Channel Provider Trends

Online Survey | August 2021

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Executive Summary

As businesses across all industries embrace digital transformation, they are turning to IT solution providers primarily for consultative advice and information. Requests for advice outnumber those for support, hardware purchases, implementation services, and remote monitoring and management. This report summarizes key findings of a survey of IT solutions and services providers about current trends affecting their businesses.

IT strategy planning has become the top service delivered by providers using in-house resources exclusively. 58% of respondents cited it as their "most commonly delivered" service, followed by helpdesk and security assessments, mitigation, and monitoring. The emphasis on advice and planning suggests customers are looking at IT strategically when making technology investments.

As providers endeavor to meet customer needs, partnering with other service providers is an option. A solid majority (82%) uses partnerships at least some of the time to fill gaps in their capabilities or those of their partners. For 43% of respondents, the use of partnerships is limited to less than a fourth of their customer base. When partnering, providers are willing to deliver a range of services such as cloud integration, security assessments, mitigation and monitoring, network monitoring, and IoT/edge-related offerings.

As expected, the pandemic has triggered changes in how providers interact with customers, and some of the changes will remain in place going forward. Since the pandemic started, providers are less likely to conduct pre-sales assessments, a trend likely to outlast the pandemic. Prior to the pandemic, 35% of respondents visited customer sites in person frequently, but only 20% expect to continue the practice post-pandemic.

Customer retention is an ongoing issue, and the study confirms providers continue to struggle with it. The biggest customer retention challenge they face involves competitive pricing, followed by "growing with customers." Another issue is lack of time to spend with customers.

Providers use a medley of pricing models. A set price for all services rendered is used about as often as a-la-carte pricing. Charging extra for additional services is also common. Device-based pricing ranks as the least popular model.

Nearly half of providers say their customers' environments consist almost exclusively of endpoints. Small and large data centers make up most of the other half. Edge environments remain underutilized and, as such, may represent an area of growth for IT solution providers in the near future. Regardless of the composition of their customers' environments, it's likely that demand for IT strategy planning will remain high as customers continue to seek guidance for their IT investments.

Introduction & Methodology

OVERVIEW

Methodology, data collection and analysis by Channel Futures and Informa Engage on behalf of Dell.

Data collected August 3 through 20, 2021.

Methodology conforms to accepted marketing research methods, practices and procedures.

METHODOLOGY

On August 3, 2021, Informa Engage emailed invitations to participate in an online survey to users of WMRE.

By August 20, 2021, Informa Engage had received 100 completed surveys.

RESPONSIVE MOTIVATION

To encourage prompt response and increase the response rate overall, a live link to the survey was included in the email invitation to route respondents directly to the online survey.

The invitations and survey were branded with either the Channel Futures brand name and logo in an effort to capitalize on user affinity for this valued brand.

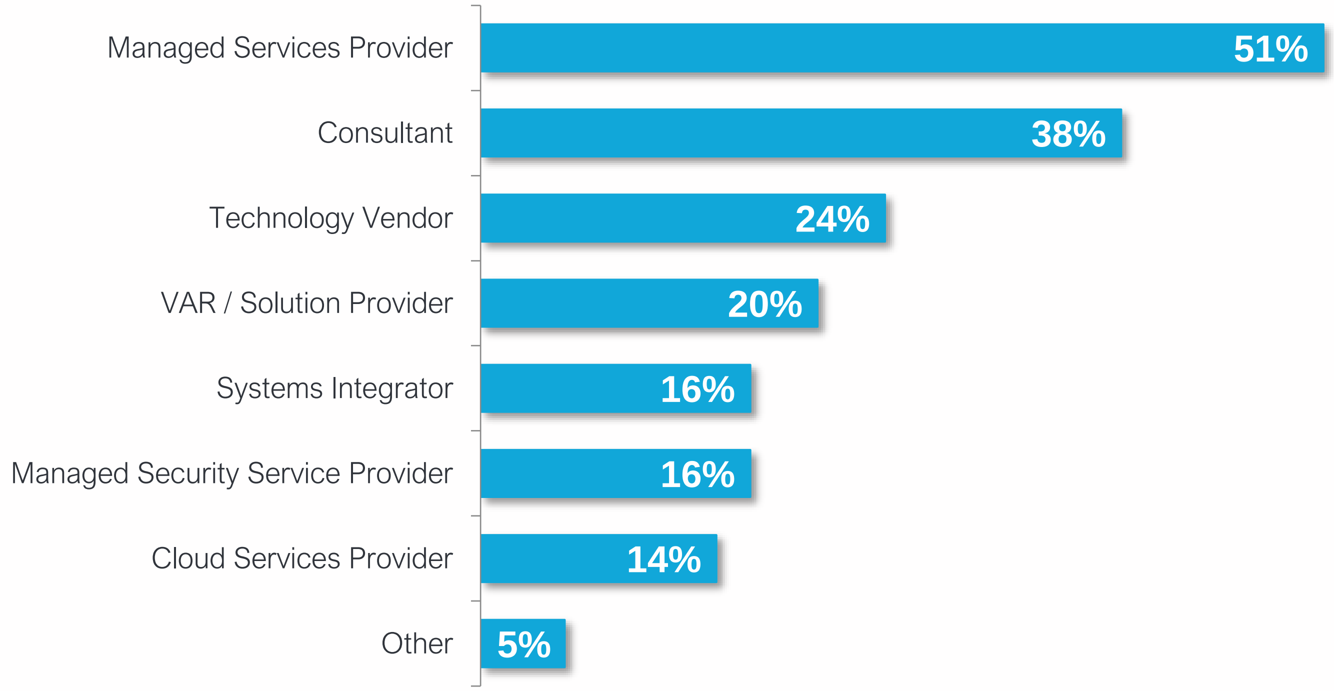
Each respondent was afforded the opportunity to receive a $10 Starbucks card as an incentive to complete the survey.

Respondent Profile

Company Profile: Business Type & Number of Employees

A variety of business types are represented in the sample, most commonly MSPs (51%). Companies of all sizes are represented.

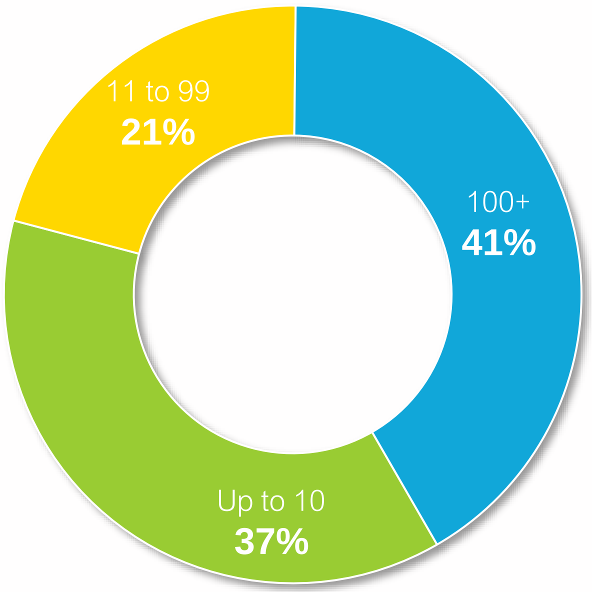
Business Type



Question: Which of the following best describes your business type? (Select all that apply.)

Base: All respondents (n=100).

Number of Employees



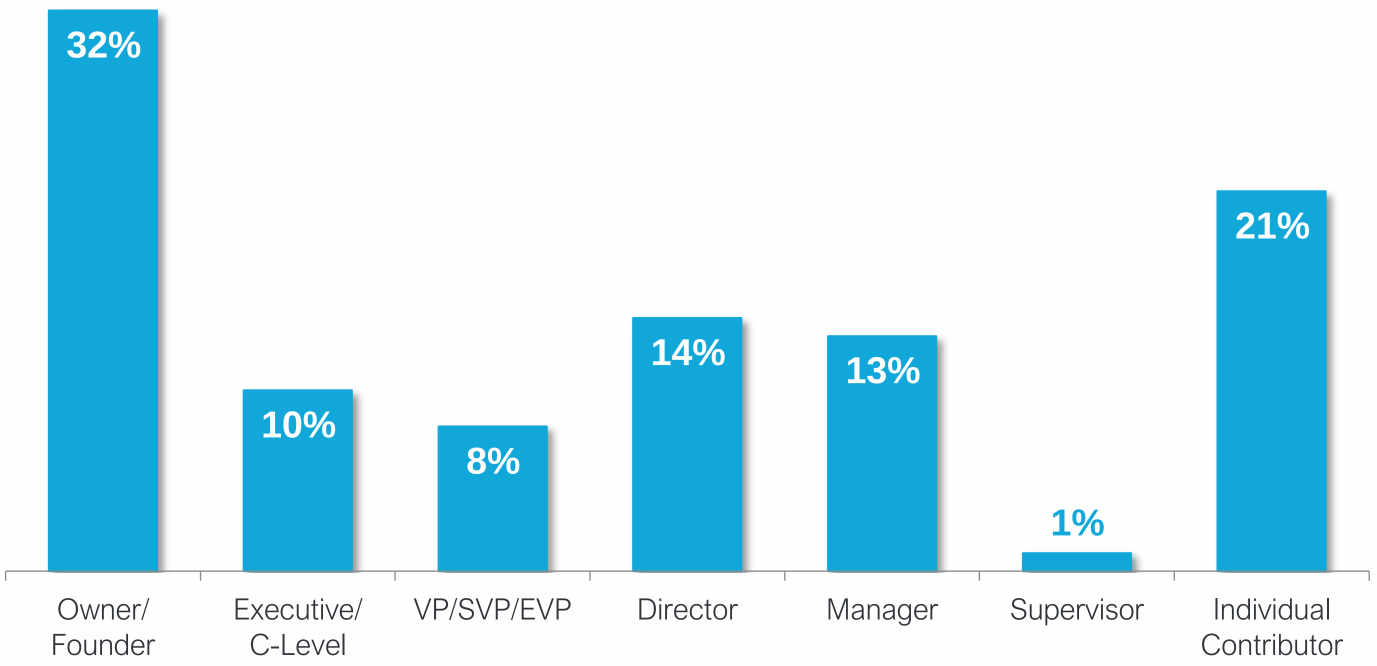
Question: How many people are employed by your company, at all locations?

Base: All respondents; multiple answers permitted (n=100).

Respondent Profile: Job Level & Regional Location

Half of respondents hold Executive positions (50% VP or higher). The vast majority are located in the United States (98%).

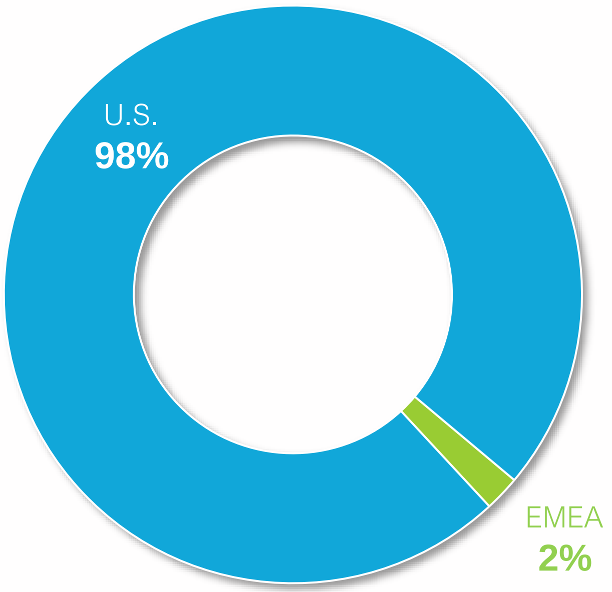
Job Level



Question: Which of the following best matches your current job level?

Base: All respondents (n=100).

Regional Location



Question: Are you located in the United State?

Question: [If not US] What region are you located in?

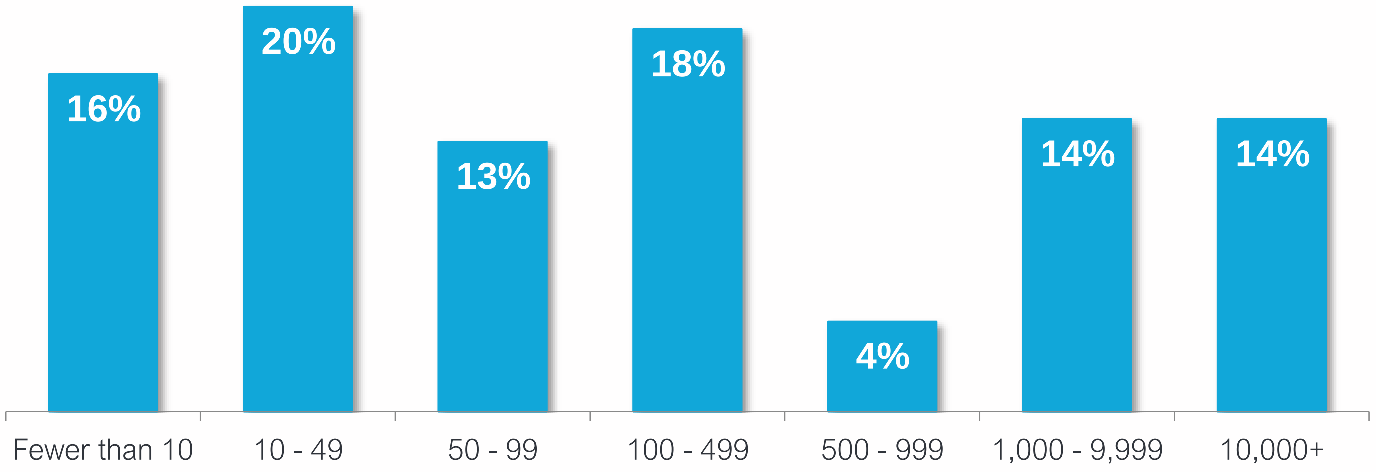
Base: All respondents (n=100).

Key Findings

Size of Customer Base & Partnering with Other Providers

Half of respondents report serving fewer than 100 active customers (49%). The typical respondent reports that 28% of their customer base is served by partnering with other providers.

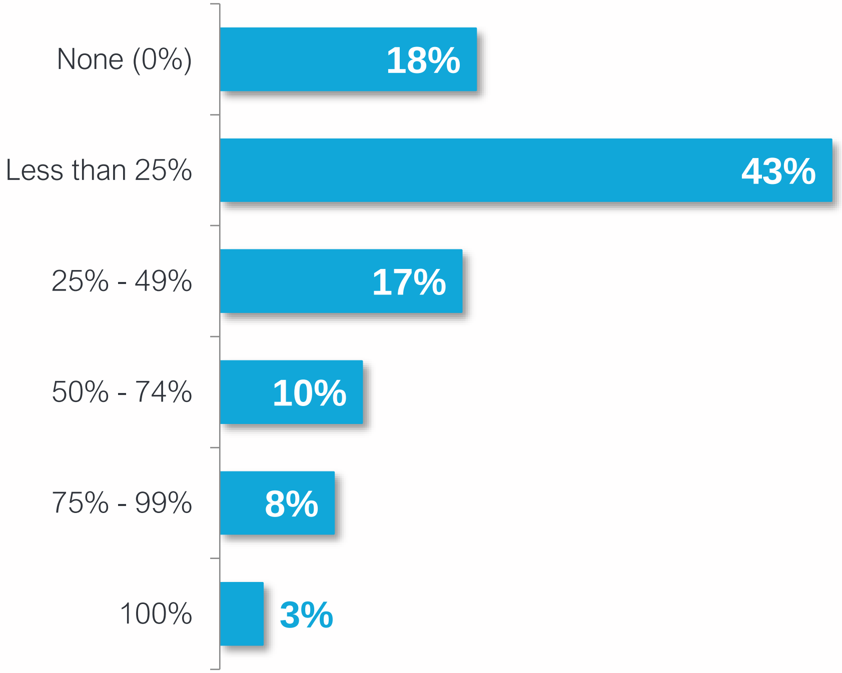
Number of Active Customers Served



Question: Approximately how many active customers does your company currently serve?

Base: All respondents (n=100).

Percent of Customer Base Served by Partnering with Other Providers



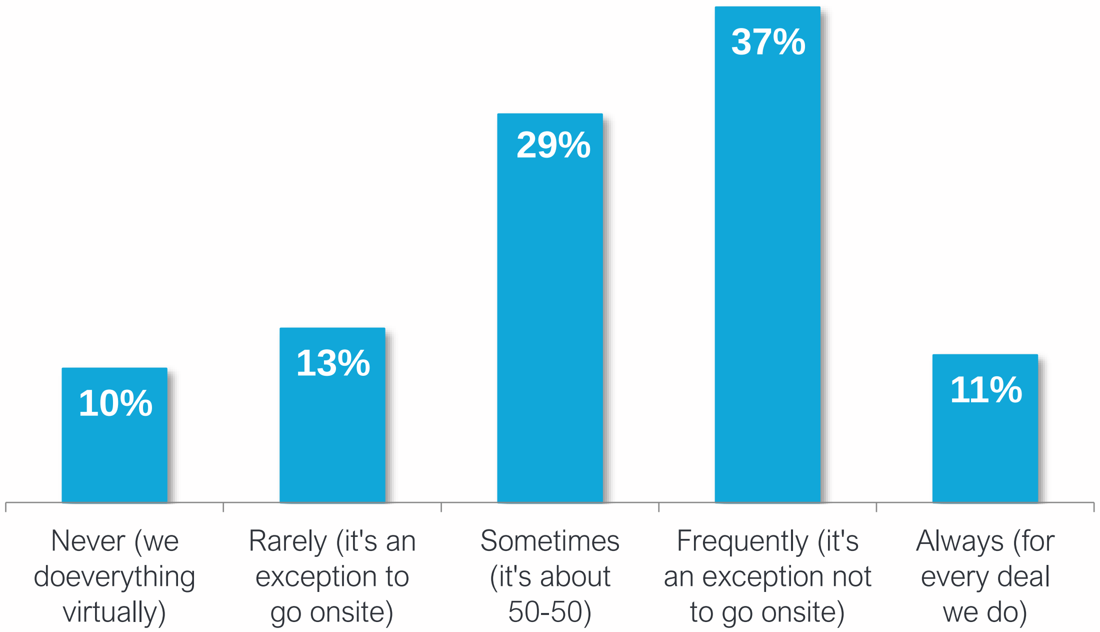
Question: For what percent of your customer base do you partner with other service providers (e.g., to fill a gap in their capabilities, to outsource for your own customers)?

Base: All respondents (n=100).

Frequency of In-Person Visits to Prospective Customers

Prior to the pandemic, 48% of respondents reported conducting pre-sales assessments either frequently or always. Going forward, post-pandemic, only 32% expect to do so frequently or always.

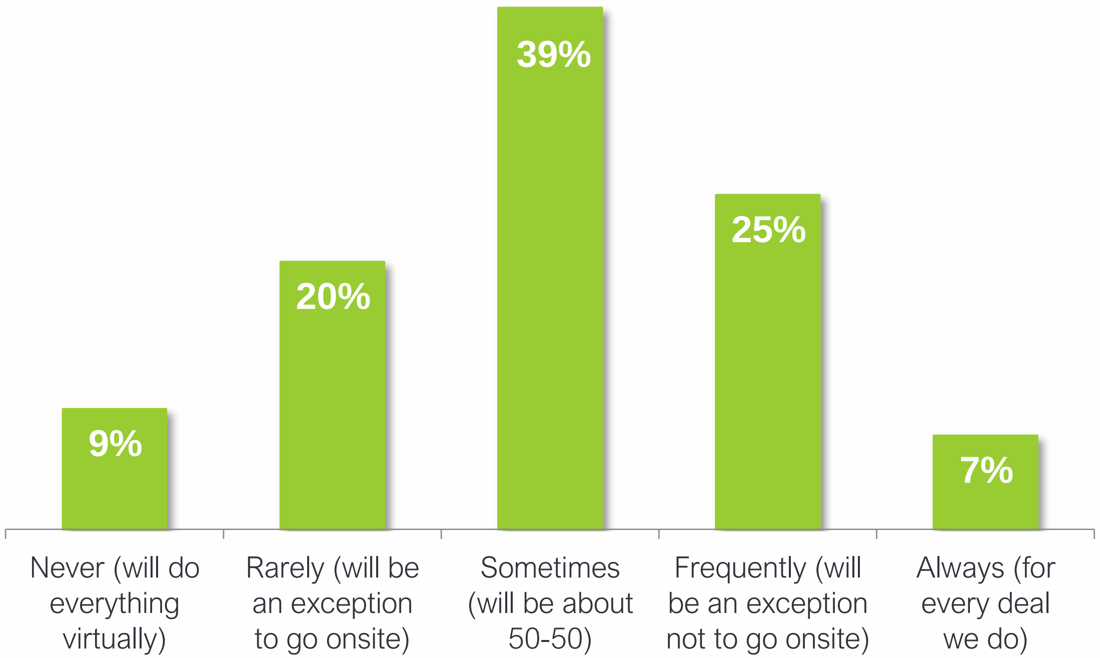
Pre-Pandemic: Frequency of In-Person Visits to Prospective Customers for Pre-Sales Assessments



Question: Pre-pandemic, how often did you visit prospective customers in person to provide a pre-sales assessment?

Base: All respondents (n=100).

Post-Pandemic: Expected Frequency of In-Person Visits to Prospective Customers for Pre-Sales Assessments



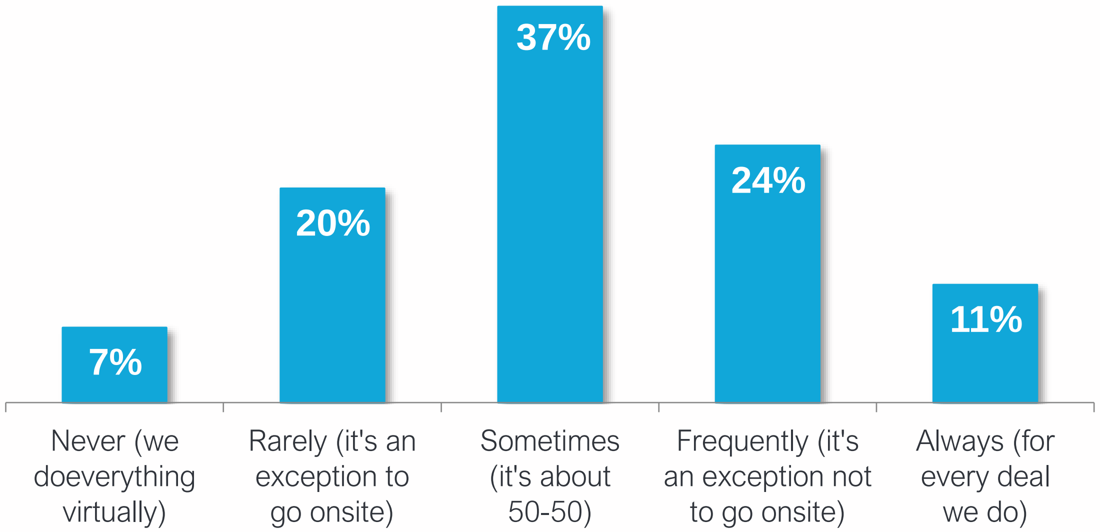
Question: Going forward (post-pandemic) how often do you expect visit prospective customers in person to provide a pre-sales assessment?

Base: All respondents (n=100).

Frequency of Going On-Site to Perform Work for Existing Customers

The pandemic also appears to have had a negative impact on in-person site visits to perform work for existing customers. Prior to the pandemic, 35% of respondents reported doing so either frequently or always, compared to just 20% who expect to do so post-pandemic.

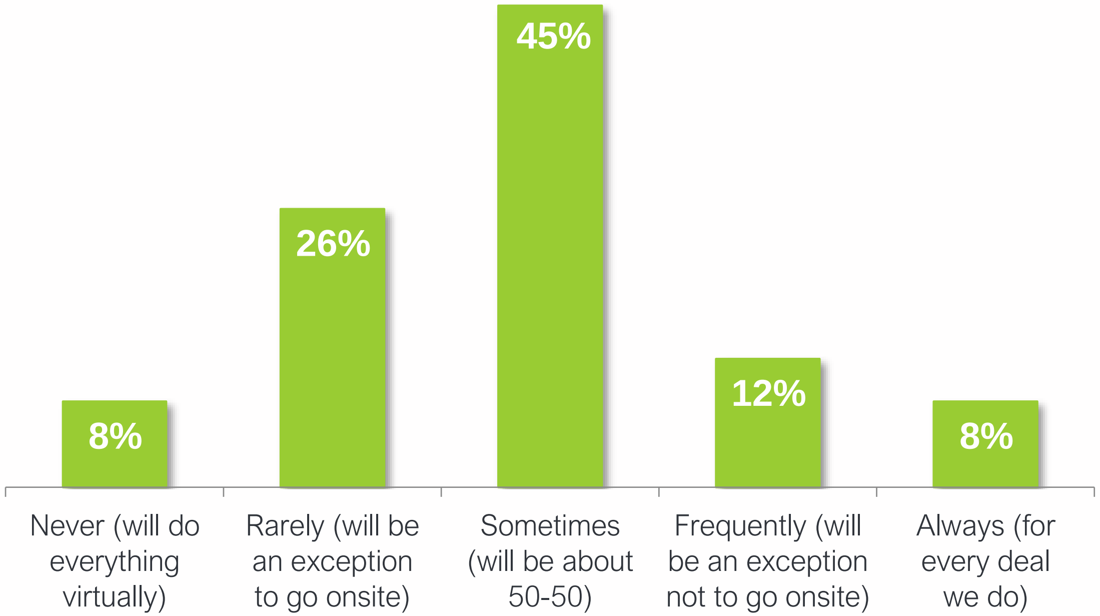
Pre-Pandemic: Frequency of Going On-Site to Perform Work for Existing Customers



Question: Pre-pandemic, how often did you go on on-site (vs. remote) to perform work for existing customers?

Base: All respondents (n=100).

Post-Pandemic: Expected Frequency of Going On-Site to Perform Work for Existing Customers

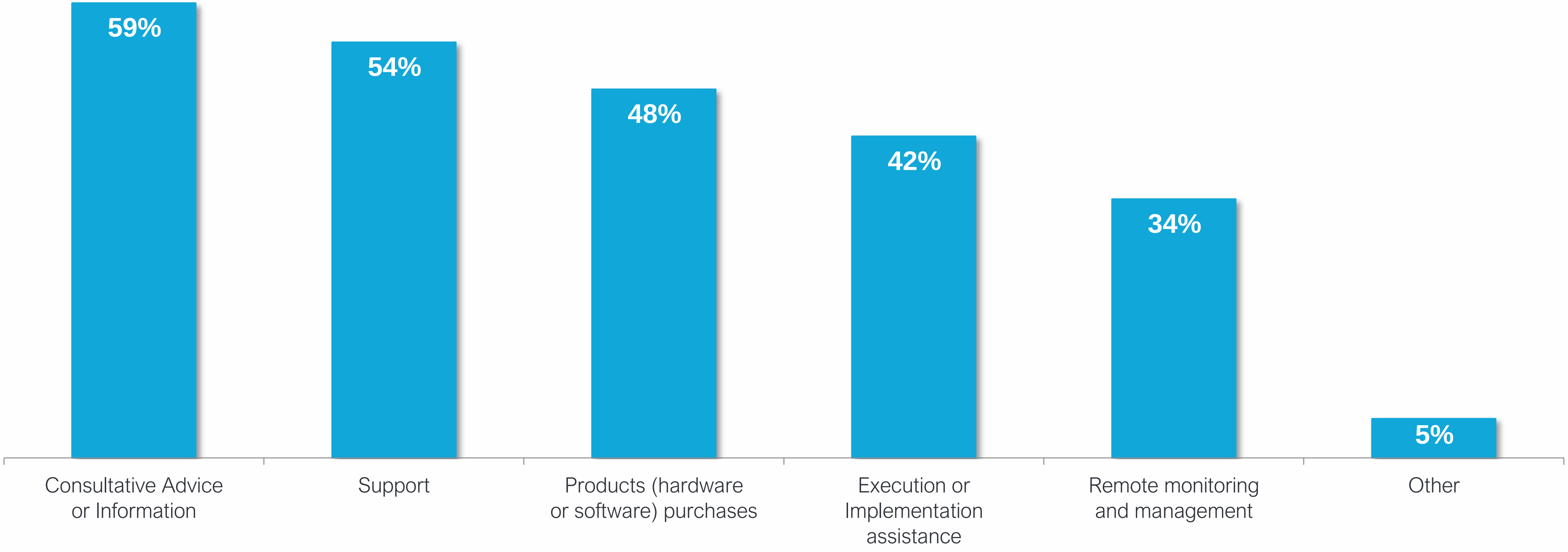


Question: Going forward (post-pandemic), how often do you expect to go on on-site (vs. remote) to perform work for existing customers?

Base: All respondents (n=100).

Most Frequent Customer Requests

The top three most frequent customer requests include consultative advice or information (59%), support (54%), and product purchases (48%).



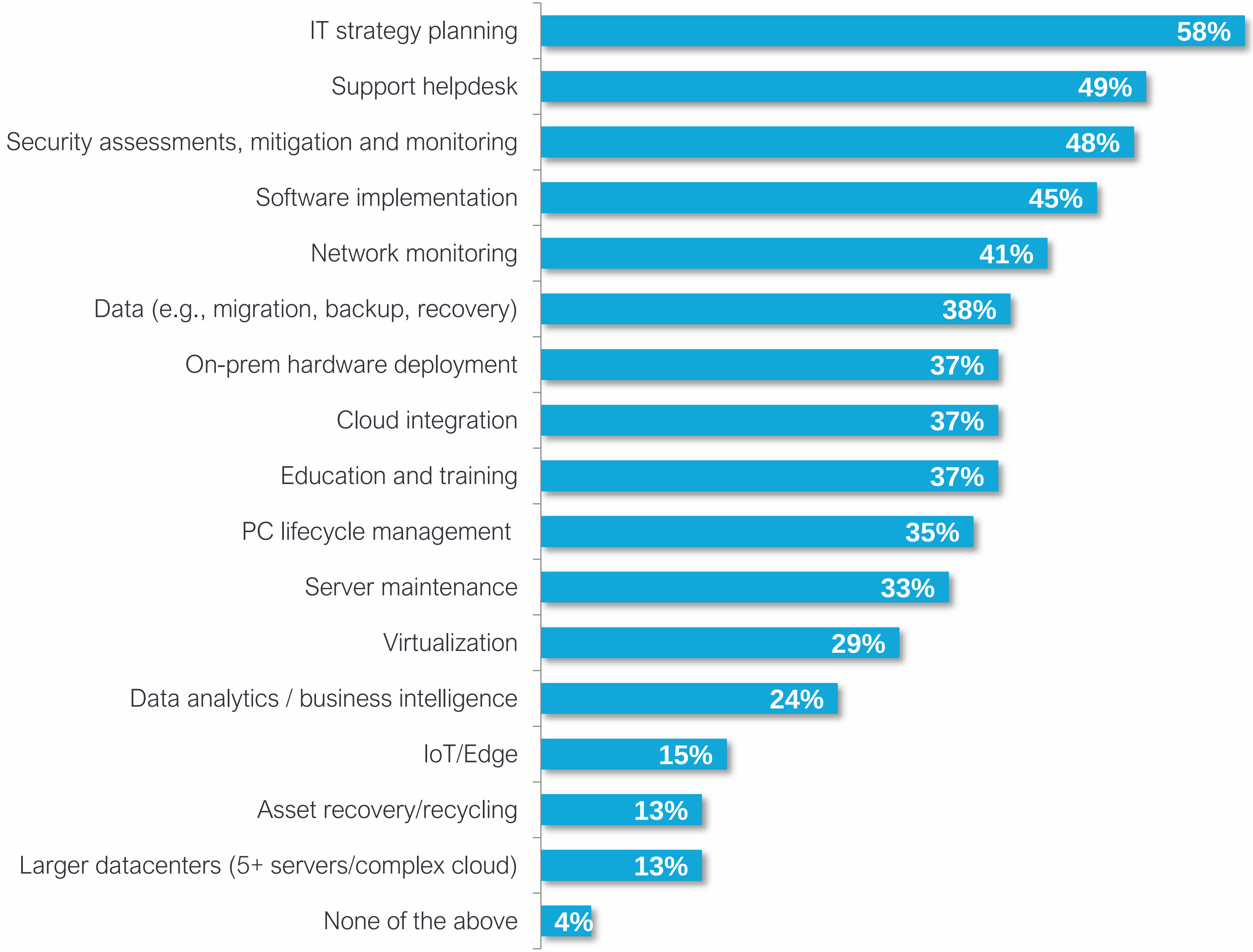
Question: Which of the following do your customers most frequently request from you? (Select the top three.)

Base: All respondents; up to three answers permitted (n=100).

Services Delivered Exclusively with In-House Resources

The capabilities and services most commonly delivered exclusively with in-house resources include:

- IT strategy planning
- Support helpdesk
- Security assessments, mitigation, and monitoring
- Network monitoring



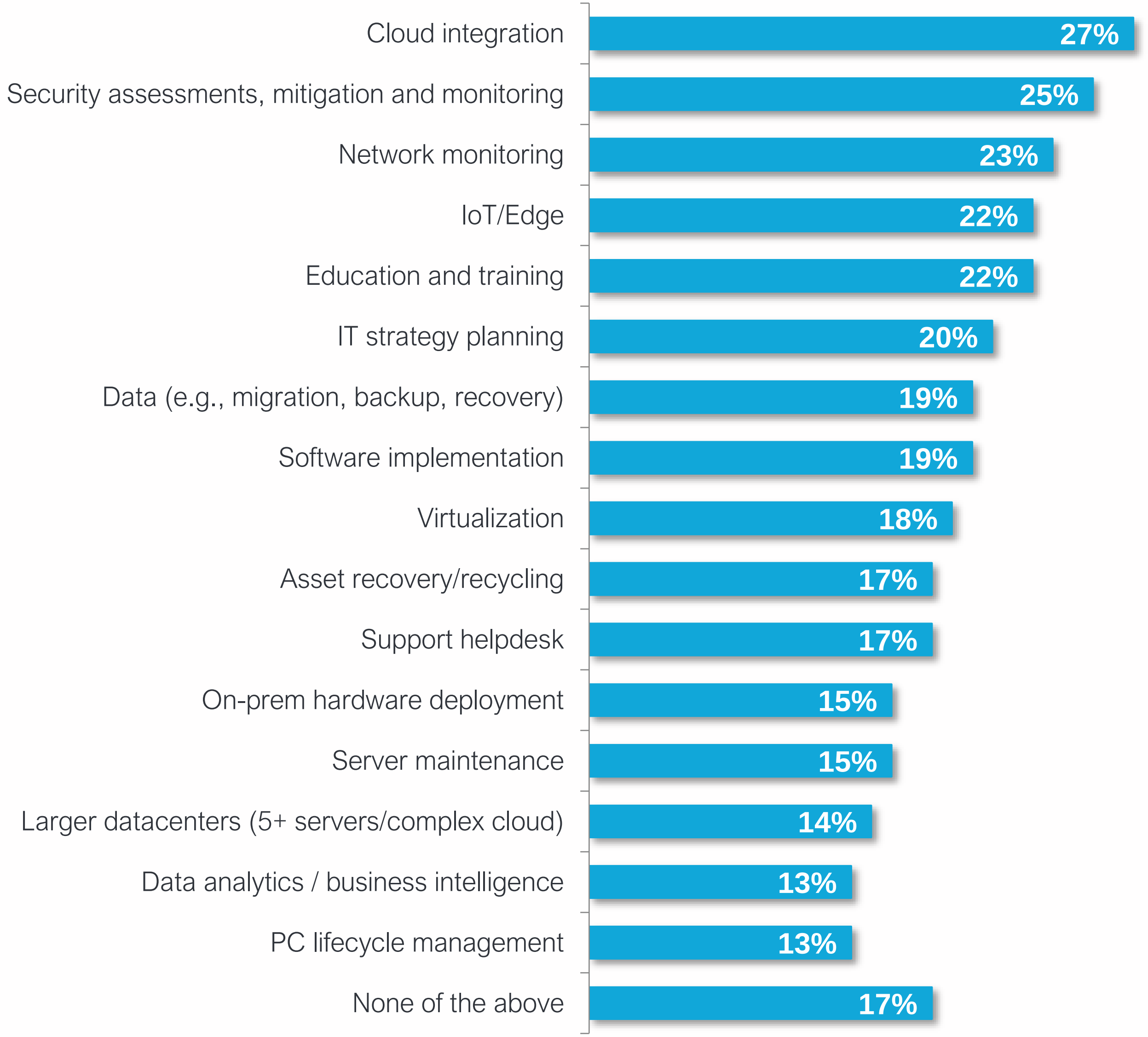
Question: Which of the following capabilities/services are strengths for your company, that you deliver with exclusively in-house resources? (Select all that apply.)

Base: All respondents; multiple answers permitted (n=100).

Services for which Company is Open to Seeking Partnerships for Delivery to Clients

At least one in five respondents report their companies are open to seeking partnerships for the delivery of:

- Cloud integration
- Security assessments, mitigation, and monitoring
- Network monitoring
- IoT/Edge
- Education and training
- IT strategy planning



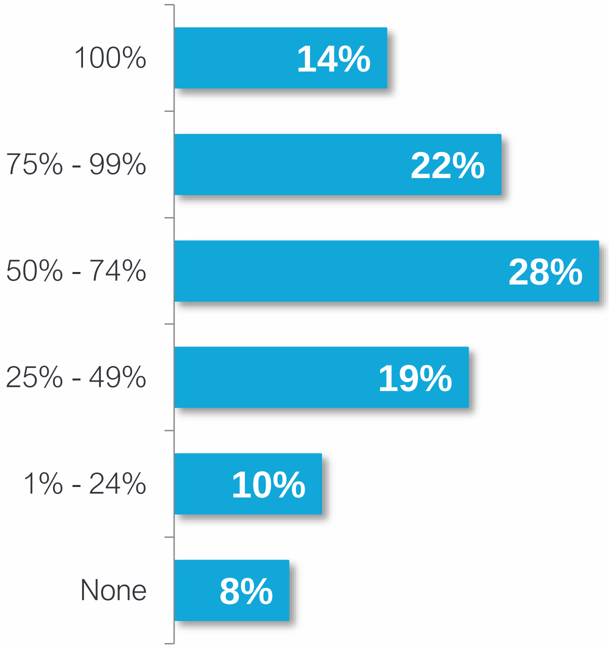
Question: For which of the following capabilities/services is your company open to seeking out partnerships to deliver for clients? (Select all that apply.)

Base: All respondents; multiple answers permitted (n=100).

Allocations of Typical Customer Data Center Environment

The typical customer data center environment is mostly on-premise (mean 56%), followed by hybrid (mean 24%) and cloud native (mean 20%).

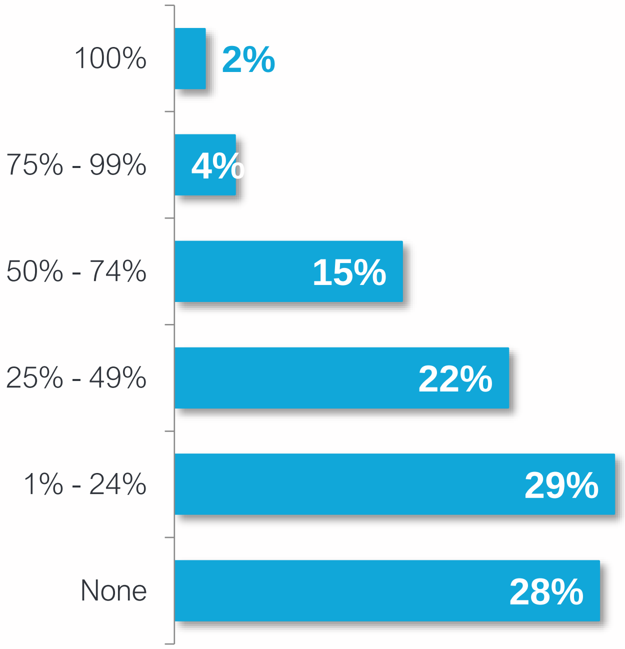
On-Premise
(Mean = 56%)



Question: How is your typical customer's data center environment allocated? (Percents must sum to 100%) On Premise

Base: All respondents (n=100).

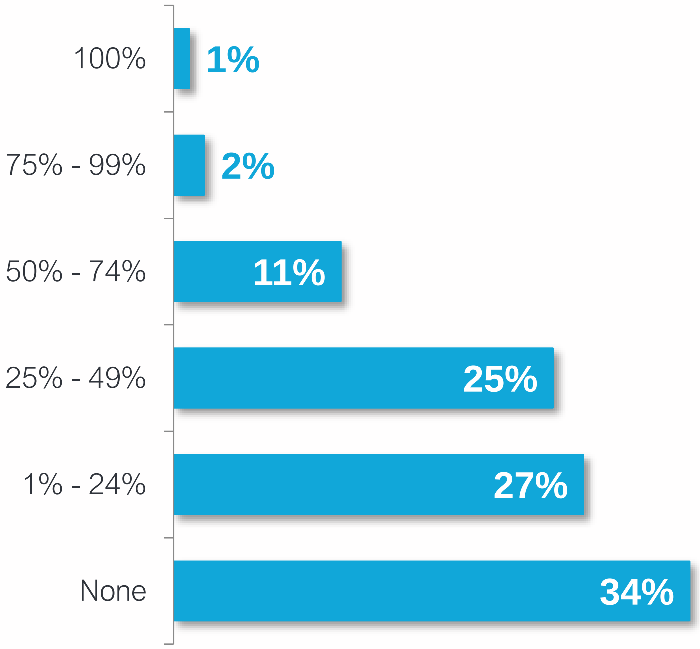
Hybrid
(Mean = 24%)



Question: How is your typical customer's data center environment allocated? (Percents must sum to 100%) Hybrid

Base: All respondents (n=100).

Cloud Native
(Mean = 20%)



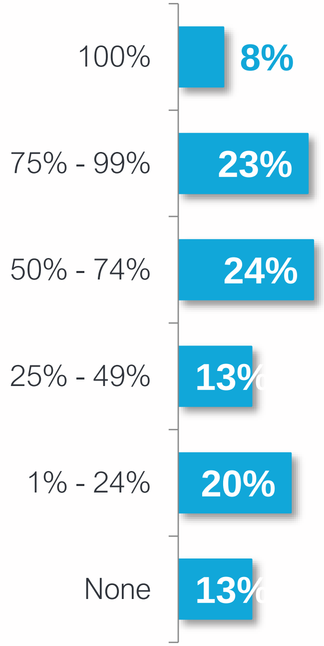
Question: How is your typical customer's data center environment allocated? (Percents must sum to 100%) Cloud Native

Base: All respondents (n=100).

Allocations of Typical Customer Data Center Complexity

The typical customer data center is almost half exclusively endpoints (mean 48%), followed by small and larger datacenters (respective means of 24% and 21%).

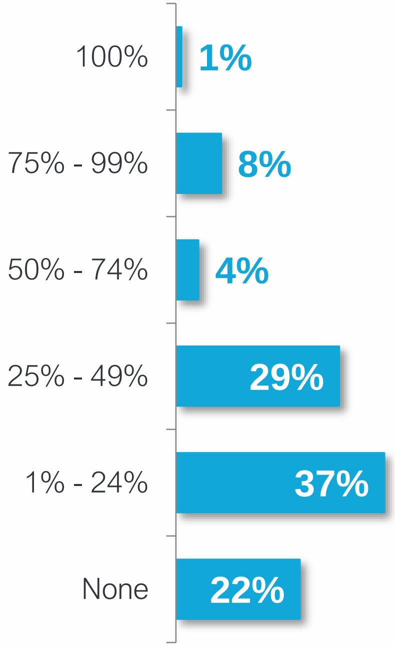
Almost Exclusively Endpoints
(Mean = 48%)



Question: How is your typical customer's environment complexity allocated? (Percents must sum to 100%) Almost exclusively endpoints (PCs, tablets, etc.)

Base: All respondents (n=100).

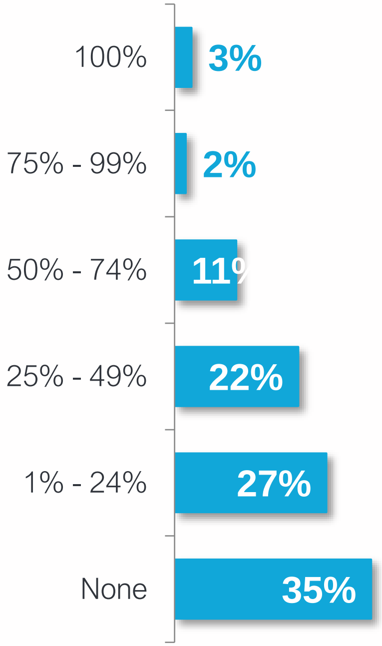
Small Datacenter
(Mean = 24%)



Question: How is your typical customer's environment complexity allocated? (Percents must sum to 100%) Small Datacenter (tower server, basic M365 tenants)

Base: All respondents (n=100).

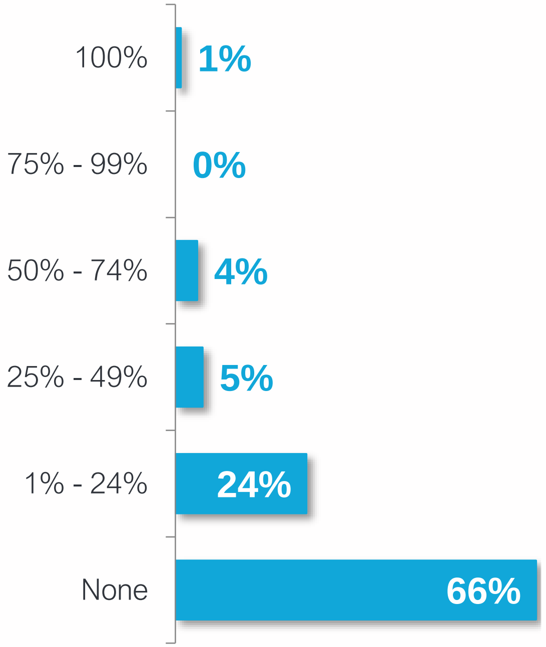
Larger Datacenter
(Mean = 21%)



Question: How is your typical customer's environment complexity allocated? (Percents must sum to 100%) Larger Datacenter (multi-server, multi-cloud)

Base: All respondents (n=100).

Edge
(Mean = 8%)

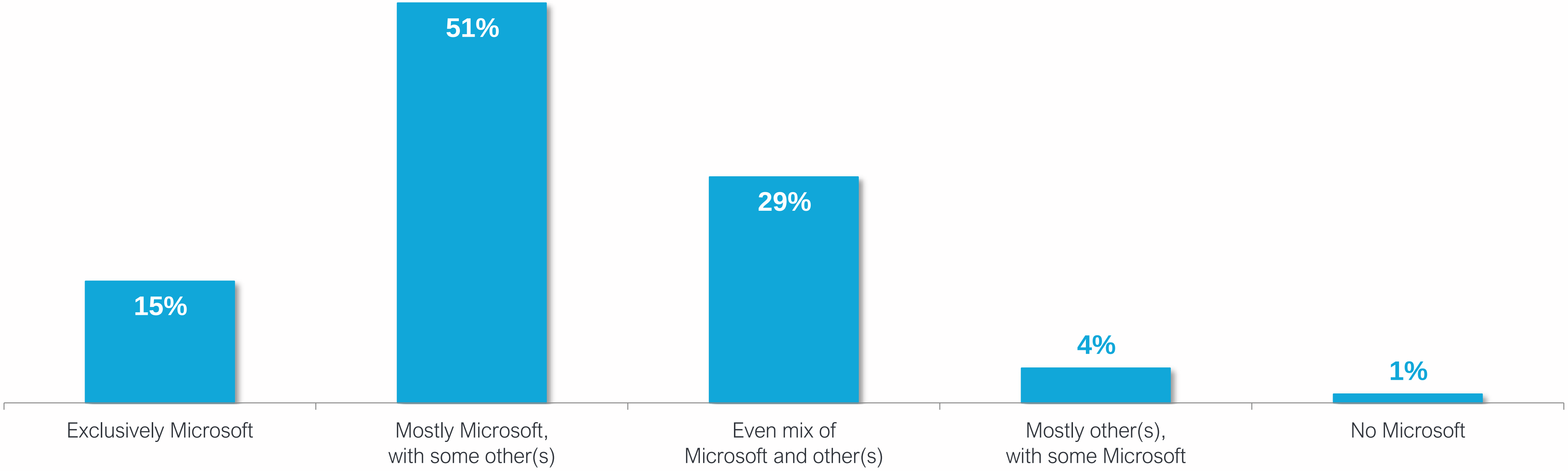


Question: How is your typical customer's environment complexity allocated? (Percents must sum to 100%) Edge

Base: All respondents (n=100).

Typical Customer Technology Stack Composition

Respondents report that two thirds of their customers' technology stacks are comprised primarily of Microsoft solutions (66%), including 15% with exclusively Microsoft solutions.



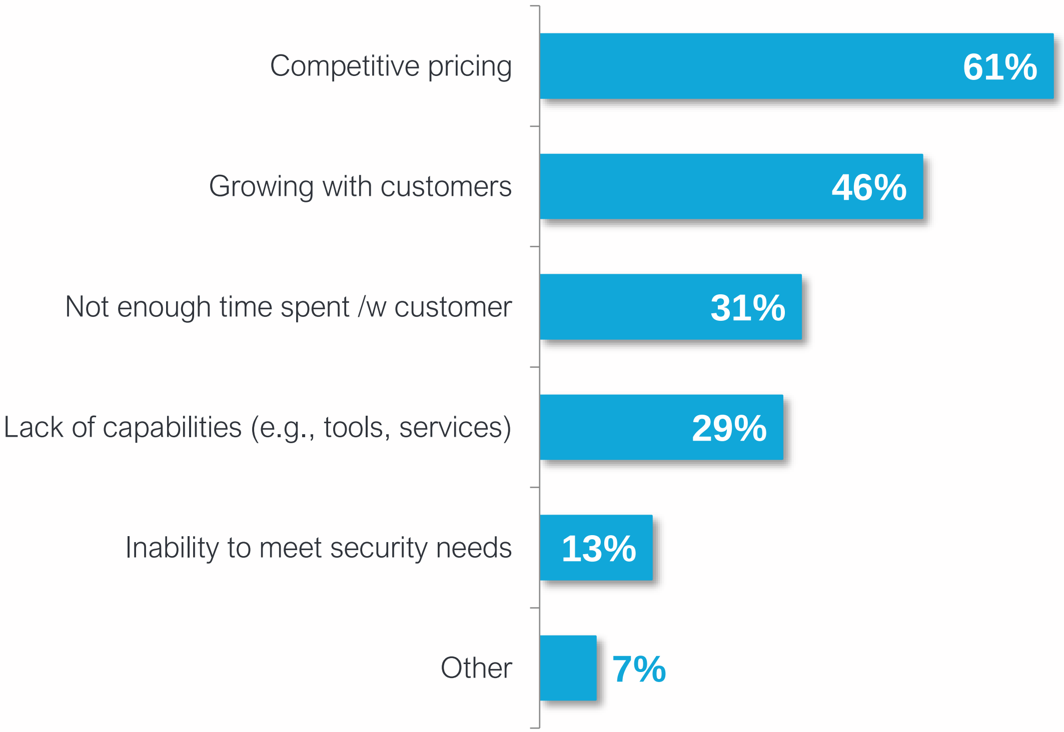
Question: Which best characterizes the composition of your typical customer's technology stack?

Base: All respondents (n=100).

Biggest Customer Challenges & Pricing Models Utilized

The primary customer retention challenge faced by respondent companies is competitive pricing (61%), followed by growing with customers (46%). No single pricing model emerged as most utilized by the sample. The least utilized is device-based pricing.

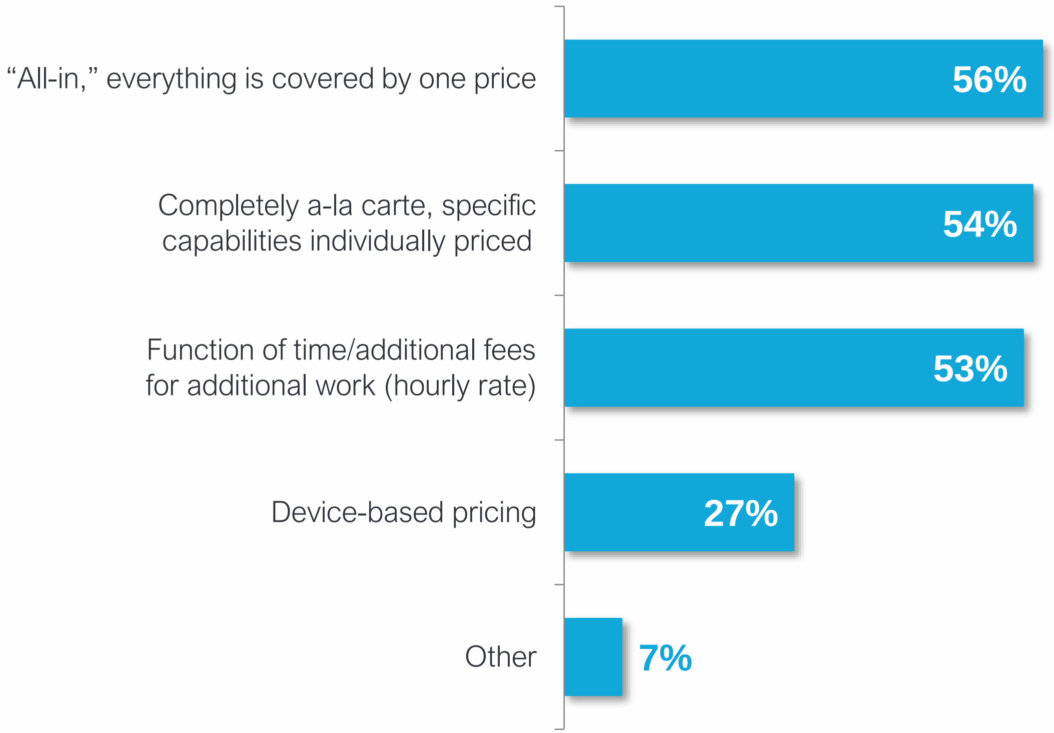
Biggest Customer Retention Challenges



Question: What are your biggest challenges in retaining customers? (Select up to three.)

Base: All respondents; up to three answers permitted (n=100).

Pricing Models Utilized



Question: Which of the following pricing models does your company utilize? (Select all that apply.)

Base: All respondents; multiple answers permitted (n=100).

Thank you!

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