

# On the horizon

What does the channel expect to see in 2021? **Comms Business** finds out

2020 was the year that no one saw coming, but that does not mean it is now impossible to prepare for the future. Next year will be about consolidation and new opportunities. The dust is starting to settle from the disruption of pandemic, but many in the channel struggled in 2020 and will spend the start of the year getting back on their feet. Brent Owens, EMEA director of channel programmes at Vertiv, explained, “Like a lot of industries, the channel has taken a hit from the turbulence of 2020. Smaller resellers in particular struggled and – like all businesses – resellers had to make their fair share of redundancies.

“In 2021, the channel must prepare for tighter budgets and large projects to be on hold so the best opportunities will come from monitoring and managed services as customers look to strengthen and maintain existing infrastructure for longer.”

Next year we will also see more blurred lines across traditional channel boundaries. Sandra Hilt, senior director of channel sales for EMEA, Vectra, said, “In the past there was a clear definition and understanding of different partner business models – we had resellers, system integrators, service providers, distributors... However, today’s channel partners are increasingly positioned as service-led, trusted advisors to their customers. Consequently, the offering of different service engagements is becoming more and more important. I see managed services, cloud services, consulting and financial services becoming crucial for customers

as we move into 2021.”

Mike Tankard, partner director for Northern Europe at Citrix, also discussed this shake-up of traditional channel models. He said, “The channel is not one uniform body of organisations. There is huge variety – from service providers to value-added distributors, and from volume-based to solution-oriented partners. Each will be developing their approach in different ways. Across this wide range of organisations, those that prosper will have figured out exactly where their market opportunity lies and taken steps to become more relevant.”

Tankard added the past year has accelerated the channel’s shift from responding to market trends to focusing on customer

requirements. He said, “This was already happening before the pandemic, but has been brought front and centre as partners have had to become even more in tune with what their customers need. In addition to a shifting conversation with customers, partners should be seeking a different dialogue with vendors. This is the time to be thinking about planning more strategically, to best navigate the new challenges and opportunities created by a new and evolving normal.”

Aside from channel business models shifting, the technologies that are selling have altered too, and these changes will persist next year. Nick Offin, head of sales, marketing and operations, Dynabook Northern Europe,

said, “Covid-19 has presented a number of unforeseen and unpredicted challenges to the channel. We have seen the use of technologies such as desktops decline in the last six months and we expect this will continue next year. While this may open new opportunities to partners operating in the mobility sector, the channel’s sales in this area will be effected and will result in companies needing to evolve their business model. In 2021, resellers should partner with vendors who are looking at new ways of incorporating services that meet the needs of remote customers in their new business strategies.”

The rules of the game have changed, so channel businesses will need to change their tactics if they want to continue to succeed. Richard Eglon, marketing director at Agilitas, said, “In 2021, the channel will look to invest more time and resources in understanding how best they can reconnect with people and businesses. It has been challenging for many to understand how to connect with new prospects and drive those opportunities as companies would previously, especially if you are in a solution selling or services type business. It is quite often that there are complex scenarios that need to be addressed. Previously, this was facilitated in a face-to-face workshop environment.

“In the year ahead, we can expect to see the impact of this year’s reduced sales pipeline and future order books as many channel businesses look to reposition themselves. There is a definite need to rethink not just the way we connect, but also the way we nurture our



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connections.”

This need for new growth was echoed by Nick Sacke, head of IoT and products at Comms365. He said, “We expect Covid-19 to continue to impact business operations and workforces for at least twelve months, if not longer. Acceleration of digitalisation for all UK businesses, large and small, will continue at a fierce and sustained pace as organisations adjust to the new landscape. This means that the channel will need to continually adapt its knowledge, expertise and offerings to support their clients operational and communication requirements.

“With the prospect of repeated lockdowns, the channel itself may be experiencing significant revenue disruption that undermines their own business health which, in turn, may mean more consolidation of smaller players who do not have the financial liquidity and strength to absorb delays and interruptions to cash flow. Other challenges include customer acquisition and retention. Some channel companies that have focused in the ‘hot’ growth areas such as collaboration, access management, data storage and endpoint security should continue to see strong growth.”

Johannes Kamleitner, vice president of global channel sales at SolarWinds MSP, discussed how managed services providers (MSPs) stepped forward to support, protect and secure their customers in 2020. This



**Nick Offen, Dynabook Northern Europe**

“reinforced that MSPs are integral strategic partners for their clients as extensions of business continuity teams”, yet MSPs must continue to innovate.

Kamleitner added, “Next year, MSPs will have to rise to a new challenge: sustaining the digital transformation trajectory for clients. As offices re-open, hybrid working policies will be implemented and the focus will move away from technology back towards core business propositions. MSPs must continue to spur clients along their digital transformation journeys, reinforcing the value they bring yet again for the key changes businesses must further embrace including a more direct shift to the cloud and an ever-increasing focus on security.”

Todd Palmer, global head of partner sales at Tanium, agreed that channel companies will continue to act as an extension of their customer’s teams. He said, “The channel plays an even more vital role in the world we live in today and that will only amplify in 2021. With unpredictable forecasts, there is a hesitancy to hire more people, yet companies need assistance to solve the new or exasperated set of challenges they are facing for both IT security and operations. This is where the channel will shine.

“End users are turning to their tried-and-true relationships for help, recommendations and resources to supplement or completely outsource work. Given the remote world we are living in, it is hard for companies to establish new relationships and build trust with prospective customers and suppliers. Because of this, the channel is even more important to their vendor partners who are struggling to find new customers.”

### **Need for speed**

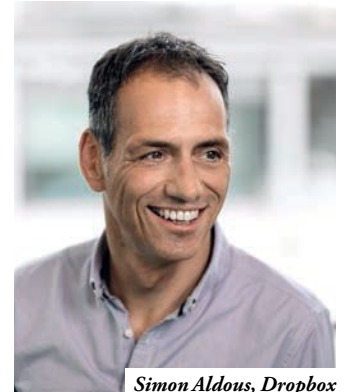
In 2020, businesses had to implement and adopt new technologies quicker than ever

before. Richard Blanford, CEO of Fordway, explained that this has changed expectations. He said, “Because senior management saw how quickly solutions can be implemented when they really have to be, it will drive them to press for change and for IT to be implemented faster than IT teams have traditionally delivered it.”

Similarly, Simon Aldous, global head of channel at Dropbox, said, “An overarching theme of 2021 will be agility and the ability to adapt quickly. The key for the channel is to understand what businesses want and shift to these changing needs. If channel partners are to truly show their worth in the coming year, then they need to be able to move with changing demands and getting closer to the customer is the best way to do this.”

That view chimed with Lewis Simmonds, UK channel sales leader at Hewlett Packard Enterprise. He said, “In the face of the Covid-19 pandemic, channel partners have stepped up to the challenge of quickly responding to customer’s needs. 2020 has accelerated digital transformation journeys, putting many companies far ahead of their original schedule. We’ve seen many channel partners quickly expand their expertise and double-down on focus areas.”

This, Simmonds explained, will mean a renewed focus on smaller companies. He said, “In 2021 we expect the SMB and mid-market segments will be a big focus for channel partners. SMBs around the world are increasingly interested in investing in IT that will accelerate their digital transformations, glean insights from data and improve the employee experience – making them more competitive and helping them recover through the pandemic. Channel partners who expand their footprint with SMB and mid-market should see growth in 2021.”



**Simon Aldous, Dropbox**

### **Finding the right focus**

Another aspect for resellers and MSPs to consider is whether their product and solution mix will fit what customers are looking for. Nick Riggott, head of sales, UK and Ireland, Mitel, said, “For me the biggest challenge for channel players in 2021 will be the need to find relevance for the end customer. Business communications technology is white hot in terms of competition right now and innovation is rife, so channel sellers face a happy burden of choice.

“Customers know this and they’re aware of the strength of products on the market, so they won’t settle for anything less than a bespoke solution that fits their business needs and doesn’t compromise on quality, scalability and security. The challenge for the channel is partnering with the right vendors, meaning ones that allow customers to move at their own pace, have seamless integration with existing business apps, provides excellent service, and offers great value.”

Similarly, Nigel Dunn, managing director at Jabra EMEA North, said, “Business leaders will look to fortify their IT infrastructure and operational capacity with futureproof technology decisions. In addition to productivity enabling hardware, assets will be chosen on the basis of whether they can be routinely enhanced with software and firmware upgrades.” >

The channel should also be ready for customers to revisit decisions they made this year. Keith Jackson, channel sales director at 8x8, said, “We can expect to see businesses review the technologies they have deployed to support them through the 2020 crisis. In 2021, they will need to revisit these short-term strategies with a view to create a more sustainable and long-term solution for their business and workforce.

“With remote working firmly here to stay, the need for high quality video, voice, chat and analytics capabilities, combined with the ability to provide end-user training remotely will continue to drive demand over the coming months.”

Adam Wilson, regional channel manager for EMEA at Vonage, also pointed to these technologies. He said, “We’re at the very beginning of a huge market-wide communications revolution, a secular change in how business gets done. It is now fundamental for companies to stay connected to employees and customers from anywhere, through whatever channel they choose – video, voice, messaging, email and chat. Businesses of all sizes will be challenged to differentiate and deliver personalised engaging experiences as customer demands grow for virtual experiences that deliver real connections.”

### Connectivity

The channel will also need to



Andrew Dickinson, Jola

keep pace with the transition to new generations of broadband – with ongoing projects to move from 4G to 5G, and from fibre to the cabinet (FTTC) to fibre to the premises (FTTP). Alan Mackie, chief marketing and product officer at Gamma, said, “2021 will finally be the year where we see 5G in action – until now, its applications have only been limited to a few areas and providers but, as we continue to work remotely, more and more businesses will want to take advantage of this technology to facilitate an efficient mobile and remote-centred strategy. With video conferencing and calling becoming our main way of communicating within and outside of a business, 5G will also improve video quality and performance, increasing productivity and efficiency.

“Reduced latency and faster data throughput with 5G will result in improved UCaaS performance and integration from mobile devices. The plethora of benefits presented by this technology is a huge opportunity for partners to cash in on what will be a true gamechanger for businesses.”

Yet 4G still presents the channel with plenty of opportunities. Andrew Dickinson, managing director at Jola, explained, “In the last twelve months the wholesale cost of mobile data has tumbled, and we have seen the introduction of the UK’s first unlimited business data SIMs. At the same time, average LTE speeds have increased to around 100Mb/s with the roll-out of 4G advanced. There is always a slight lag when these seismic shifts occur, so I expect to see 4G data take off in 2021 with resellers taking advantage of the traditional profit hiatus before retail prices fall. With the recent introduction of eSIM to the channel and intelligent connectivity solutions we are going to see far more resellers beating the networks to huge IoT or M2M tenders in 2021.”

The shift from FTTC to FTTP, often described as ‘full fibre’, is another connectivity shift that will continue into 2021. Andrew Wilson, head of wholesale at CityFibre, explained, “FTTP for business is a highly anticipated product within the wholesale channel and one we are sure will provide a huge commercial opportunity for channel resellers across the UK. Copper, or part copper, based broadband connections are still used by a large number of small businesses as their primary business connectivity. As the demands of business, communication and application access increase, the pressure on these legacy connections is increasing and such businesses are eager to ‘upgrade’ to a faster service but still want to balance the improvement with cost. For these customers, business FTTP represents a compelling proposition. Add to this the approaching copper switch-over, and you can understand why many are now looking to make the transition.

“The ongoing impact of the pandemic will continue to be felt by businesses well into 2021, and our reliance on full fibre connectivity to underpin our new working arrangements will increase. Full fibre connectivity has never been so important to the UK as we strive to recover and rebuild the nation’s economy, whether that be continuing to work from home or new hybrid working practices which would see a staggered return to our main offices. We continue to build at pace, delivering high speed, reliable full fibre-based solutions across the UK.”

### Subscriptions growth

One key opportunity for resellers and MSPs is to pursue subscriptions-based revenue. Vectra’s Hilt explained, “We’re currently living in a subscription economy that will continue to grow exponentially. As vendors move to subscription-centric business



Richard Eglon, Agilitas

models with annual renewals, channel partners need to work closely with their customers to deliver value consistently as well as be more aligned to their subscribers’ desired outcomes. As profit margins are generally commensurate with the value created, this is a profitable opportunity and transition for channel partners. These changes will also impact channel partner cashflows as we see the move away from large capital purchases on four- to five-year cycles to more frequent but perhaps smaller subscription purchases.”

Similarly, Hewlett Packard Enterprise’s Simmonds said, “The need for pay-per-use, as-a-service technologies has grown significantly in the wake of the Covid-19 pandemic. On-demand capacity on a pay-per-use basis is a must-have for businesses, forced to scale up to meet sudden shifts in demand, or down when demand dropped. We expect this trend to continue through 2021 and beyond.”

This chimed with the view of Alex Walsh, manager of channels, UK and Ireland at Veeam. He said, “In 2021, customer demands will continue to drive partner demands, but we will likely see an increase in the need for flexible licensing models around software and other ‘as-a-service’ offerings. This is something that Veeam has been providing for a number of years now. It helps mitigate the scenario of organisations being locked into >