Technology and Innovation

2024 Channel Trends
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Biography

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His executive leadership experience also includes: CMO and Senior VP of Alliances for all-flash storage provider Violin Memory, and Senior Vice President of Product Management and Product Marketing for EMC's Enterprise & Mid-range Systems Division.

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Abstract
Linking channel investment to individually prioritized business objectives ensures that channel growth aligns with the overall commercial strategy. Clearly defined or redefined business objectives related to the channel ensure the development of a clear and measurable success criteria that enable sustainable growth. As the channel continues to strengthen, the author of this article looks at eight key trends which we can expect to see in 2024.

Introduction
Technology vendors (channel partners) recognize that as the challenges facing IT departments become increasing complex, it is the channel partners themselves who hold the key in helping their customers to build solutions they need to grow sales and stay ahead of the competition. There is much on the horizon which the channel needs to be watchful for, and as we move into 2024 there are eight key trends which are coming to the fore:

1. Embracing the cloud
Channel partners that are winning and setting themselves up for long-term success are strategically embracing the cloud – be that private cloud, hybrid cloud or public cloud. Efforts to fight the cloud wave are fruitless. Even if a

partner does not want to push end-users to the public cloud (understandably), partners are offering their own cloud experience for their customers by leveraging hybrid cloud platforms and cloud-like consumption models from vendors.

The strategies which channel partners are taking to integrate cloud capabilities into IT infrastructure modernization leverage the cloud to unlock business and technical value from specific use cases that are making partners money and delivering measurable benefits to end-users. To use an analogy, the train has left the station for cloud in the IT solutions realm, and there is no going back to the old, traditional way of doing things. But the exciting part is that it creates new opportunities for partners, in collaboration with a forward-looking storage solution provider, to customize cloud configurations that, in the case of enterprise storage, maximize end-user benefits across hybrid storage deployments.

2.   Consolidation of partner base

The consolidation of the partner base is continuing unabated. The ramification of this trend is that partners need to choose vendors more carefully. The big behemoths are not always the answer. Partners that are experiencing consolidation can do well by working with vendors that are more flexible, more innovative, and more willing to invest in the relationship through white glove services, professional services, and extra functions and benefits at no additional charge for partners' customers. The focus is on minimizing the effects of partner base consolidation on end-users, while using the change as an opportunity to showcase differentiation and enhancing partner revenue and margin.

A robust channel partner program is also important as a component to support this trend. Partners that are undergoing transitions, such as consolidation, want to know they can trust their vendor for the support and tools to be successful, no matter what. Certain standards of excellence need to be met, and an adaptive partner program looks different today than it did 10 or 15 years ago. We expect to see further partner consolidation throughout 2024, highlighting the need for this robust support of partners of all sizes and stages of evolution.

3. Partners to fill the IT skills gap

The IT skills gap is growing at a rapid pace. Enterprises are increasingly finding it difficult to find qualified technical professionals to run various aspects of the enterprise infrastructure and edge IT devices and applications. Hiring qualified talent is a problem. In a recent IT Skills and Salary Report[1], a comprehensive study by Global Knowledge, it was shown that more than two-thirds of IT decision-makers say there is a gap between their IT team's skills levels and the skills they need to level up to. This builds on data from a McKinsey Global Study[2] that showed that 87% of executives and managers are experiencing a skills gap or expect to experience a skills gap in the near future.

This is where channel partners can step in, with confidence and credibility, to fill the IT skills gap. Partners have a growing opportunity to identify the specific IT skills gaps of their customers and prospective customers. Then they can offer service-oriented solutions that will meet their needs for the knowledge and insights to handle the technical tasks and functions critical for meeting organizational objectives. This will increase the value-add of the partner and strengthen the relationship with end-user enterprise organizations.

4. Offering both business value and technical value

It's no longer enough to only offer technical value. The trend in the enterprise infrastructure space is now to provide a combination of both business value

and technical value. This ensures that any IT investment, such as consolidating multiple storage arrays into one or two higher-capacity arrays, has a solid business justification, for instance, cost savings or always-on availability of data for business-critical applications and workloads. Partners are wise to embrace this trend and gear their solutions around this compelling mix of business and technical value. The partners who do it are seeing increasing business from end-users.

However, technical value is still meaningful. Your customer may need higher performance guaranteed at industry-leading latency. They may need integration with backup software or support for protocols. They may desire to automate storage. Nevertheless, it's much more powerful to deliver this technical value while showing your enterprise customer or service provider customer how to get an ROI on their refreshed or upgraded enterprise storage within 11 months. Positive ROI, lower CAPEX and OPEX, and freeing up of resources to fund AI projects and other IT projects generate a business value that makes you and your IT solutions business, as a partner, more valuable and effective to your end-user customers.

5.   Higher-margin business with autonomous automation
Partners are figuring out that selling autonomous automation for storage infrastructures is a high-margin business, with significant, untapped potential.

Autonomous automation brings routine automation to a whole new level. The value proposition for this type of automation is so strong that partners are finding that it almost sells itself. Injecting intelligence that is self-directing, self-managing, and self-healing transforms the storage infrastructure, reducing overhead costs, simplifying management, and enhancing the overall performance of storage – and the partner benefits financially by offering it to enterprise customers.

The shift to autonomous automation also represents a transition of channel partners into this higher value-add solution provider that is forward-thinking and innovative. It can transform the business of a channel partner, too. End-user customers will invariably respond, "You can deliver that?" Yes! This type of capability exists today, at scale, for enterprises and, with the right solution, channel partners are winning deals left and right… and can deliver.

6. **Treating cloud service providers, managed service providers, and managed hosting providers as end-users**
Partners are increasingly viewing cloud service providers, managed service providers, and managed hosting providers as they would "end-user enterprises." The traditional way of looking at these providers puts them into a different category. However, changing the way they think, more partners are treating service providers as end-users, selling on-premises, cloud-like solutions to them for their own data centre needs – just as the providers then turn around and deliver digital services to their enterprise customers. Framing up service providers as a new form of "enterprise" alters the way partners can provide new solutions to them and helps them solve their data infrastructure challenges.

Cloud service providers, managed service providers, and managed hosting providers value 100% availability, autonomous automation, ease of use, cost savings, and high performance guaranteed. They want to be able to pass along greater storage capacity more cost-effectively to their customers. This also enables them to be more transparent with their customer base. These providers also tend to like flexible consumption models for storage, such as a pay-as-you-go approach. Opportunities to sell enterprise-grade storage solutions to service providers are abounding.

7. **Becoming more demanding of their vendors**
In dealing with the evolving requirements of enterprise customers and service providers, partners are becoming more demanding of their vendors to provide solutions that solve real problems, deliver real business and technical value, and are supported with first-rate service and support capabilities − without hidden fees or extra complexities. In the world of storage, it's right for channel partners to expect and want enterprise storage that is faster, cheaper, bigger, greener, safer, and more cyber resilient. End-user customers are expecting it, and they will go someplace else if they don't get it.

For example, partners don't want to have to tell their enterprise customers to buy a separate, small all-flash array to complement a big hybrid array. They want all-flash capabilities to be integrated into the hybrid storage platform. It eliminates the need for separate all-flash arrays. Another example is to have cyber detection integrated into a primary storage platform. They don't want it as a separate package anymore, working with two different vendors. They want a combined solution to offer to end-users. A third example is that partners are demanding lower latency at a level that the behemoth storage vendors struggle to achieve in real-world production deployments.

8. Embracing the broader trends to address a wider range of challenges facing end-users

Even if channel partners specialize in a certain area of IT, they are broadening their perspectives and viewpoints to incorporate more of the broader trends in technology and the business world, so they can better understand and address the widening challenges that their end-user customers face. The more knowledge and insights they can share about these over-arching trends with end-user customers as a trusted advisor, the more they fulfil their purpose to solve customer issues and equip customers to be successful.

This has led to more contextual relevance for more partners, who can better explain how a solution, such as cyber resilience capabilities on primary storage, for instance, fits in the bigger picture of IT deployments. Partners are harnessing the trends of cybersecurity, AI-powered, higher-performance applications, hybrid cloud, data-driven insights, and green IT, while also factoring in macro market forces and economic turbulence.

Opportunities ahead

The channel has good reasons to be excited about 2024. It's sure to be a year full of new opportunities, new learnings, and new experiences. Channel partners will continue to be extremely important in the storage industry.

Reference

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2   The skillful corporation (2023). McKinsey & Company. Available at: https://www.mckinsey.com/capabilities/people-and-organizational-performance/our-insights/five-fifty-the-skillful-corporation