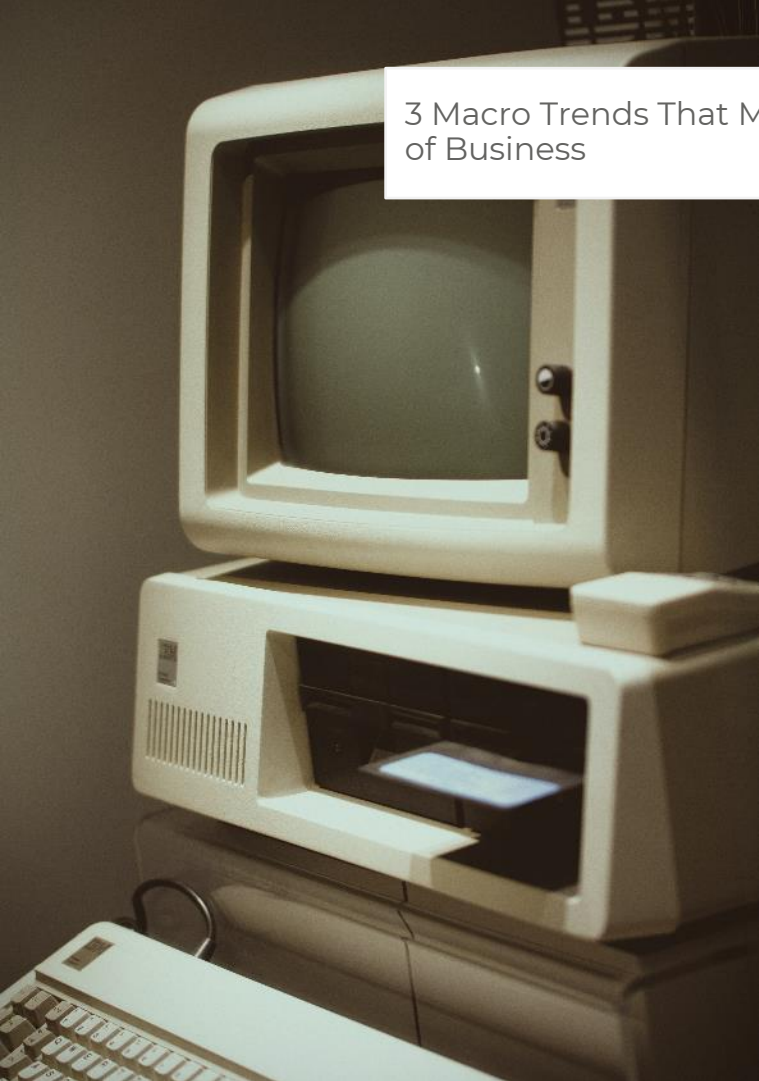




Automating Profitable Growth™



3 Macro Trends That May Put Your IT Channel Partner Out of Business

A vintage beige computer monitor and system unit. The monitor is on top, and the system unit is below it. A keyboard is visible in the bottom left corner.

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Introduction

The Information Technology channel has gone through three profound changes over the four decades or so of its existence. The first was the channel's transition from being largely white box resellers to a more organized computer retail model. During this first phase, anyone with some cash and a lot of enthusiasm could build a personal computer. Remember the days of Computer Shopper?

The next wave arrived with the advent of networking and the Internet in the late Eighties/early Nineties. This change drove several white box resellers out of business, propelled by the emergence of worldwide vendors like Dell, Compaq, HP, Toshiba, etc.



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The third and the last wave primarily started in the mid 2000s when a set of network management and monitoring tools burst out onto the market, allowing resellers to evolve into service providers and ultimately created a new breed, managed service providers. The recession of 2008 sparked further change for many channel partners. Large numbers of service providers closed their doors in the face of the increasing complexity of the technology. This required higher levels of competence, and exposed a severe shortage of technical talent. Difficulties in recruitment, development and retention became a major issue for the channel, while business remained choppy largely due to lack of sales and marketing skills.



A woman with red hair, wearing glasses and a brown jacket, is sitting at a desk. She is looking down at a tablet computer she is holding in her left hand, while her right hand is on the keyboard of a silver laptop. The background is a bright, out-of-focus office space with large windows.

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We at [ZINFI](#) have heard this story so many times that for the past year or so we have been talking to channel partners in an attempt to identify what and when will be the next wave. We have also undertaken a worldwide [survey](#) on this topic with about five thousand channel partners of various large vendors. The big picture answer is that we are now in the middle of another major channel shift. And the shift is, as we'd expect, as a direct result of the rapid evolution of cloud and cloud-based offerings. This shift towards the cloud has three profound implications for the channel:

- 1. Where end-users work-** In most countries the numbers of remote workers are growing, though of course at varied rates. The widespread adoption of Bring Your Own Device (BYOD) policies is now integrated with 'work from anywhere, anytime' culture. Setting aside highly sensitive assets (like manufacturing, security, or healthcare), most general-purpose infrastructure is now accessed by business users remotely. This trend has clearly been driven by three underlying technology factors: an abundance of bandwidth (both land and cellular), an exponential reduction in data storage costs, and the rapid evolution of web-based applications.



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- 2. What and how the infrastructure is changing-** Fundamental changes in data center architecture, the emergence of software defined networking, and proliferation of triple play (voice-video-data) convergence at end points have radically changed the way the overall network topology looks today. This doesn't even address the profound shift that is being driven by web services infrastructure offerings from organizations like Amazon Web Services, HP Services, Microsoft Azure, Salesforce Developer Platform, and plethora of smaller data centers powered by cloud services platforms from Red Hat, Citrix, VMware, and others.





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- 3. How they are supported-** With the proliferation of hacking and major security breaches – a surprising number of which are initiated by government agencies with deep pockets trying to break into the networks of companies, organizations and other governments - the need for a robust infrastructure is even greater, and the skill levels required not only to support remote workers, but also to protect network assets, are almost impossibly high. This is leading towards intense vertical specialization in the channel, because solutions are increasingly domain-specific: think healthcare, retail, hospitality, insurance, or finance. A lot of what used to be outsourced to external providers is now insourced due to availability of various network monitoring management capabilities from vendors like HP, Dell, SolarWinds, Splunk, etc. *



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These three macro drivers have significant survivability implications for IT solutions providers today, and have already started to drive deep changes in the channel.

With that said, there are ways to push back against these challenges and help reverse what might otherwise be an inevitable decline for many of your partners. If you want to help your partners stay in business and be profitable, you should certainly provide the right [channel marketing automation infrastructure](#) and concierge support, but [staying relevant to your partner base](#) takes more than just channel automation software and services. You need to understand the risks they face and how to guide them through on a path to mutually successful conclusions.





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ZINFI Technologies, Inc.
6200 Stoneridge Mall Road, Suite 300
Pleasanton, CA 94588

sales@zinfitech.com