CHANNEL TRENDS

ΛGILITAS

PARTNER
CHOICES

The blurred lines between suppliers

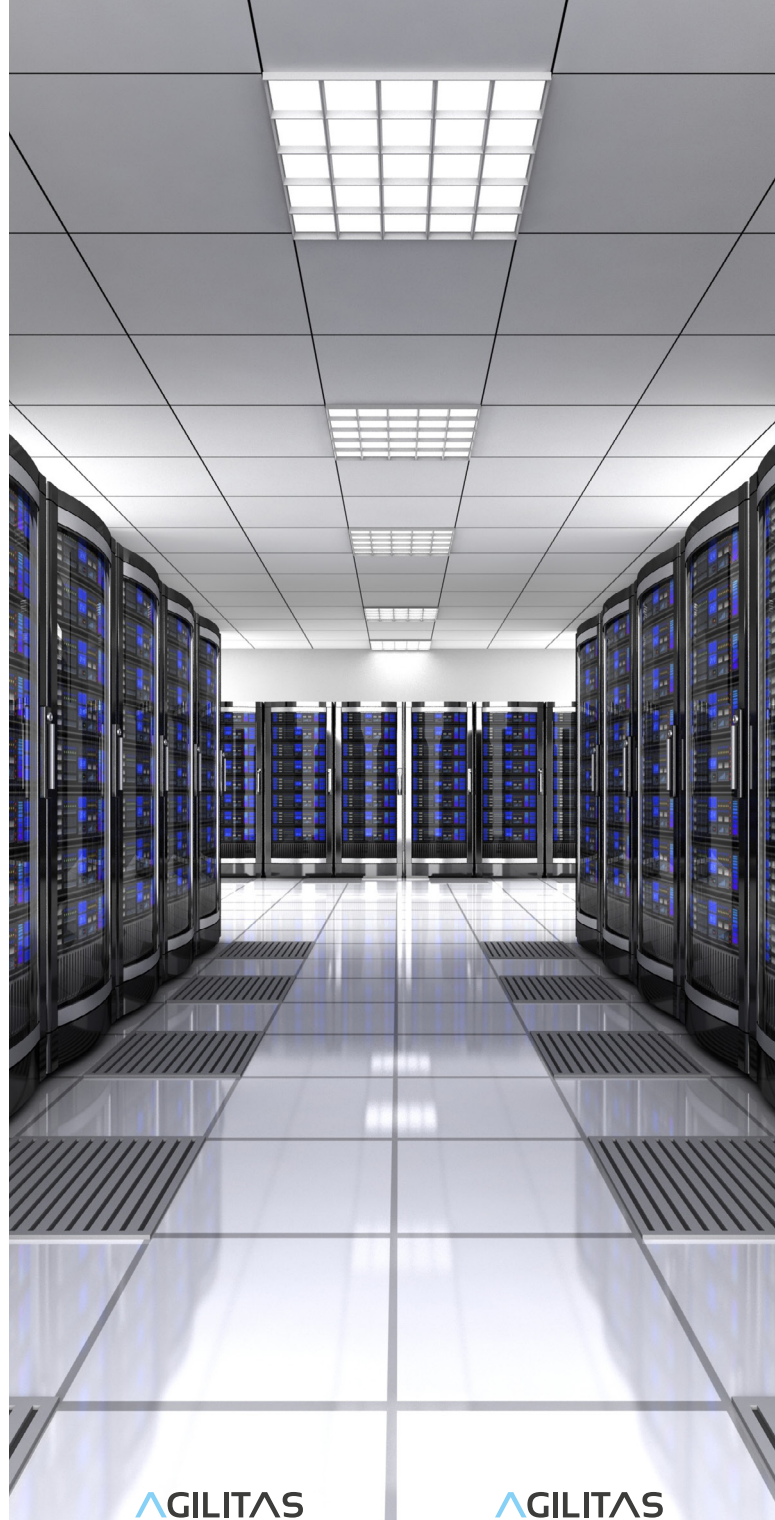Follow us:

BLURRED LINES
BETWEEN SUPPLIERS

Helen Boggs

Head of Marketing

"I recently attended a customer meeting with a couple of colleagues and after a brief discussion about the current projects, the conversation quickly progressed to future opportunities. There were further services that Agilitas could offer that would accelerate our customers' service offering plan, and reciprocally our customer was able to present services that Agilitas could take advantage of which enabled both efficiency and cost savings that we could apply to our customer base.

This is just one example of how the lines between suppliers, customers and competitors have blurred. For businesses in the Technology Channel looking to maximise opportunities, their relationships have evolved – rather than requesting quotes from suppliers and suppliers churning out prices, companies are working together more strategically, talking more openly about their strengths and weaknesses to build effective partnerships that ultimately deliver a superior customer experience to the end user.

In our latest **Channel Trends** research of Managed Service Providers (MSPs) and Value Added Resellers (VARs), we asked what made a good partner and the factors that are important to Channel leaders when choosing a partner. Was the supply chain aligned? Were customers prioritising cost, or did other factors such as values, proven experience, and sustainability policies play an important role in the decision?

The following report delves deeper into the findings from our 2024 research, as well as shares thoughts from our employees and partners about how relationships are critical to the success of channel businesses."

The findings explored in this research report were gathered in January 2024 in partnership with the respected research firm, Censuswide. We surveyed 250 respondents working in UK-headquartered businesses with an annual turnover of over £5 million.

SELECTING A PARTNER:

WHAT'S IMPORTANT?

Channel partnerships have changed in recent years - what was once a transactional relationship with technological benefits, partners now need to provide responsiveness, flexibility and strategic enablement. With the Technology Channel largely transitioning to a service-based industry, the potential benefits of these partnerships depend on who businesses choose to partner with.

We asked Channel leaders to select up to three key areas that were important to their business when selecting a partner. When looking at the overall results, cost was the key factor topping the list. However, with only **35% of respondents selecting cost,** the results suggest that customers have varying requirements.

35%
prioritise cost when selecting a partner.
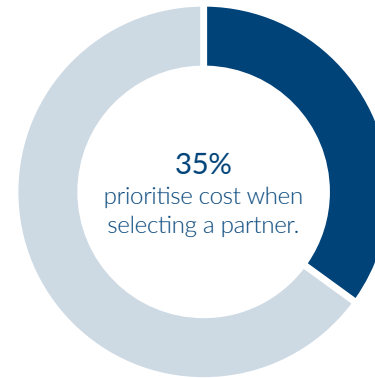
Proven experience, a shared vision for sustainability, delivering on SLAs and a personalised approach to service delivery all featured in the top five with at least a quarter of the votes each.

When looking at the differences between MSPs and VARs, interestingly, there was little difference in the factors they ranked as the most important, with cost and proven experience coming out on top. However, when considering the other factors that make up the top five for each business type, the differences become more apparent.

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For MSPs, cost and proven experience are followed by a personalised approach to service delivery, timely response, delivery and resolution, and flexible communication channels. For VARs, the other important factors were alignment on sustainability, delivering what has been promised and opportunities to collaborate on initiatives outside of the SLAs. This implies that MSPs are focused on their partner's delivery, technical and support capabilities, whereas VARs are more likely to partner with companies where there are growth opportunities.
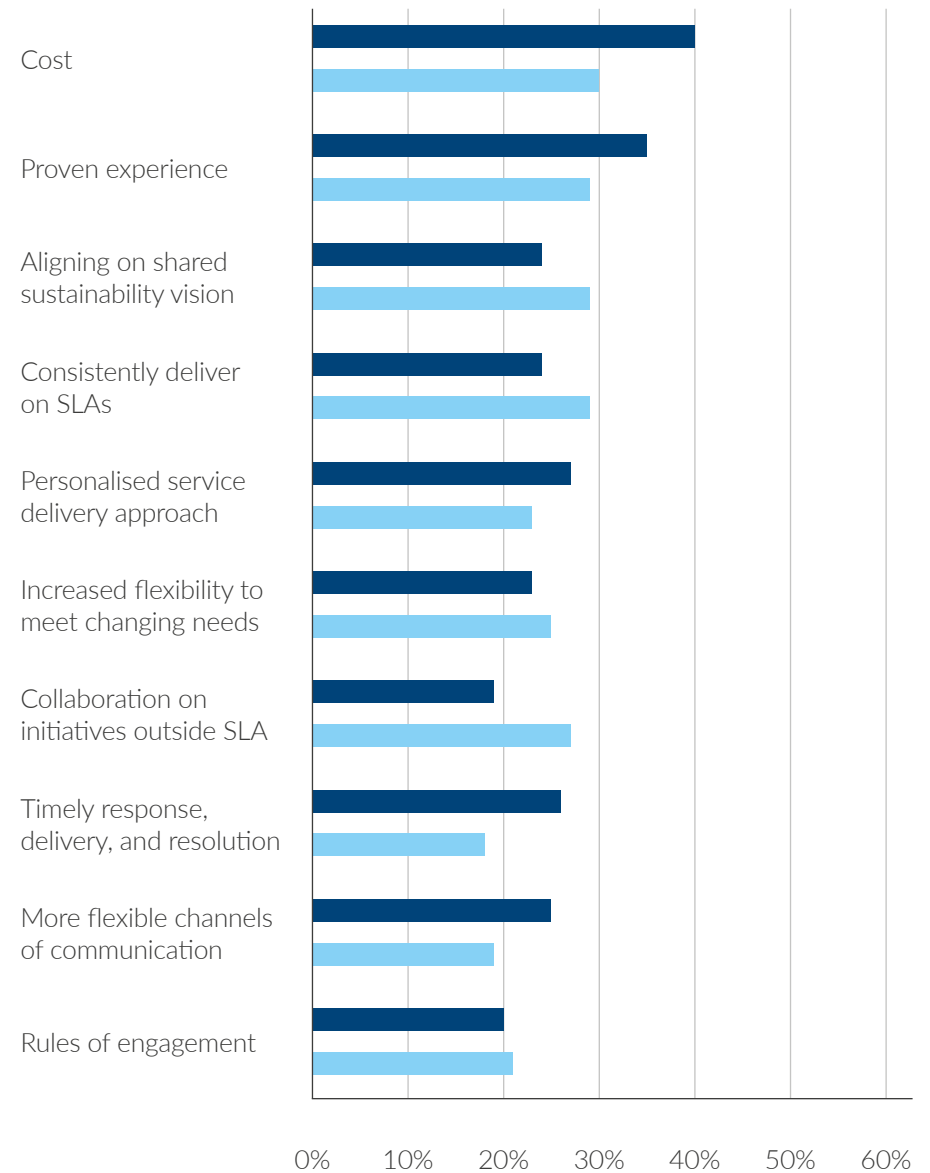
Our data also revealed that whilst 46% of small businesses ranked cost as the most important factor, this dropped to just 35% for larger organisations. Larger companies were more focused on partnering with suppliers who aligned on sustainability values, whilst mid-sized companies were keen to explore collaborative opportunities outside of service-level agreements.

The employment level also made a difference. CEOs valued proven experience over cost and directors felt that a personalised approach to service delivery was the most important, whilst junior managers were more likely to be affected by rules of engagement, with supplier decisions made further up the command chain.
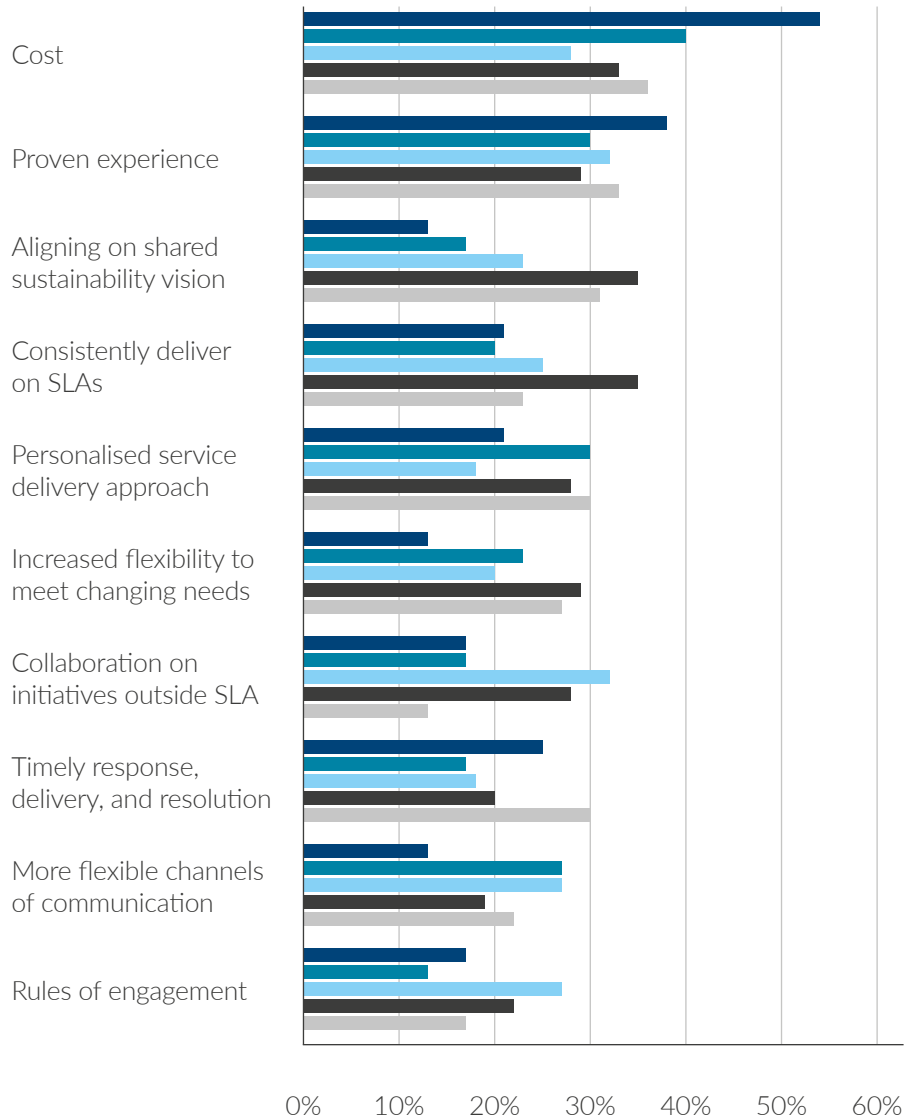
SELECTION PRIORITY BY BUSINESS TYPE:
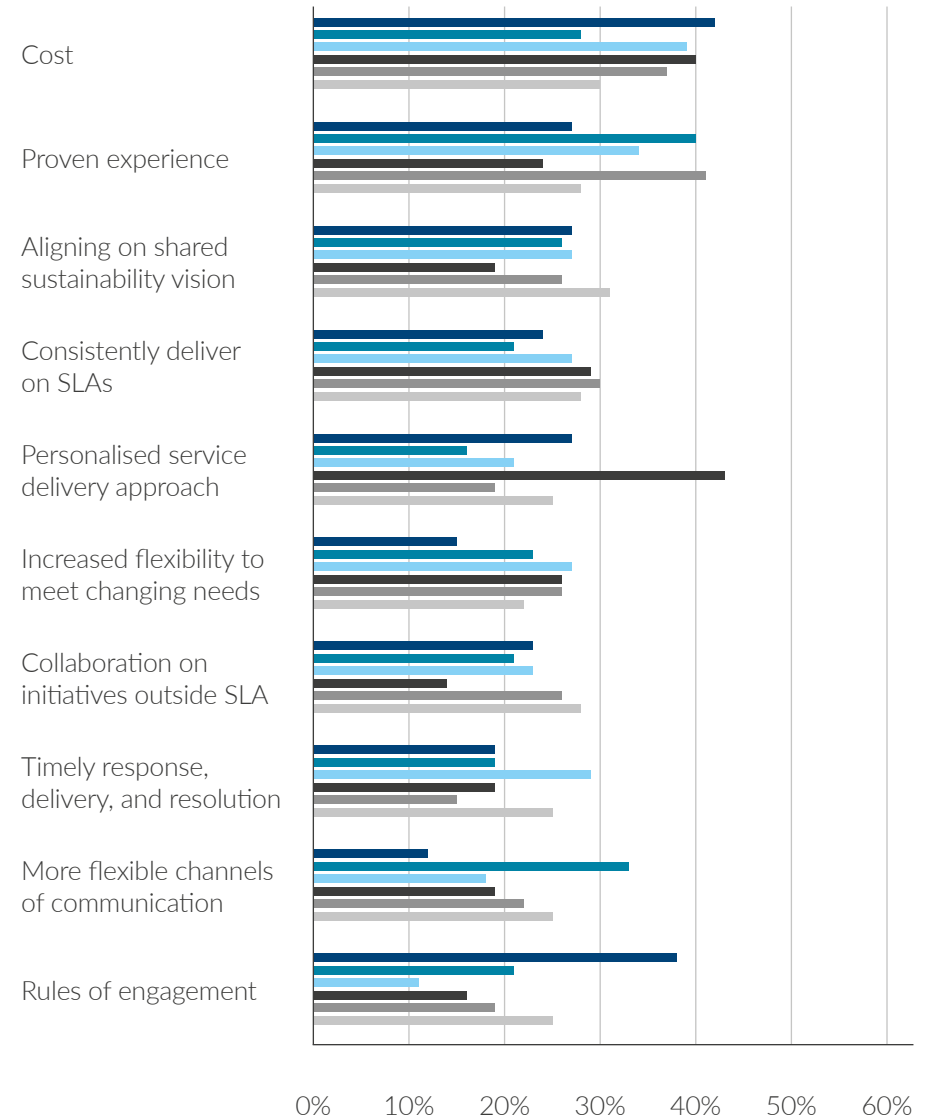
Key: ● MSP ● VAR

SELECTION PRIORITY BY BUSINESS SIZE:

Key: ● 1-49　● 50-99　● 100-249　● 250-500　● 500+

- Cost
- Proven experience
- Aligning on shared sustainability vision
- Consistently deliver on SLAs
- Personalised service delivery approach
- Increased flexibility to meet changing needs
- Collaboration on initiatives outside SLA
- Timely response, delivery, and resolution
- More flexible channels of communication
- Rules of engagement

0%　10%　20%　30%　40%　50%　60%

SELECTION PRIORITY BY EMPLOYMENT LEVEL:

Key: ● Junior Manager　● Middle Manager　● Senior Manager
　　　 ● Director　● CEO　● Business Owner

- Cost
- Proven experience
- Aligning on shared sustainability vision
- Consistently deliver on SLAs
- Personalised service delivery approach
- Increased flexibility to meet changing needs
- Collaboration on initiatives outside SLA
- Timely response, delivery, and resolution
- More flexible channels of communication
- Rules of engagement

0%　10%　20%　30%　40%　50%　60%

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WHY PARTNERSHIPS MATTER
IN THE CHANNEL

McKinsey & Company recently reported that partner ecosystems will play a major role in every aspect of the world economy, driving $80 million in annual revenue by 2030 - which is a third of the total global revenue. **Data from Forbes** shows that partnerships can lead to significantly enhanced results for the business – including boosting revenue, creating new opportunities and fuelling innovation.

In the Technology Channel, partnerships are a key component of successful operations, allowing companies to expand their market reach, strengthen their relationships with customers and increase their visibility. Our recent research identified that partnering for growth, improved customer experience and to meet sustainability objectives will become more prominent over the next 12 months.

PARTNERING
FOR SPEED
OF CHANGE

Partnering to amplify service offerings can often be the most advantageous practice in the Channel for growth and change. Companies do not always have the time or the resources available to dedicate to developing and researching new products or solutions. Therefore partnering with another company to speed this process can often be the most strategic move forward.

As major players and competitors are commonplace in the Technology Channel, whether that be a company launching a new AI solution or entering a new geographical market, partnering with experts means an organisation can bypass the research and development process and quickly adopt a combined approach.

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HERE'S WHAT WE
## HAVE TO SAY...

Sara Wilkes

Chief Operating Officer

"By partnering, organisations can leverage each other's strengths, expertise and resources which can accelerate innovation and development. This can be especially beneficial in areas where a company may lack certain capabilities or technologies.

For example, suddenly supporting a new vendor or expanding into a new market can take time and any competitors who are already in that space are going to have the experience and edge. By identifying strategic partners who can complement your existing in-house capabilities, Channel organisations can develop faster go-to-market propositions and scale their operations in line with customer demand.

Increasingly we are seeing larger, strategic opportunities, where we work more closely with the customer to jointly deliver the best outcome for the end customer. This has ranged from hardware maintenance to full warehouse outsourcing and logistics. But what it is allowing our customers to do is specialise in other areas, differentiate from the competition and go faster.

Aligning the correct people within both organisations and analysing the service to tailor our offering to each customer is key. It is a true partnership and will accelerate growth for all parties now and in the future."

44%
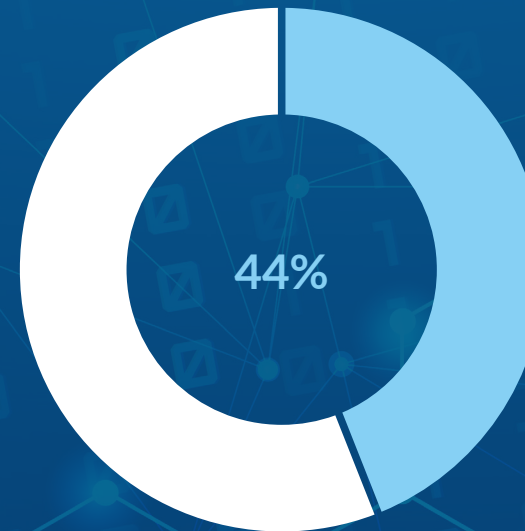
44% of businesses 'seek alliances for new ideas, insights and innovation.'

Click to view more.

94%
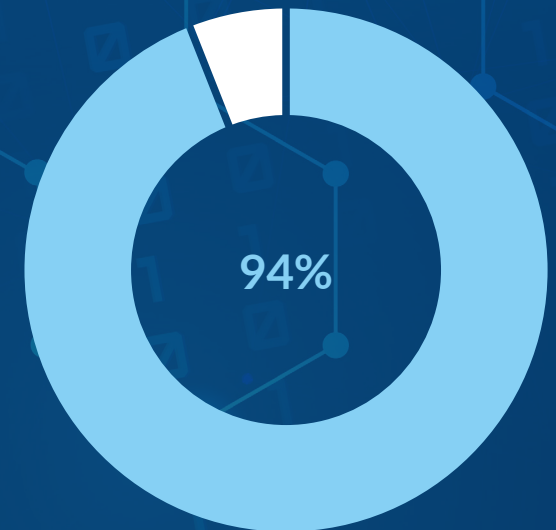
94% of businesses view innovation partnerships as necessary to their strategy.

Click to view more.

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A WORD WITH
ONE OF OUR PARTNERS

Phillip Ward

Managing Director at NodeOne

As a customer-focused Channel only IT partner, NodeOne combines years of experience delivering effective and efficient professional and managed services across the UK and Europe. Phil has worked in networking and Channel services for more than 25 years, driving new strategies and growth.

WHAT FACTORS ARE IMPORTANT TO NODEONE WHEN WORKING WITH PARTNERS?

When considering partnerships, NodeOne places a high value on several key factors.

Firstly, alignment of values and goals is crucial. We seek partners who share our commitment to innovation, quality, and customer satisfaction. Secondly, communication and transparency are vital. An open and honest dialogue ensures that both parties are on the same page and can address any challenges promptly. Thirdly, mutual benefit and growth are important along with reliability and trust which are fundamental. We aim to create partnerships that are advantageous for both parties, fostering long-term success. And finally, all aspects should be measurable to demonstrate performance, improvement and continued excellence.

HOW DO YOU SEE THE ROLE OF YOUR KEY SUPPLIERS EVOLVING OVER THE NEXT FEW YEARS?

Over the next few years, we anticipate that the role of our key suppliers will become increasingly integral to our operations to augment our in-house capabilities and delivery model. As we continue to innovate and expand our own skills and resources, we expect our suppliers to not only provide high-quality services but also to collaborate closely with us on strategic initiatives. This includes co-developing new service propositions, enhancing supply chain efficiency, and adopting sustainable practices. Additionally, we foresee a greater emphasis on digital integration and AI driven automation of key functions.

WHAT MECHANISMS OR PROCESSES DO YOU AND YOUR PARTNERS PUT IN PLACE TO ENSURE A SUCCESSFUL PARTNERSHIP?

To ensure a successful partnership, we and our partners implement several key mechanisms and processes. We strive for consistent excellence in all our endeavours, setting high standards and continuously improving our practices.

We aim to over deliver on our commitments, exceeding expectations to build trust through reliability. Transparency of performance is a critical factor. We maintain open communication channels and regularly share performance metrics to ensure everyone is aligned and informed.

We believe in the importance of developing together. We collaborate closely with our partners to innovate, solve problems, and grow, fostering a mutually beneficial relationship.

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WHAT ADVICE WOULD YOU GIVE TO OTHER ORGANISATIONS LOOKING TO BUILD STRATEGIC PARTNERSHIPS WITH THEIR CUSTOMERS AND SUPPLIERS?

My advice would be to first understand their challenges and business needs. This deep understanding allows you to tailor your approach and offer meaningful support. It's crucial to partner with people who want to develop together, fostering a collaborative environment where both parties can grow and innovate, whilst solving existing challenges.

Focus on initiatives that improve staff wellbeing and skills, as this not only benefits the individuals involved but also strengthens the delivery of service and partnership.

This combined with the overall goal to drive sustainable commercial and environmental growth, ensuring that your efforts contribute positively to both your moral and commercial responsibilities.

Lastly, always ensure open and frank dialogue. Transparent communication is the foundation of trust and long-term success in any partnership.

HOW ARE AGILITAS AND NODEONE WORKING TOGETHER AND HOW DO YOU SEE THE PARTNERSHIP EVOLVING?

Agilitas and NodeOne are collaborating by offering complementary services that enhance both of our propositions to our partners. We focus on understanding what we are good at and identifying areas for improvement, allowing us to innovate and develop effectively.

Our joint efforts aim to improve service outcomes and measure everything meticulously to ensure continuous improvement and use this as the basis of new service development.

Looking ahead, we see our partnership evolving through increased automation and optimisation. This will have the benefits of expanding service and technology scope, improving service levels and drive towards exceeding our sustainability targets.

We plan to expand our range of services and develop innovative new delivery models that challenge established norms. By doing so, we aim to set new standards in the industry and provide even greater value to our customers.
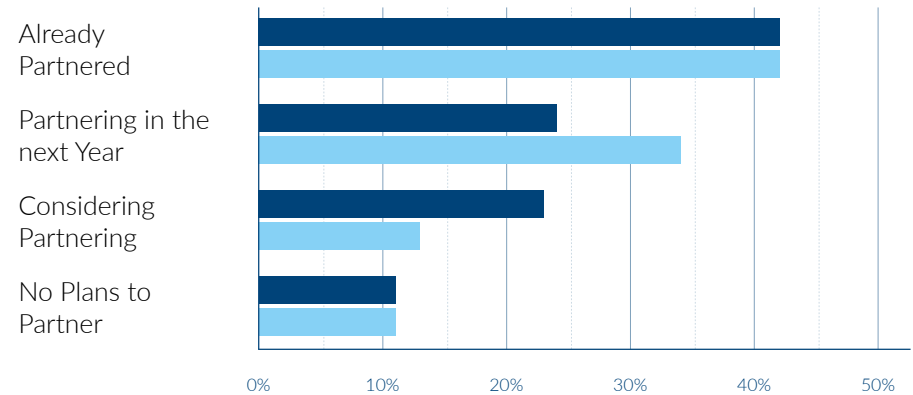
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PARTNERING FOR
THE CUSTOMER EXPERIENCE

Partnering for customer experience is often a more conspicuous element to the Channel and works on a curve - it becomes noticed only when it is done exceptionally, or when it is done poorly. Therefore, finding the right partner to collaborate with to improve your customer experience is essential. With costs, transparency and technical support ranked highest in CRN's recent **The Total Package Whitepaper**, it's clear that a balance is sought to get a partner that delivers the best experience for the right cost - customers are looking for partners that will deliver value.

When asked about the importance of delivering a good customer experience, 85% of the Channel businesses we surveyed agreed this was a high priority. Looking deeper at the data revealed that 42% of respondents are currently using third-party support to help enhance their customer experience, with a further 29% stating that they will implement this in the next 12 months.

PARTNERING FOR CX BY BUSINESS TYPE:

Key: ● MSP ● VAR

Already Partnered
Partnering in the next Year
Considering Partnering
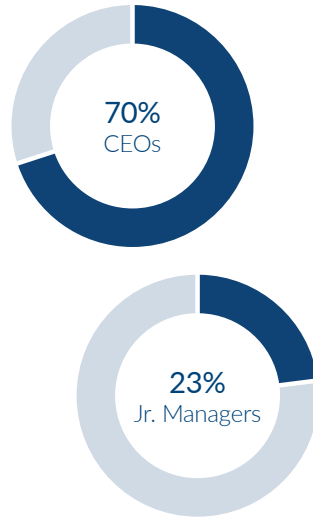No Plans to Partner

0% 10% 20% 30% 40% 50%

When it comes to business size, smaller companies, with no more than 50 employees, are less likely to engage with partners to enhance their customer experience. In contrast, nearly half of the larger corporations surveyed are already working with CX partners, and only 6% have no plans to do this in the near future.

PARTNERING FOR CX BY BUSINESS SIZE:

Key: ● Partnered ● Partnering in the Next Year ● Considering ● No Plans

50%
40%
30%
20%
10%
0%

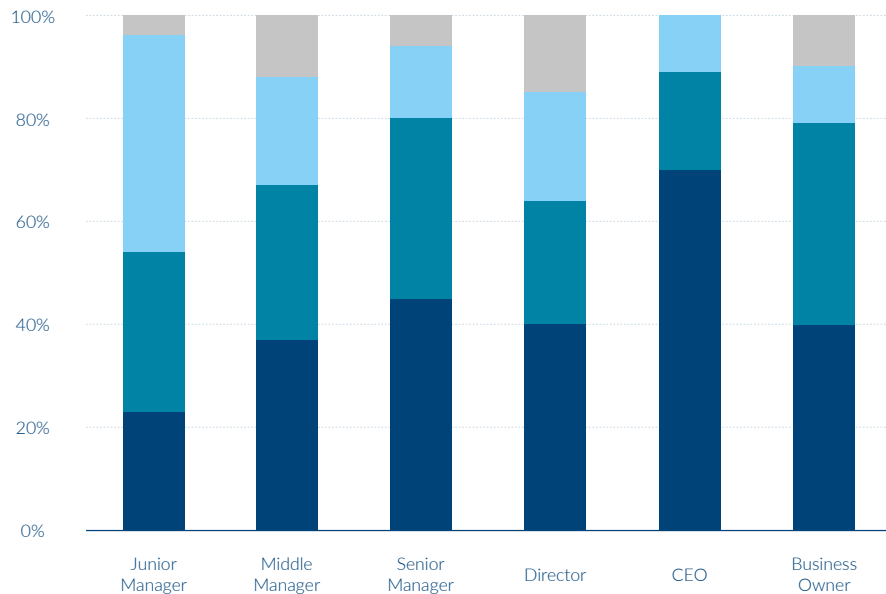1 - 49   50 - 99   100 - 249   250 - 500   500+
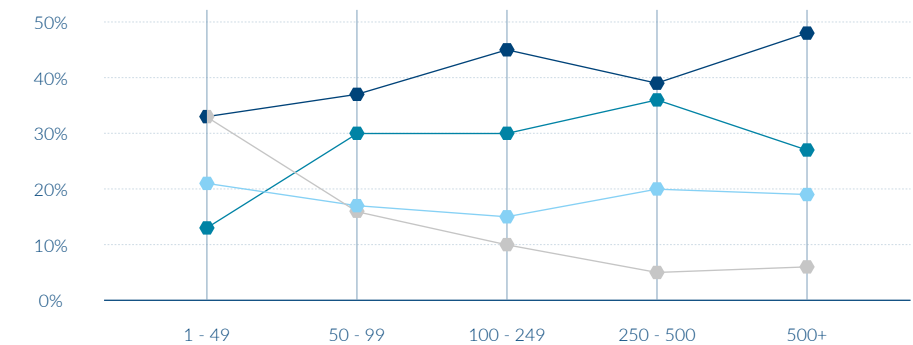
There was also a clear distinction between employment levels, with 70% of CEOs stating that they are currently using third-party support to help enhance their customer experience, compared to only 23% of junior managers. With many of the respondents likely coming from the same organisation, the results may suggest a difference in perception as to why a company may form partnerships. Whilst junior managers may consider partnerships more transactional, the importance of partnering to improve customer experience was much higher in senior roles.

70%
CEOs

23%
Jr. Managers

PARTNERING FOR CX BY EMPLOYMENT LEVEL:

Key: ● Partnered ● Partnering in the next Year ● Considering ● No Plans

Bar chart with y-axis from 0% to 100%, categories: Junior Manager, Middle Manager, Senior Manager, Director, CEO, Business Owner

HERE'S WHAT WE HAVE TO SAY...

Michelle Would

Director of Customer Experience

"By recognising the importance of the customer experience, businesses across the Channel can work strategically with partners to assist in their customer experience and service delivery.

One of the most common examples of a strategic partnership allows Channel companies to expand their current service capabilities. This partnership enables them to offer complementary products or services to help the business and their partners become a 'one-stop-shop' for your customers, improving the customer experience through convenience alone.

Businesses in the Technology Channel, therefore, need to consider how to bolster their customer experience without disrupting the consistency within the delivery of their service. They can do this by ensuring each company is focussing exclusively on their areas of expertise, meaning partners can work together to deliver the best possible customer experience."

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PARTNERING FOR SUSTAINABILITY

It's no secret that sustainability and CSR have become prominent metrics in business development across the Channel in recent years. This shift has been driven by a diverse range of stakeholders. Investors, end-users, industry experts and governments each have their own opinions cementing sustainability as a non-negotiable for organisations to operate successfully in the future.

Sustainability partnerships play a crucial role in helping businesses across the Channel address a social or environmental problem. More often than not, these partnerships are not just focused on reducing a company's carbon footprint, but launching new sustainability initiatives to meet long-term goals.

We asked how confident respondents are in the Channel's ability to build collaborative partnerships that balance profit with social consciousness, the average was 7.7 (around 80%). When looking at the results by business type, it was promising to see that over 66% of MSPs and VARs are very confident in the Channel's ability to balance profit and purpose when building partnerships.
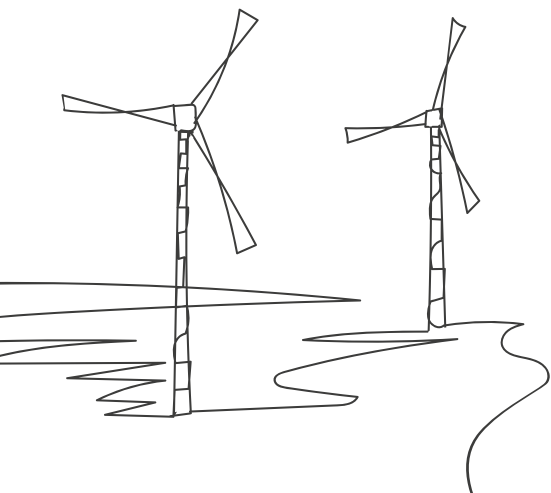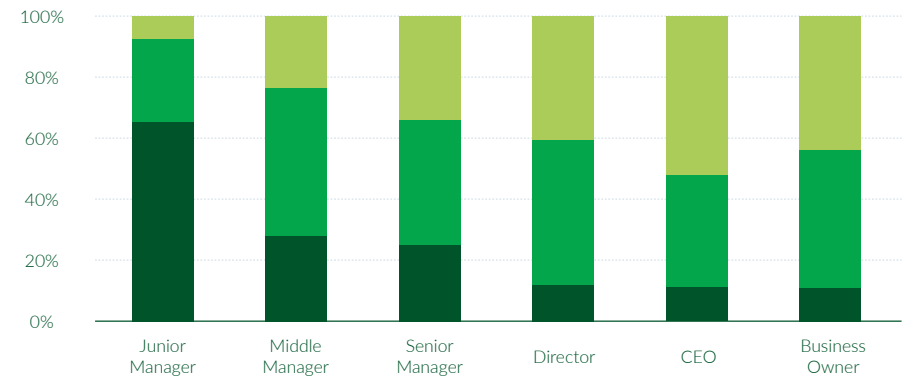
CONFIDENCE BY BUSINESS TYPE:

Key: ● 0-6 (Not Confident)   ● 7-8 (Confident)   ● 9-10 (Very Confident)

MSP
- 25%
- 39.39%
- 35.61%

VAR
- 19.84%
- 46.03%
- 31.13%
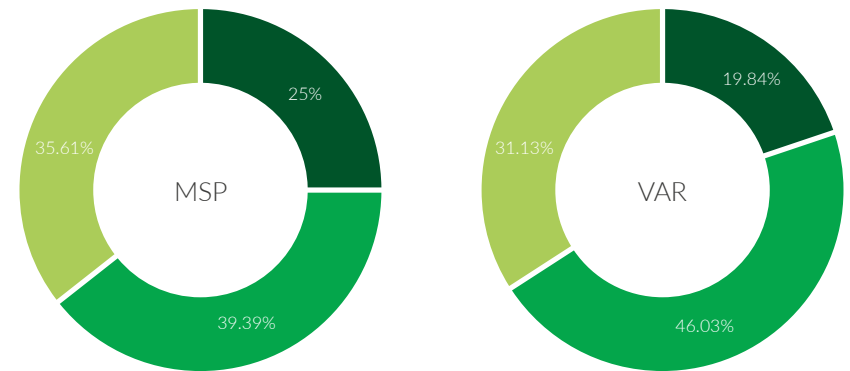
Unsurprisingly, confidence was significantly higher for those in senior positions, in comparison to junior managers. This is likely a result of senior executives having a better understanding of how to balance profit with social consciousness, as well as more input in the criteria when choosing a partner to work with in the future.

CONFIDENCE BY EMPLOYMENT LEVEL:

Key: ● 0-6 (Not Confident)   ● 7-8 (Confident)   ● 9-10 (Very Confident)

Stacked bar chart with categories: Junior Manager, Middle Manager, Senior Manager, Director, CEO, Business Owner. Y-axis 0% to 100%.

Traditionally, sustainability was associated with large corporations and industries, but today, it holds equal importance for businesses of all sizes. Whilst the challenges they face and their initiatives may be different, it is encouraging to see that the smaller businesses we surveyed are confident in the Channel's ability to build collaborative partnerships that balance profit with social consciousness.

CONFIDENCE BY BUSINESS SIZE:

Key: ● 7-8 (Confident) ● 9-10 (Very Confident)
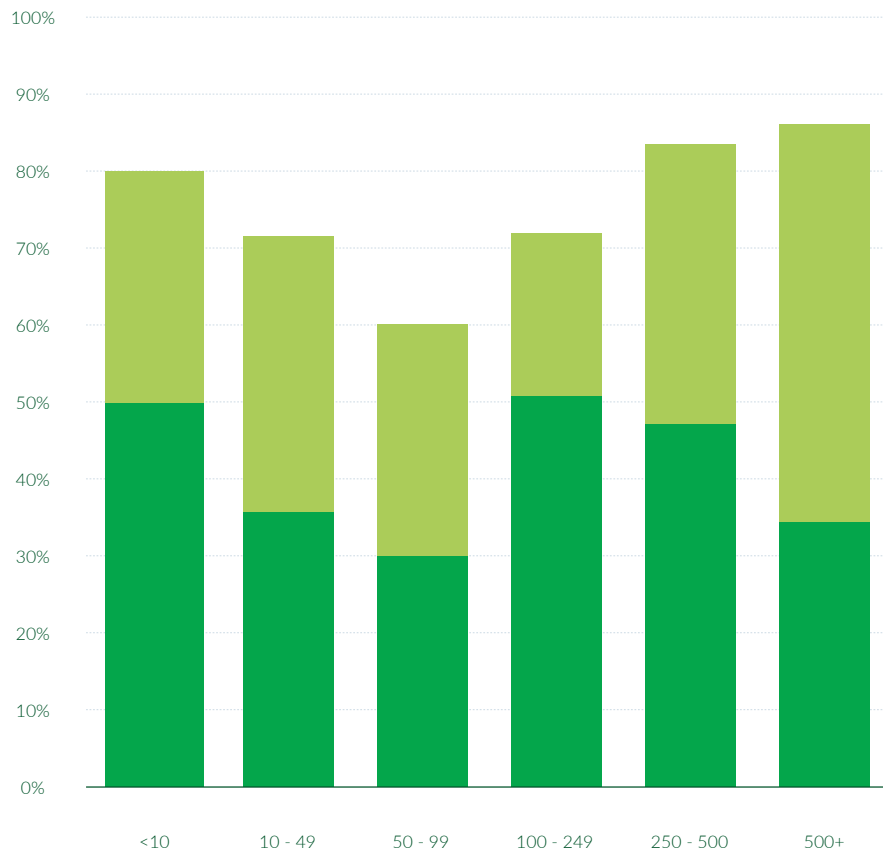
Deborah Johnson
Head of ESG

"Typically around 90% of an organisation's carbon emissions are in the supply chain. So for companies looking to reduce their carbon footprint, it is very clear that they can't do this by themselves and require alignment from their partners both upstream (i.e. their suppliers) and downstream (i.e. their customers).

Every company is at a different stage of their sustainability journey and the first step should be to open up a dialogue with your key partners to share both challenges and successes.

This is exactly where we started a few years ago. A small handful of our customers really prioritised ESG, with one of our customers changing their supplier scorecard weighting for sustainability from 5% to 25% of the total supplier score.

We worked closely with them to understand what frameworks they found the most useful, where they had experienced quick wins and their biggest challenges. This enabled us to accelerate our own sustainability programme.

The number of ESG requests from customers has grown exponentially in the last couple of years and although partners providing sustainability information such as their carbon footprint is a bonus rather than an essential requirement for most organisations, this is likely to shift."

WE CAN'T DO IT ALONE

THE FINAL REMARKS

We can't do it alone and increasingly, Channel companies appear to be thriving when establishing an ecosystem where they and their partners can grow and innovate together. Generally, we are seeing more emphasis on training, co-innovating, and co-marketing, which increasingly focus on business benefits over technology and addressing specific pain points in the business.

Partnerships to drive speed of change, customer experience and sustainability are just the beginning - and we can expect to see the lines continue to blur between suppliers, customers and competitors as the industry looks to do more than just deliver technology products or services. Instead, we are focused on personalised experiences, scaling reach and delivering increasingly complex technology solutions to end-users, as well as building strong relationships across the supply chain and establishing robust operations that can withstand the test of time.

CH^NNEL TRENDS

In our annual research, the importance of partnerships was considered a crucial element to the success of today's channel businesses. In this report we take a deeper dive into the importance of partnerships, how they have evolved and how partners can work collaboratively to win and thrive in the future.

For more information, scan the QR code, or contact us at:

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