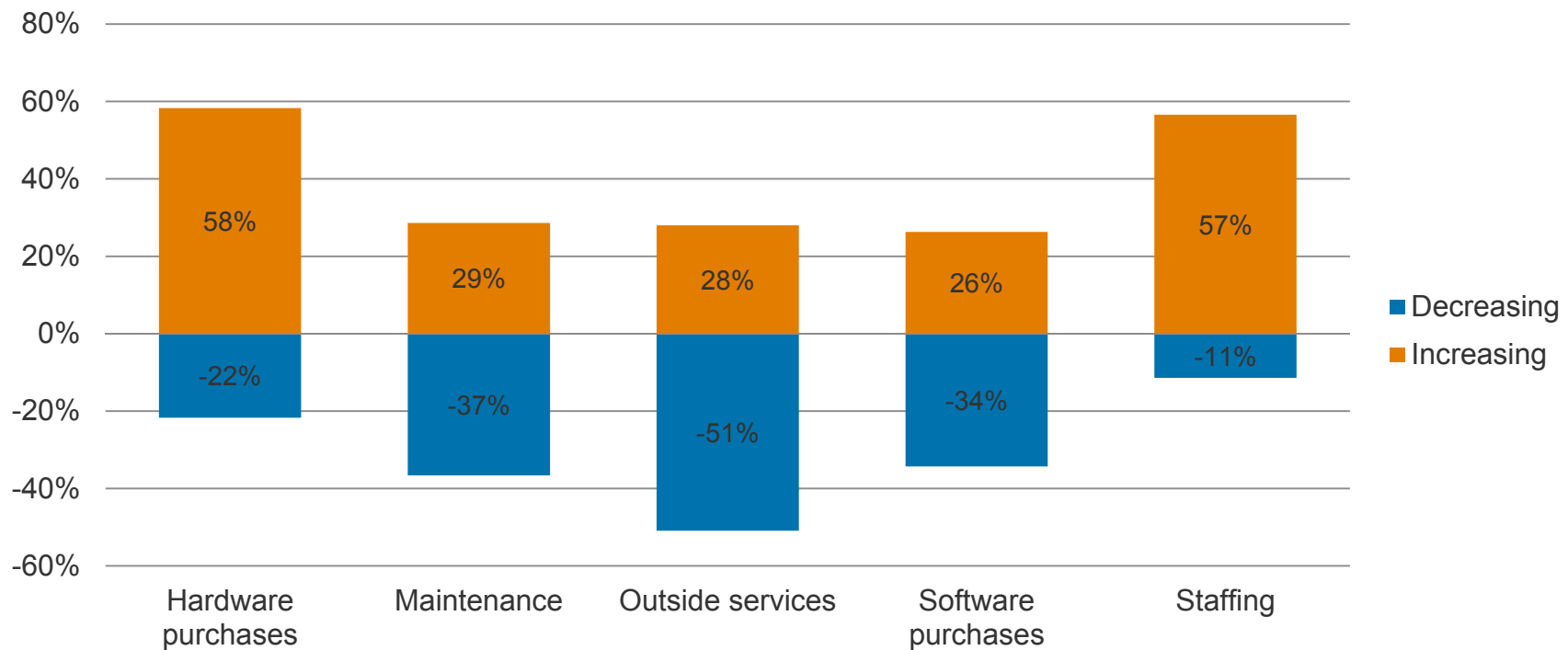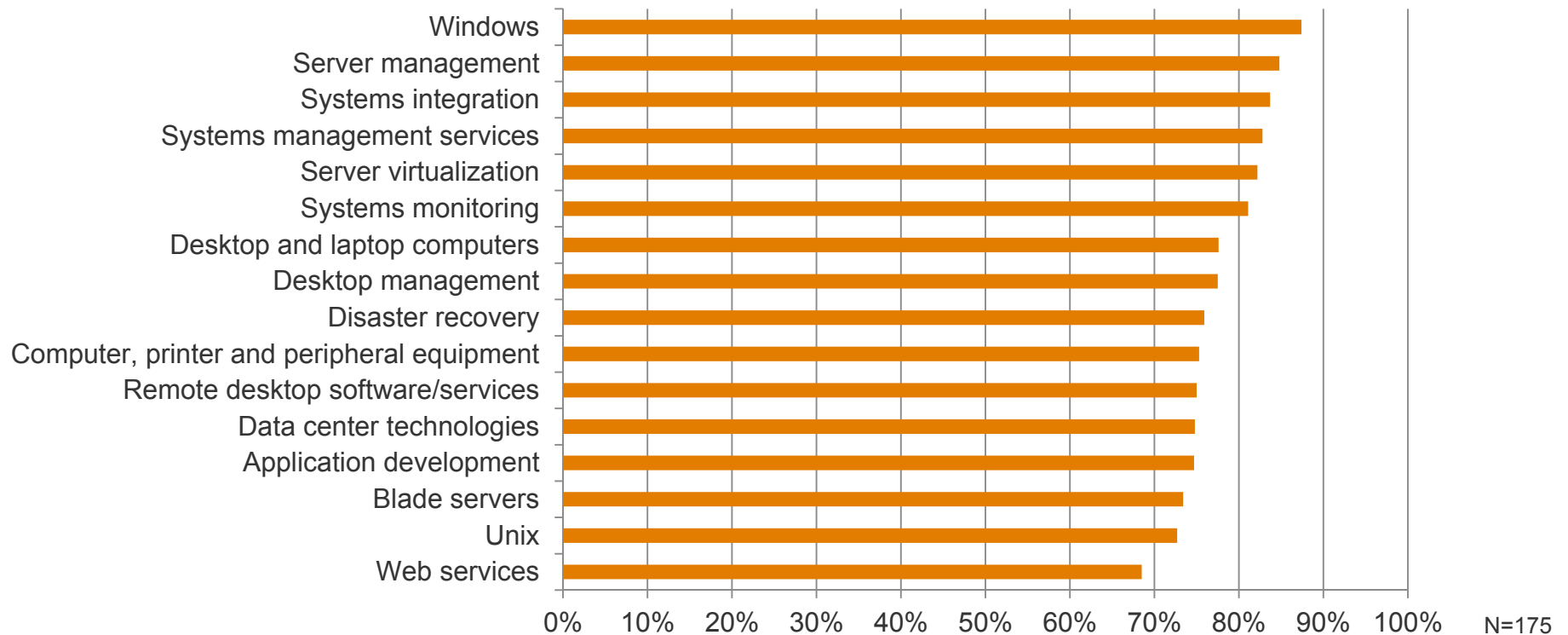

N=175

Top systems products/services currently provided

I currently provide these systems products/services to customers (top answers shown)

- Resellers are providing a wide range of services with Windows not far off being a universal feature of the market with 88% delivering that software
- There are plenty of channel players delivering system support and server management. At the other end of the spectrum web services are the least popular with 68% of EU channel professionals providing those services

N=175

Systems products/services of most importance in the next year

I expect these systems products/services to be the most important to me over the next 12 months (top answers shown)

- The channel expects cloud computing to expand in the year with 46% of the market braced for growth in that area.
- Other growth areas include open source server management and enterprise application integration and the green debate is re-emerging as something the channel needs to talk about

Cloud computing (IaaS, or Infrastructure as a Service;...
Open source server management
Enterprise application integration (EAI)
"Green," or energy-efficient, computing
Mobile devices/endpoints
Business process management (BPM)
Other
Next-generation processors
Business intelligence
Mac OS
Desktop virtualization
Data warehousing
Enterprise resource planning (ERP)
Data center technologies
Disaster recovery

0% 5% 10% 15% 20% 25% 30% 35% 40% 45% 50%

N=175

Top storage products/services currently provided

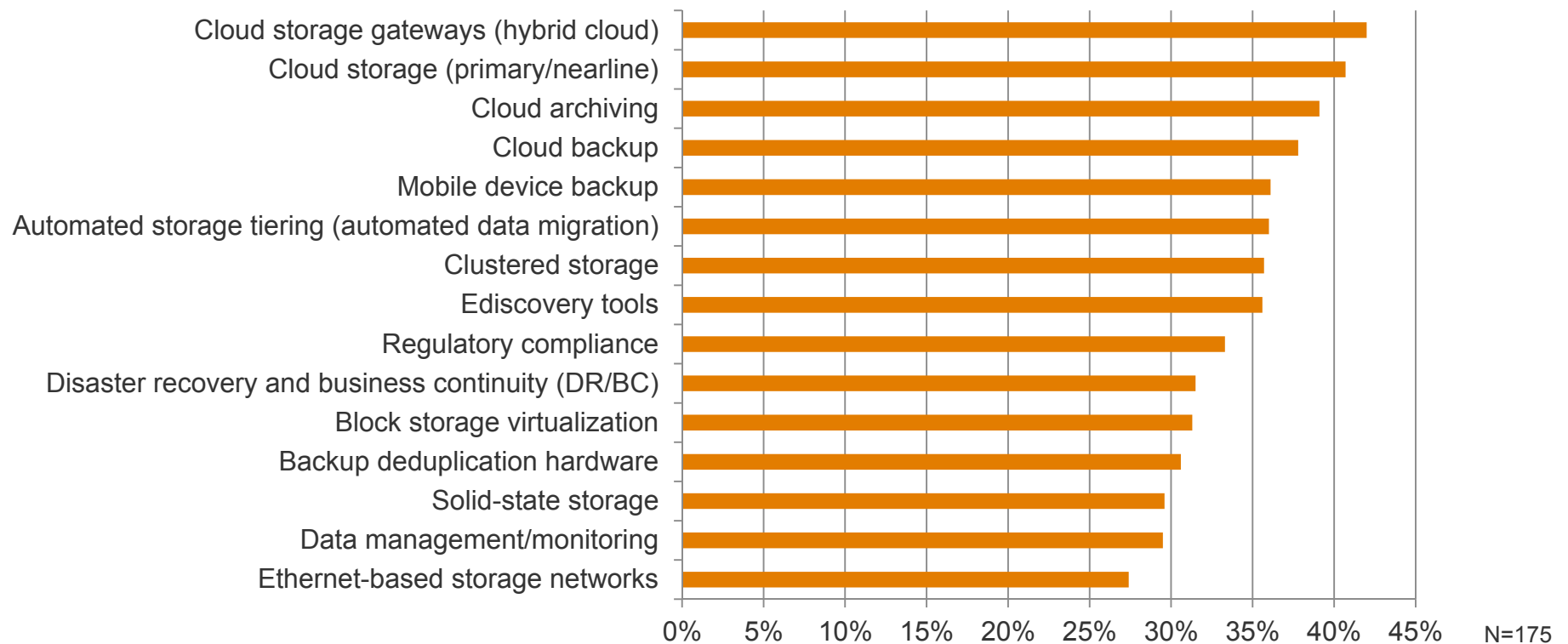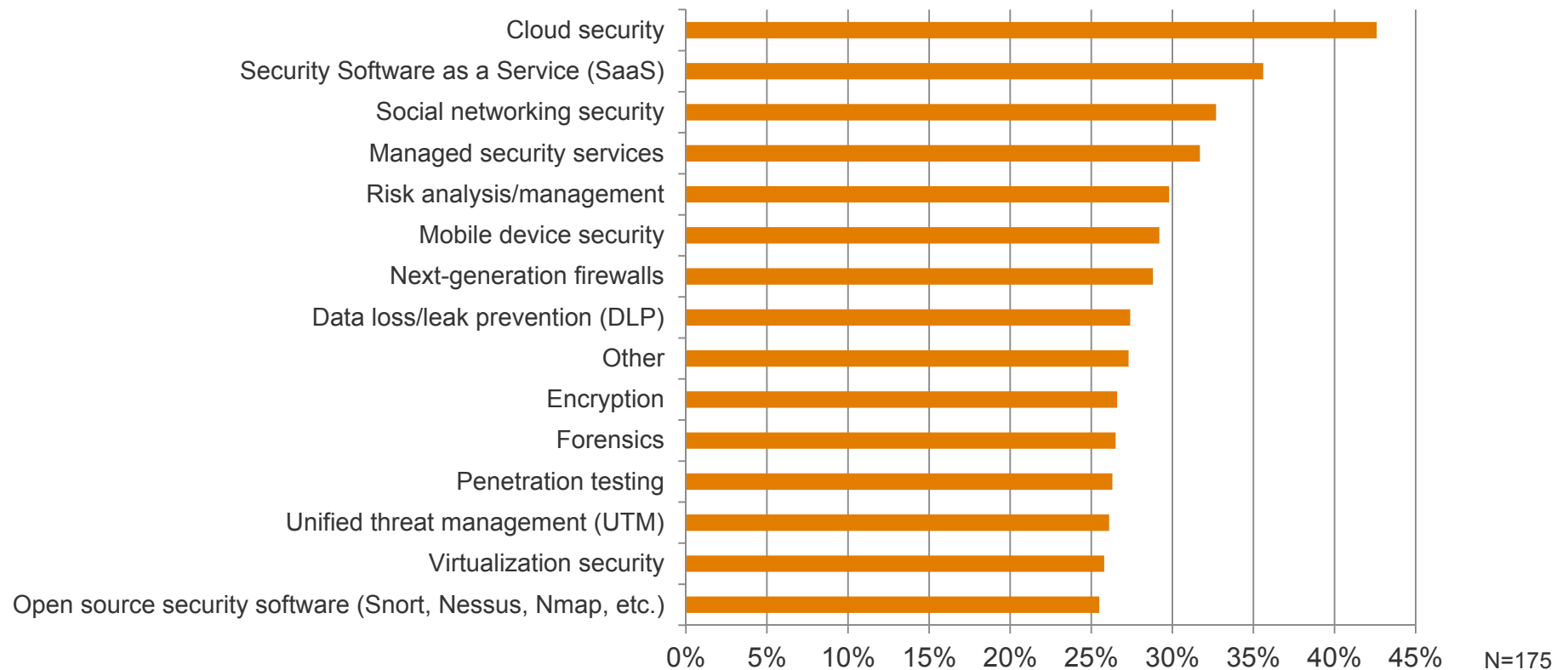**I currently provide these storage products/services to customers (top answers shown)**

- NAS storage continues to dominate the market with 82% of those channel professionals offering storage delivering that product set
- Other areas in the storage market are data migration and backup software with tape showing its resilience with 80% of the channel still supporting that technology.

N=175
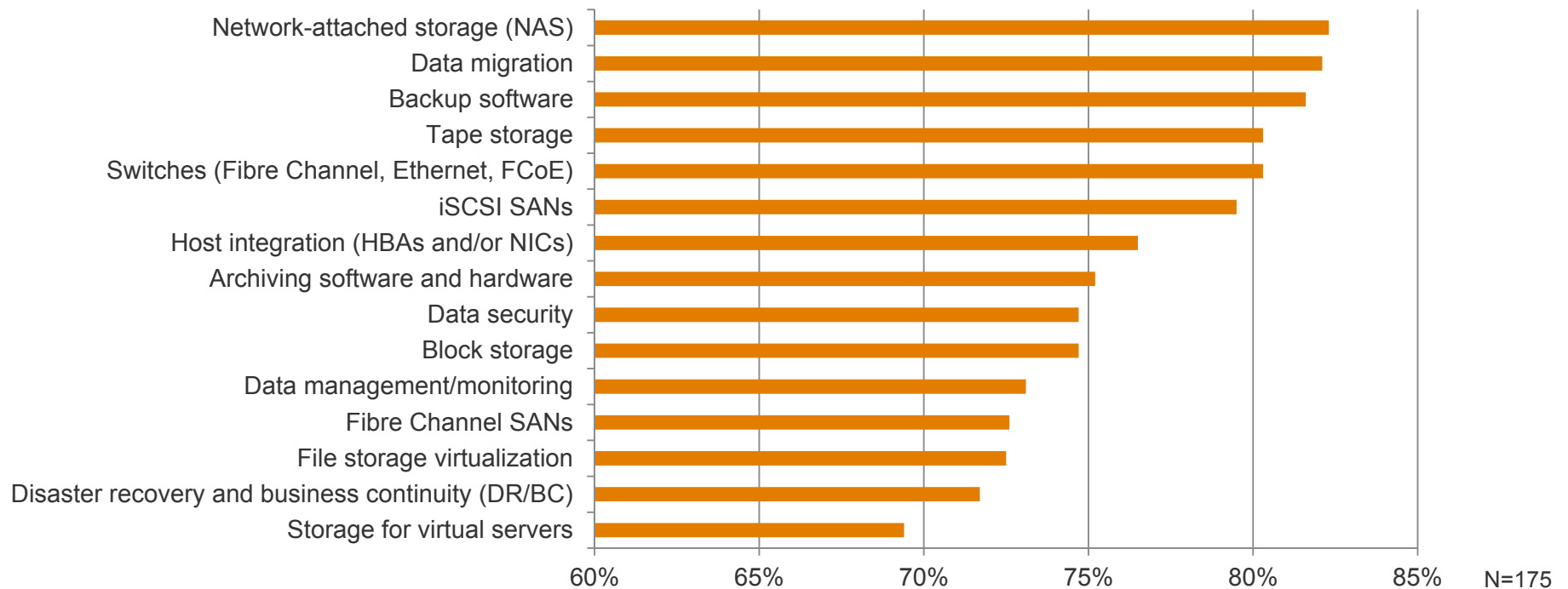
Storage products/services of most importance in the next year

I expect these storage products/services to be important to me over the next 12 months (top answers shown)

- The cloud is dominating the storage landscape with cloud storage, archiving and backup all expected to grow in the next twelve months
- There is also an expectation of a growth in demand for mobile device backup and automated storage tiering

N=175

Top security products/services currently provided

I currently provide these security products/services to customers (top answers shown)

- Firewalls continue to be the bread and butter for the security market with 84% of resellers operating in that market selling them
- There are also many specialising in delivering operating system security and endpoint security
- Regulatory compliance is more of an enterprise issue and perhaps that explains why it is fairly low on the list of services offered

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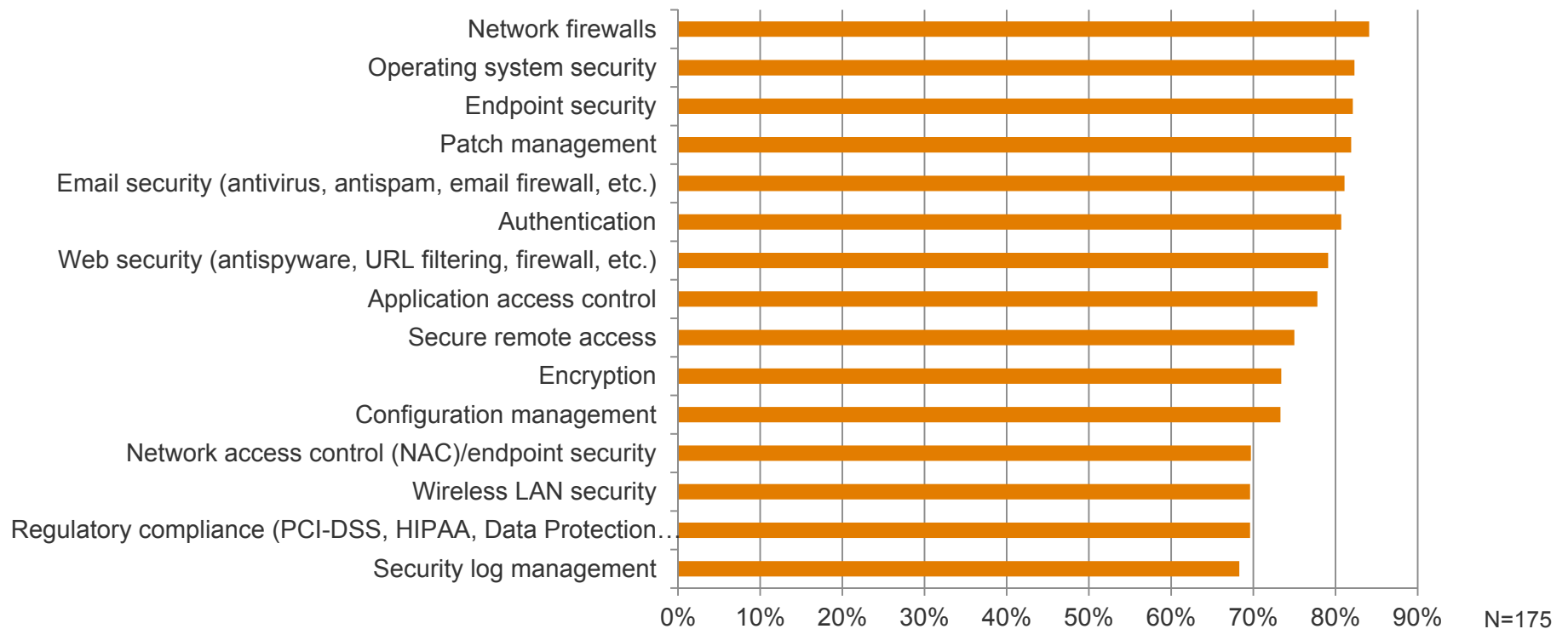
Security products/services of most importance in the next year

I expect these security products/services to be important to me over the next 12 months (top answers shown)

- The cloud also dominates the security world with those selling security expecting cloud security, Security as a Service and social networking security all to become more important in the next year.
- There should also be a growth in managed security services as well as providing risk analysis and mobile device security

N=175

Top networking products/services currently provided

I currently provide these networking products/services to customers (top answers shown)

- Traditional networking products and services dominate the current market landscape with installation, infrastructure and management the top three products being currently offered in the channel
- The pressure on budgets has led to network redesign and upgrades being less popular a service with the channel

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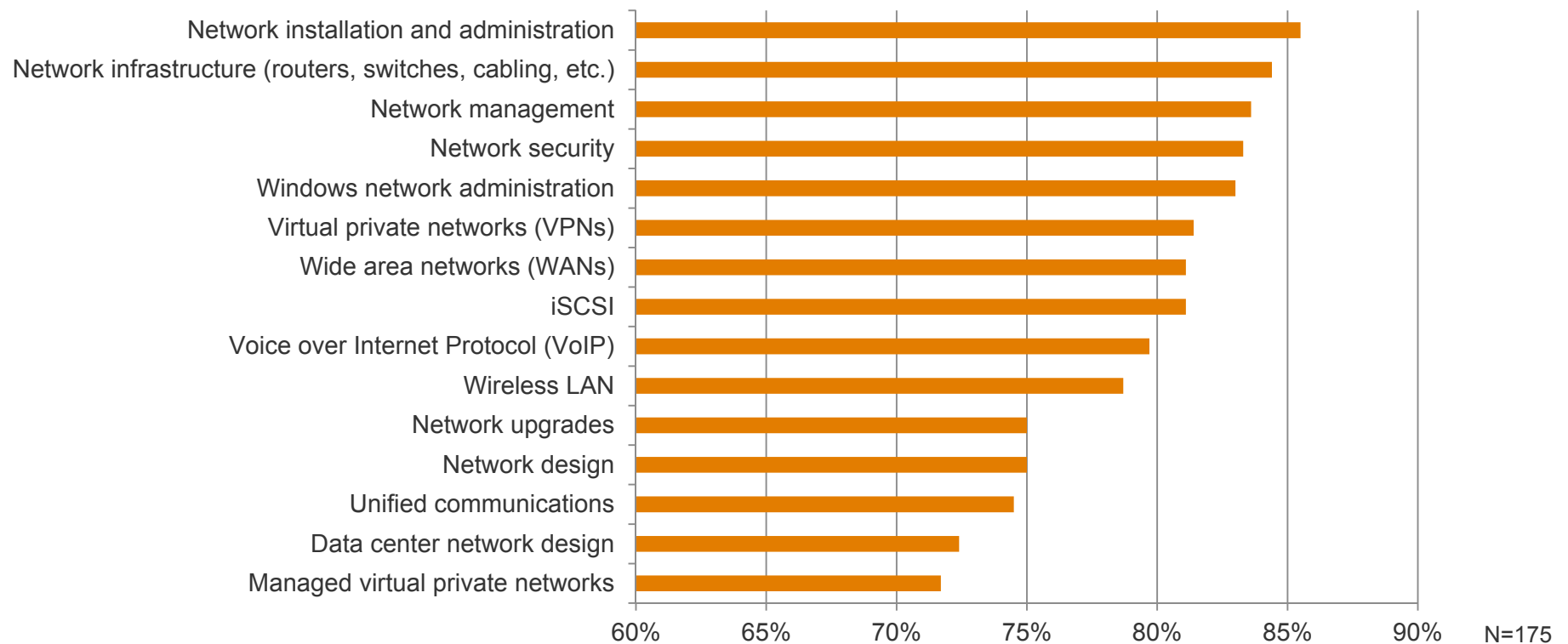
Networking products/services of most importance in the next year

I expect these networking products/services to be important to me over the next 12 months (top answers shown)

- 40 Gigabit Ethernet is set to be the growth area for the channel tipped by 45% to be the major growth area in the next year
- Cloud is also having an impact in this market with infrastructure as a service, building and selling a public cloud and hybrid cloud all looking set for expansion
- There is also going to be growth in helping manage and build a mobile device network

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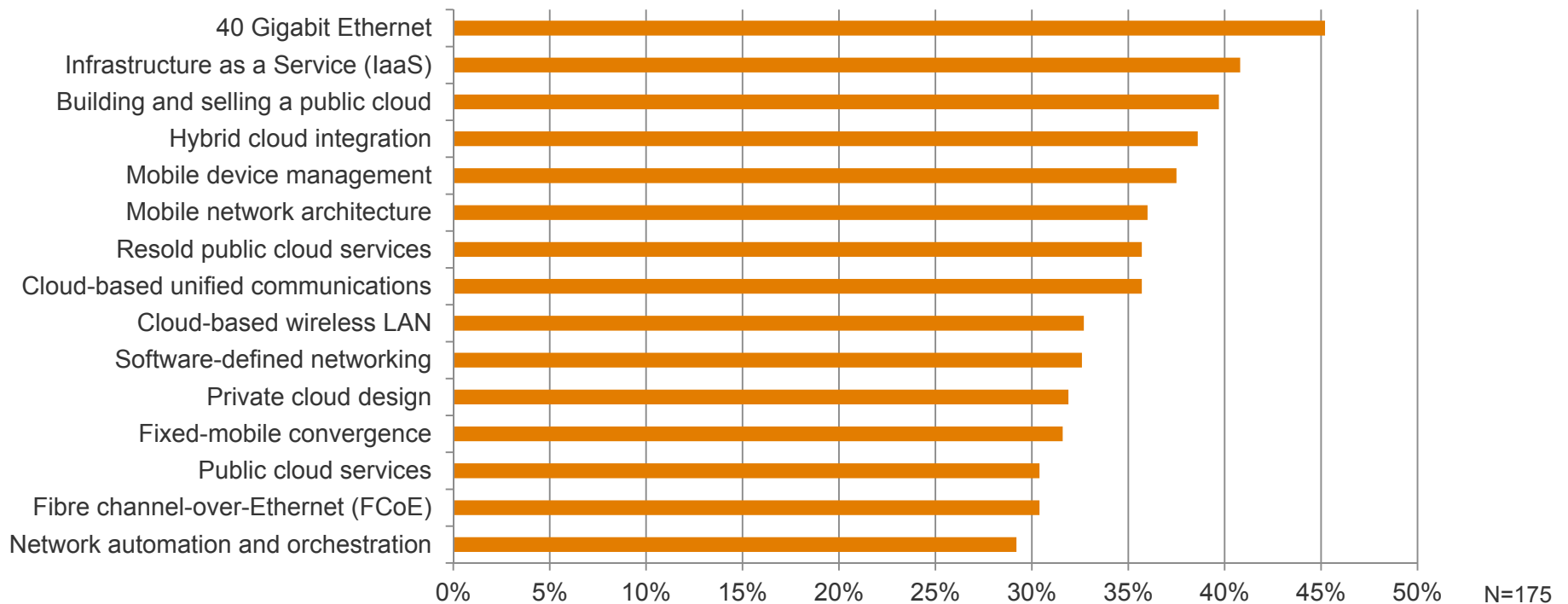
Peripheral products/services of most importance in the next year

I expect these peripherals products/services to be important to me over the next 12 months (top answers shown)

- Barcode and RFID scanners are where those selling peripherals are currently focusing the most along with digital video and POS/mobility products
- Multifunction printers and document scanners are more popular with the channel than more traditional printer products

N=175
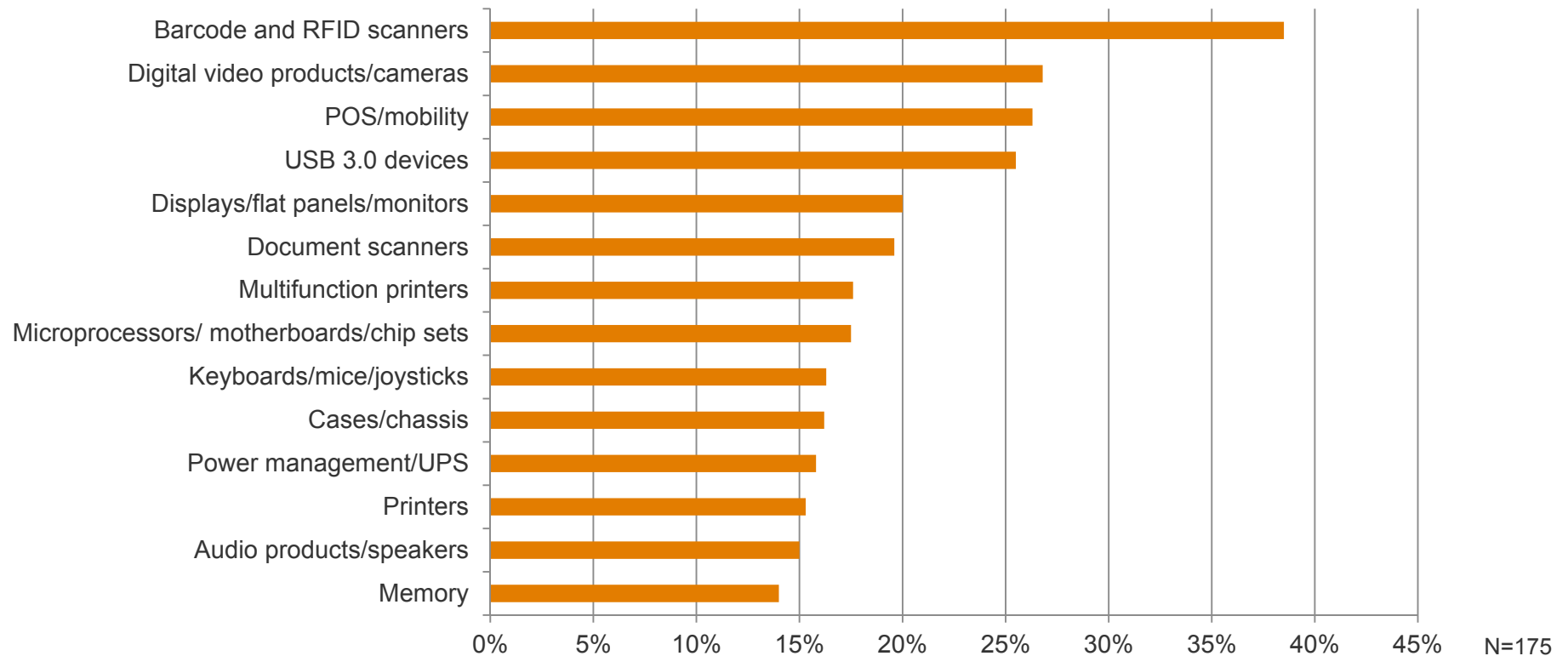
Top peripheral products/services currently provided

I currently provide these peripherals products/services to customers (top answers shown)

- With the pressure on energy costs rising the channel is expecting demand for power management/UPS to rise in the next year
- There is also a turnaround in the fortunes of printers and memory as they climb back to the top of the tables with customers looking to refresh printer fleets and upgrade existing machines with more memory
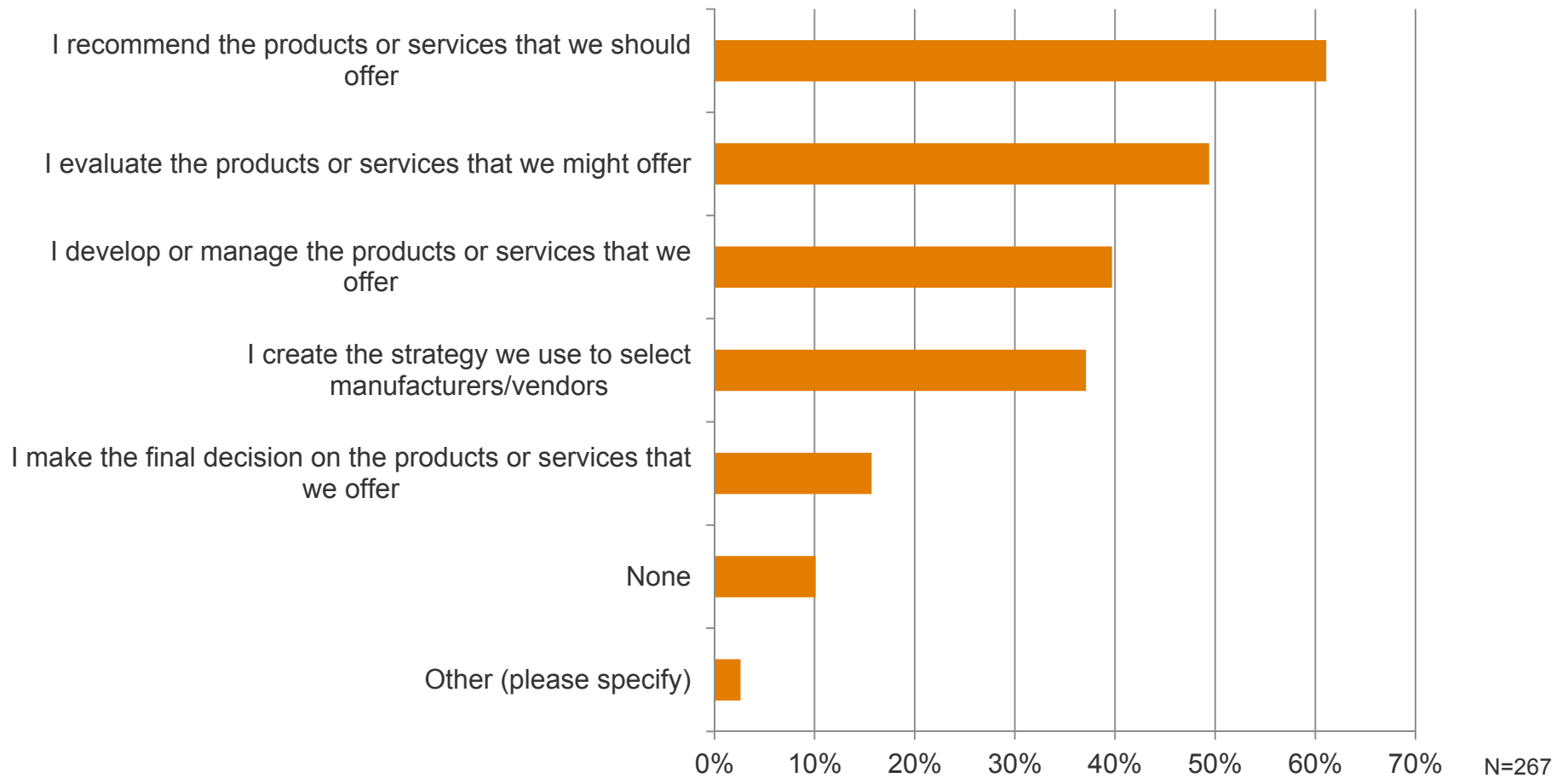

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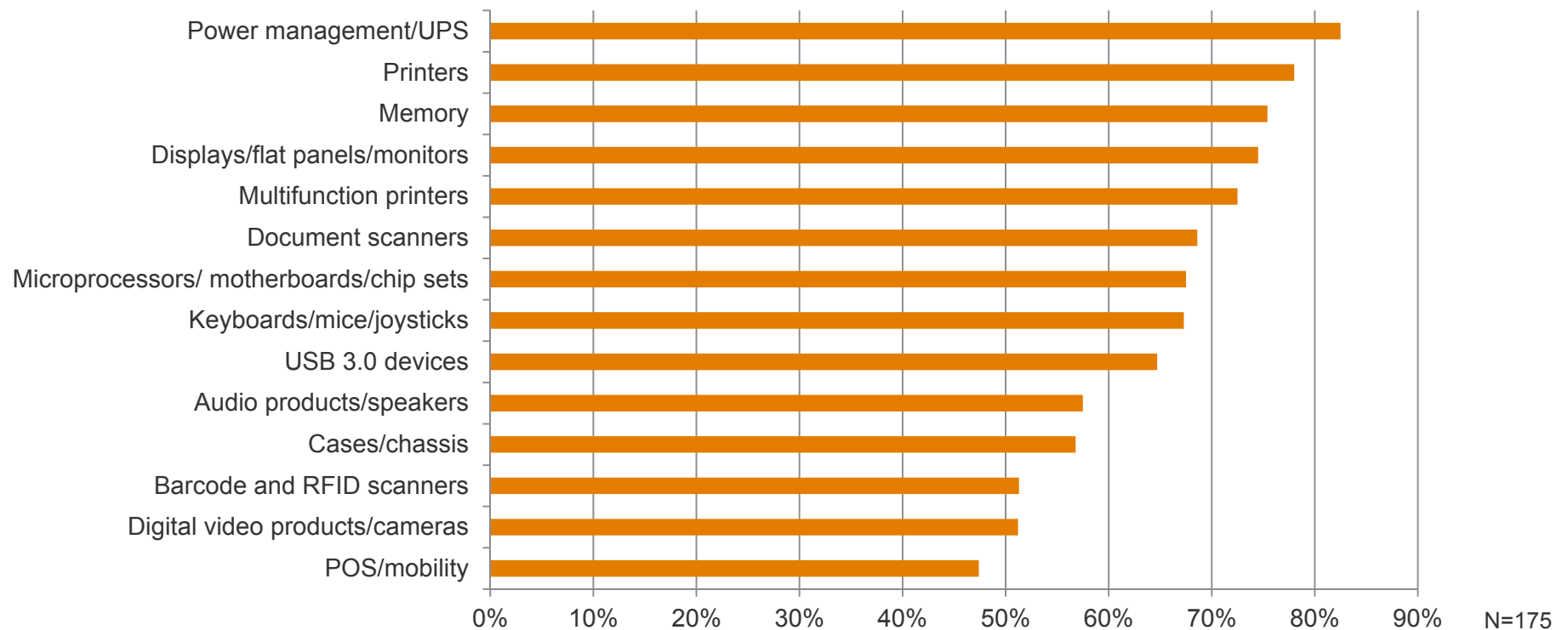
Respondent profile

Job title

Select the job title that most closely matches yours.
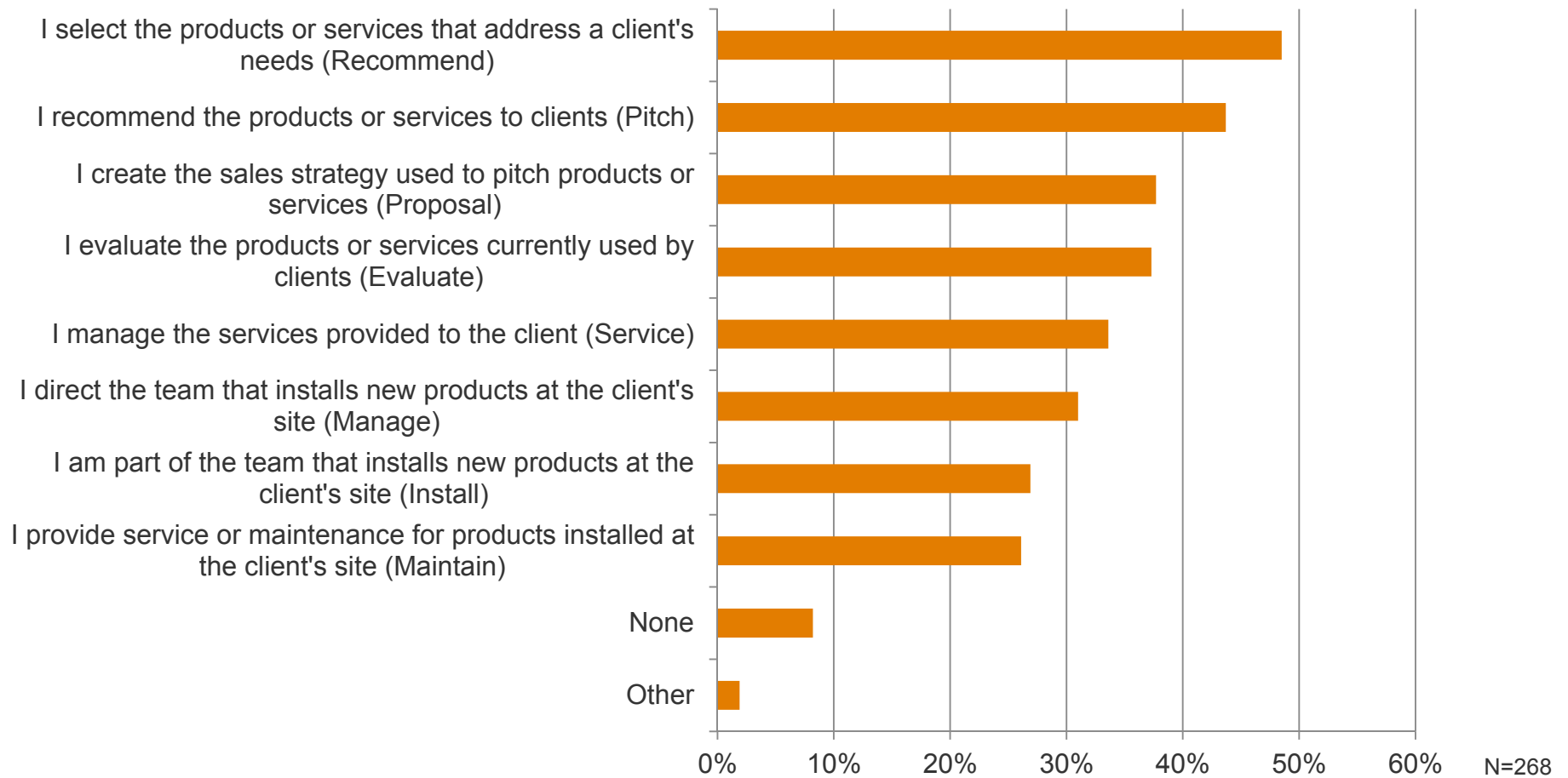

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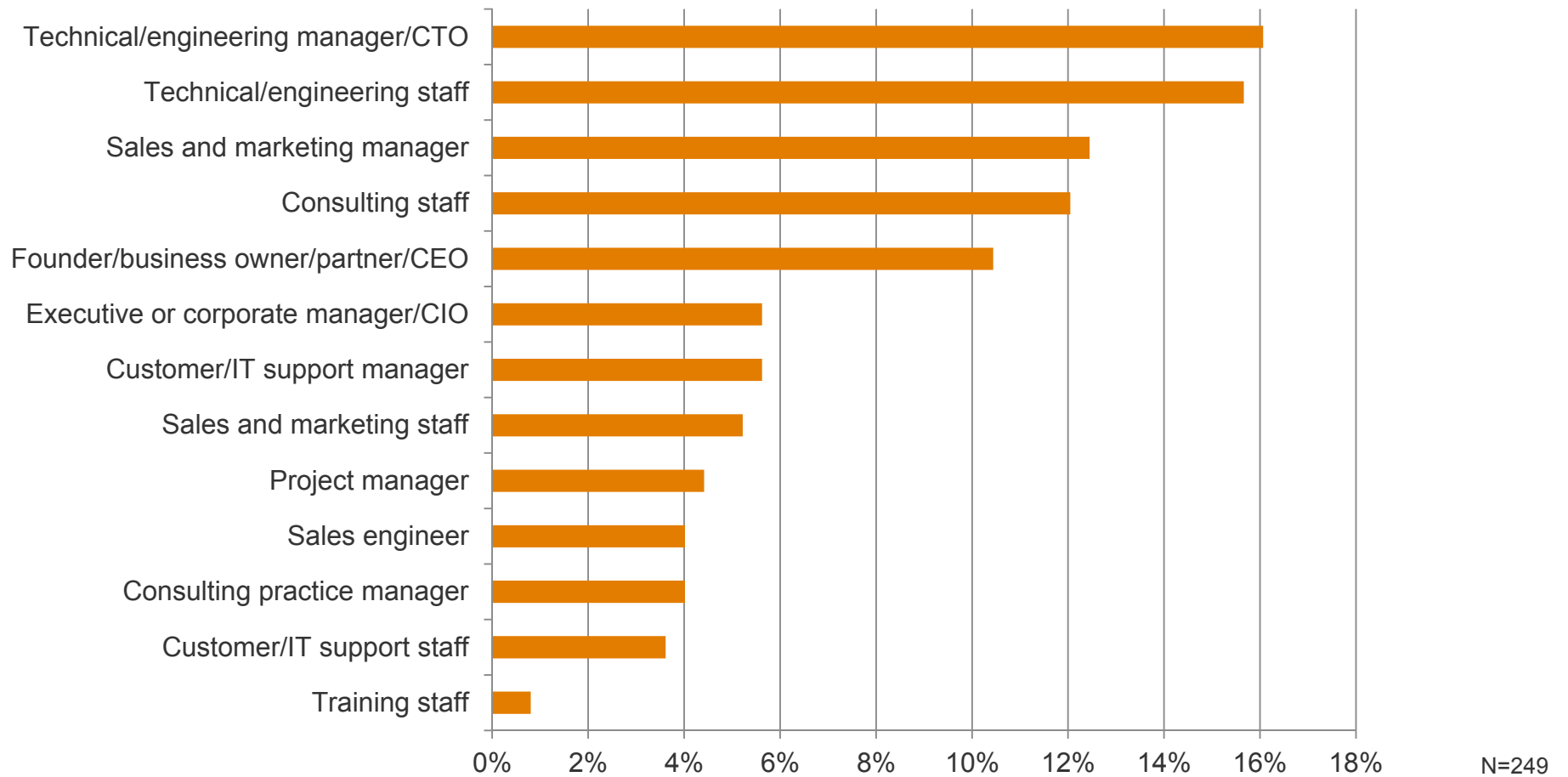
Involvement in adding products/services to their organisation's line of cards

What is your involvement in adding products or services to your organisation's line card for clients? (Select all responses that apply)

Involvement in client recommendations

What is your involvement in recommending products or services to your company's clients? (Select all responses that apply)

N=268

Annual revenue

What is the total annual revenue of your organisation?

Category	Percentage
Less than £10 million	~44%
£25 million to £49.9 million	~11%
£10 million to £24.9 million	~11%
£10 billion or more	~7.5%
£50 million to £99.9 million	~6%
£5 billion to £9.9 billion	~5%
£2 billion to £4.9 billion	~5%
£100 million to £499.9 million	~5%
£1 billion to £1.9 billion	~4%
£500 million to £999.9 million	0%

N=79