



2020 IT Channels and Alliances Predictions

IDC Worldwide Channels and Alliances Team
30 January 2020

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Today's Agenda

- Introductions – IDC WW Channels Team & Research focus
- 2019 Channels and Alliances Predictions Review
- 2020 Channels and Alliances Predictions
- Q&A



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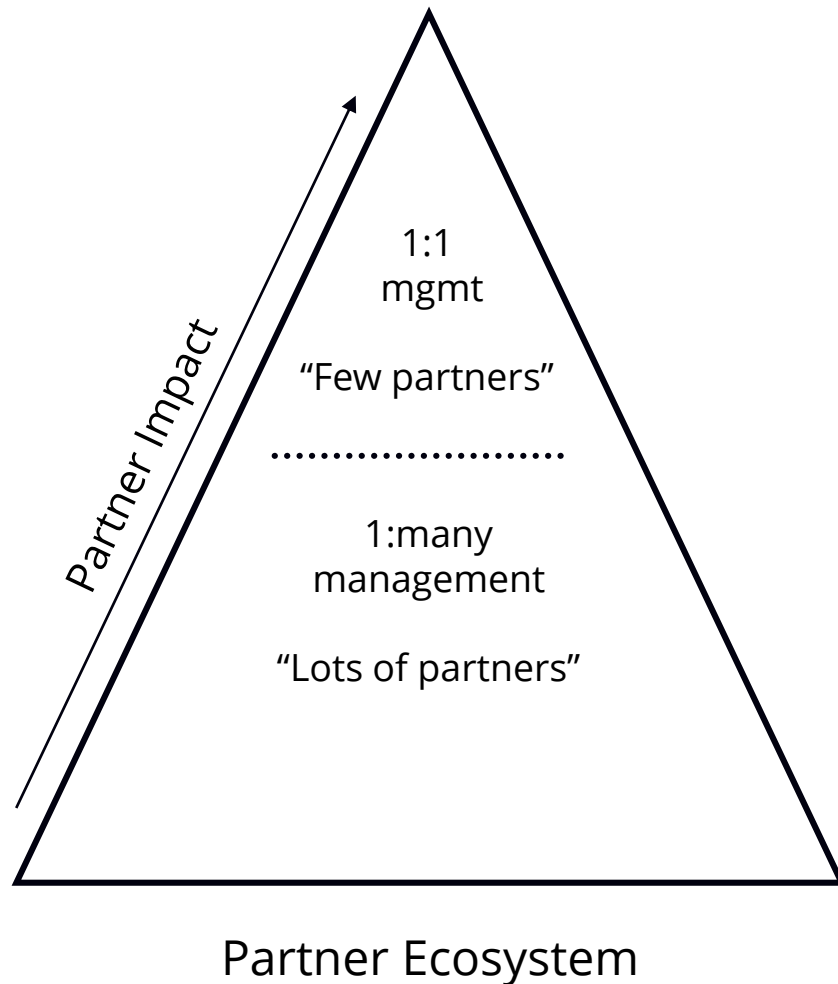


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Channels vs. Alliances



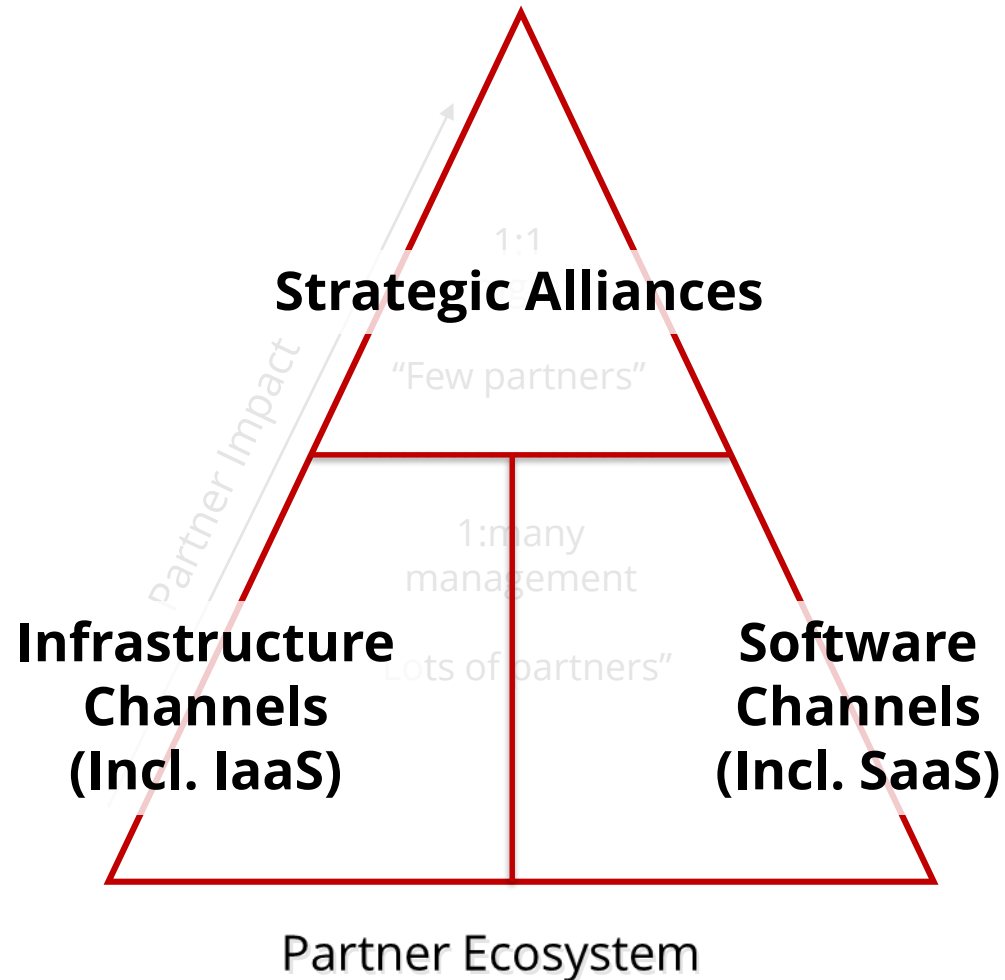
Alliances

- **1:1 relationships** between vendors and partners
 - **"Strategic Alliances"**
 - E.g. Microsoft & SAP, AWS & VMware, Accenture ++
-

Channels

- **1:many relationships** between vendors and partners
- Value-added resellers (**VAR**), independent software vendors (**ISV**), regional systems integrators (**RSI**)
- **Distributors** very often involved
- **Partner Program** is the main management tool

Channels vs. Alliances Research



Alliances

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- E.g. HP + Microsoft, Oracle + Accenture, VCE, etc.

Channels

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Channels and Alliances Research Programs

1. Research



2. Analyst Inquiry



3. Leadership Councils



4. Custom Research/Projects



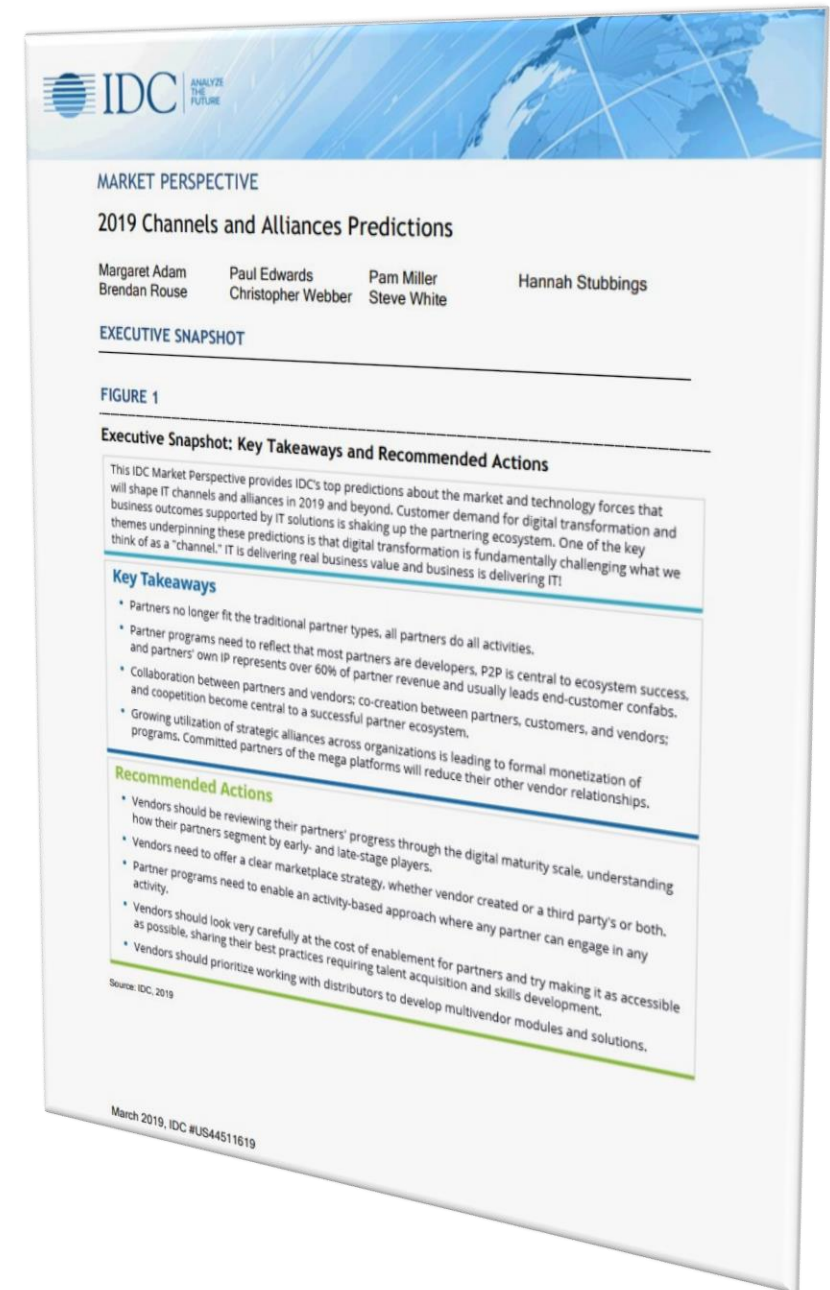
IDC Trends and Predictions

IDC Predictions and FutureScapes

- Teams across IDC all make predictions – macro and micro, horizontal, vertical, geographical, and role based
- 1100+ analysts worldwide involved
- Published November thru January (see <https://www.idc.com/events/futurescape>)

Channels and Alliances Predictions

- Document available to clients of:
 - Software Channels and Ecosystems Research
 - Infrastructure Channels and Ecosystems Research
 - Strategic Alliances Research
 - European Partnering Ecosystems Research
 - Asia/Pacific Cloud Partnership Opportunities



2019 Channels and Alliances Predictions Review

Were we right about 2019?



1. Ecosystem Value Becomes a KPI



By 2022, 30% of spend will be developed & consumed through ecosystems. Ecosystem value (EV) will become a key indicator of company worth.

2. Partner DX Maturity Accelerates



By 2020, greater than 50% of ecosystem partners will be in the late stage of digital transformation.

3. P2P Expands to Partner Ecosystems



In 2021, 30% of partner-to-partner (P2P) engagements will involve more than two partners, with many of these forming formal consortia.

4. Partners Focus by Use Case



By 2021, 65%+ of partners will focus efforts by vertical or functional use case, with partners building their own services, software and hardware IP.

2019

Predictions Review



5. Developer-Focused Partners are the New Normal



By 2021, 90% of partners will have created or acquired the ability to develop custom and/or packaged software.

6. Skills Gap Becomes Critical



By 2022, 30% of all partners - and 80% of high-growth partners (thrivers) - will invest in a talent program to address critical skills gap.

7. Partner Segmentation & Success Redefined



By 2020 80% of Partners will do all activities – driven by customer demand for solutions.

8. Distribution Replaced by Aggregation



By 2023, traditional technology distribution volume will be replaced by high value-add solution aggregation.

9. Formal Monetization of Strategic Alliances



Over the next 24 months, there will be significant emphasis placed on the value and rationale of alliances.

10. Digital Marketing for Partners



Digital marketing certifications/competencies will become a requirement to access benefits in 50% of vendor programs by 2021.

11. Mega Platforms Will Dominate Partner Attention



Committed Partners of the Mega Platforms will reduce their other vendor relationships by 33% by 2021.

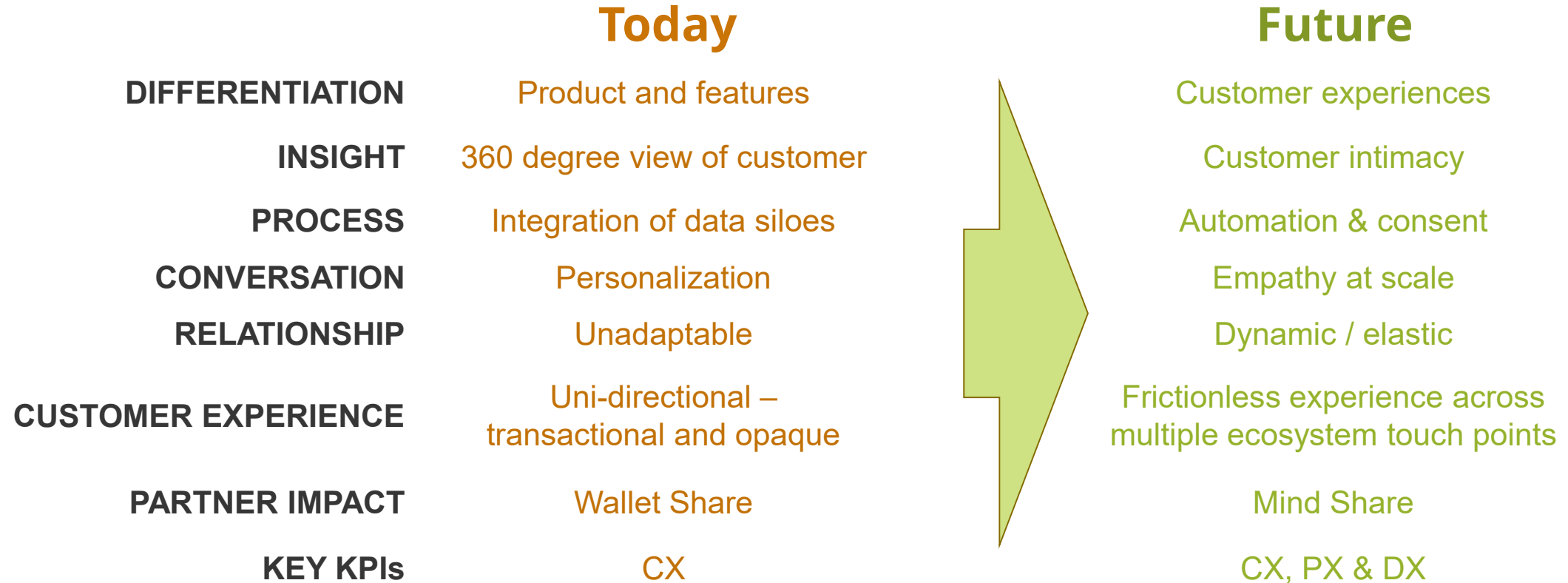


2020 Channels and Alliances Predictions

*What do we
expect for the
year(s) ahead?*

1. CX+DX+PX = Frictionless Ecosystem Experience

Over the next 5 years, customer success will become more holistic, combining CX (customer) with PX (partner) and DX (developer) with the objective to measure and ensure a frictionless ecosystem experience for all.



2. Customer as Partner, Partner as Customer

By 2022, 35% of large enterprises will create formal ecosystem partnerships with technology providers, blurring the lines between what is considered “customer” and what is considered “partner”



PROJECTS BECOME MORE ITERATIVE

- As customers digitally transform, deals become smaller, more iterative and more frequent, built around very specific use cases and proof of value.



SUPPLIER TO ECOSYSTEM PARTNER

- Nature of relationship shifts from one of “supplier” to one of collaborative partner.



COMPLEXITY INCREASES

- Variety of stakeholders, customers will seek to work in tandem with selected variety of IT, OT, data and other partners to achieve specific outcomes.

“I don't want to talk about vendors and suppliers, I want to talk about partners.”

Sebastian Drews
VP for Digital IT
Adidas



3. Marketplace Dynamics Accelerating

By 2022, marketplaces without a proactive, valued partner ecosystem will fail.

- **Marketplace success** will be driven by customer reach, breadth of solutions and business benefits for sellers.
- ISVs and partners will become **increasingly selective** in choosing which marketplaces to engage with.
- Marketplaces will increasingly **segment by type**, based on business objectives of the marketplace owner.
- Marketplaces will focus on delivering **customer outcomes** through a blend of third-party products and services.



4. Partner Program Redesign

Beginning in 2020 and going mainstream by 2023, we will see a radical change in partner program structure.

- 
- **Legacy channel programs** impeded vendor initiatives
 - Maintained based on inertia
 - **Radical program overhaul** – increasingly common
 - **New programs** – delivering customer outcomes focus
 - **Customer ratings** - expertise measurement
 - **Compensation** models, flexible and coherent
 - **Non-linear** adaptable designs
 - **Specialized programs** by market expertise

5. Strategic Partnerships Reshape Business Models

By 2024, 90% of enterprise organizations will utilize technology and vertical industry alliances to address customer and partner business requirements.

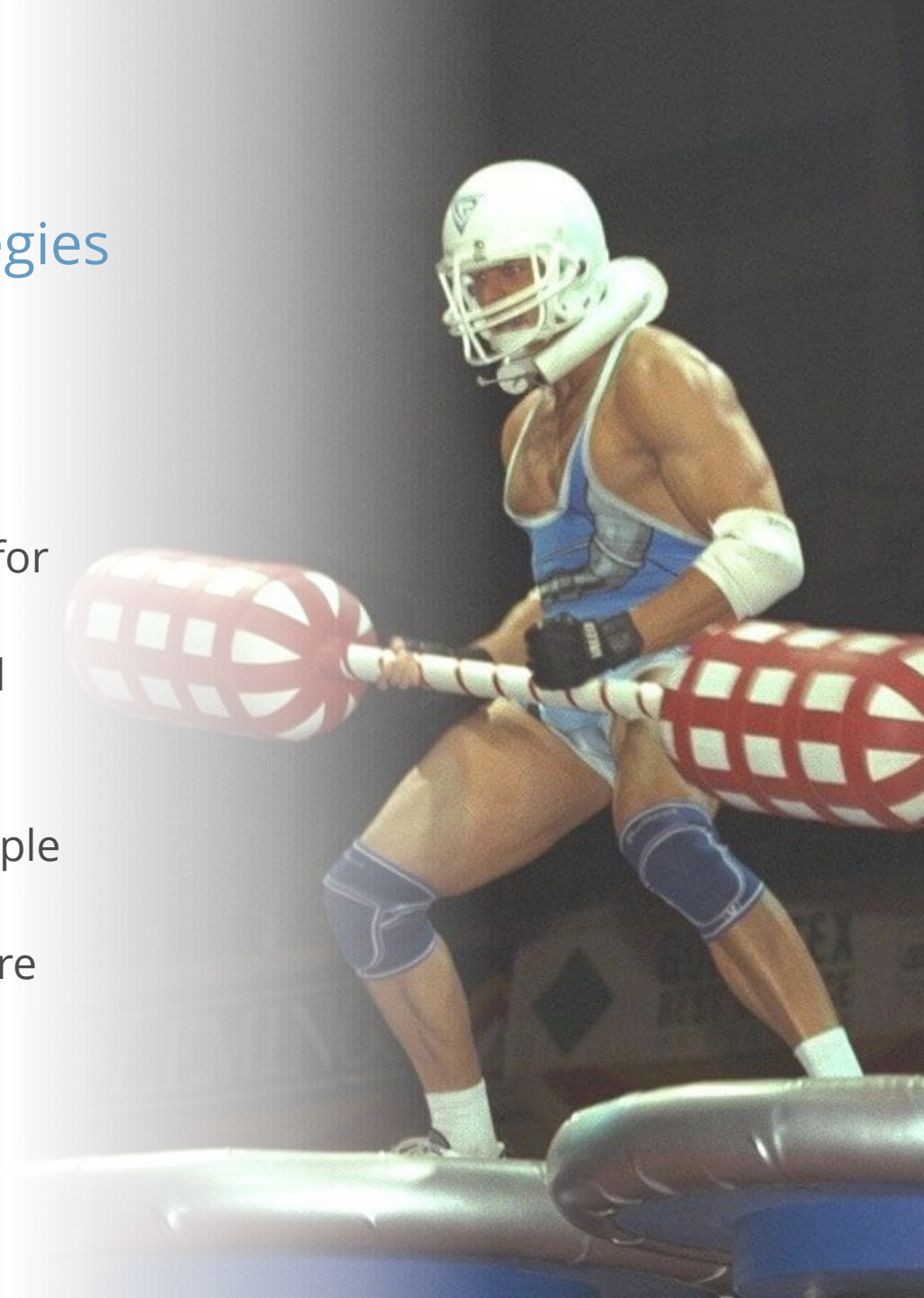
- Customer and partner demands driving **solution and tool integration**.
- Requires continued focus on **ecosystem role** in future IT platform development.
- Prioritization of **vertical alliances** to address unique customer value expectations and strengthen value proposition.
- **Joint metrics and compensation** becomes the norm vs the exception.



6. Disruptors on the Rise

By 2022, partners with integrated digital strategies and valued IP will knock other partners (and potentially vendors!) out of customers.

- IDC data shows a steady increase in the ratio of partners at the high end of the digital maturity curve (e.g. 13% in 2019 for SaaS/PaaS partners).
- Disruptors stand out with important indicators of value and success (e.g. investing more in IP, higher profitability).
- Partners are becoming more experienced with vertical/functional use case-based solutions based on multiple vendor technology.
- Increased tension between partners for customer mindshare and with vendors will create a new set of top partners.



7. P2P – The Rise of the “Orchestrator”

Over the next 3 years, at least half of partner-to-partner collaborations will fail due to not having comprehensive stakeholder-management (orchestrator) roles in place.

P2P COLLABORATION REQUIRES A STRUCTURE



PURPOSE

Clearly defined & shared value



ROLES

Who is the “orchestrator”?



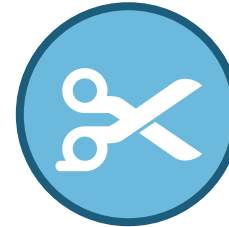
TRUST

NDA, governance, IP



MEASUREMENT

Revenue & SLA



MONETIZATION

Accrued value



MINDSET

Grow together vs largest “slice”

8. The Year of the Algorithm

By 2022, at least one vendor will crack the code in integrating its cloud platform, marketplace, and partner program to provide partners with a single source of truth.

- Algorithms (i.e. using analytics and big data) will provide living partner dashboards.
- Early examples of greater integration are starting to emerge.
- Digital transformation of vendor and partner businesses will be crucial.

9. Partners Become Edge Experts

By 2023 as many as 40% of partners will become Edge experts, as it becomes the largest IT infrastructure repository.

- **Edge** will be **majority** of IT infrastructure spend by 2024.
- As IoT grows so does the edge:
 - **70% of enterprises** will deploy at **edge**
 - **75% of IoT deployments** will use **partners**
- Customers want value from **data where it is**.
 - Real time analysis provides **competitive** value
 - No time for **latency** and **transit**
- A big **hardware play**.
 - 75% of edge infrastructure will be **as-a-Service**
 - **Purpose built systems** - fit location

10. Rise of Digital Trust

By 2023 75% of Security focused partners will expand scope to Digital Trust



- **Privacy** will become fundamental for business success in all industries.
 - Today users receive limited **value** for data
 - New demands led by **millennials**
 - California Consumer Privacy Act (**CCPA**) - tip of iceberg
- **Online** services and experiences require trust.
 - By 2022 experiences **demand doubling** every 6 months
- **Strong partner adoption** of trust products and programs.
 - Digital trust projects are **strategic**
 - Will attract **best partners**
- **Vendor enablement** is critical for partner success.

Thank You! Any Questions?



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