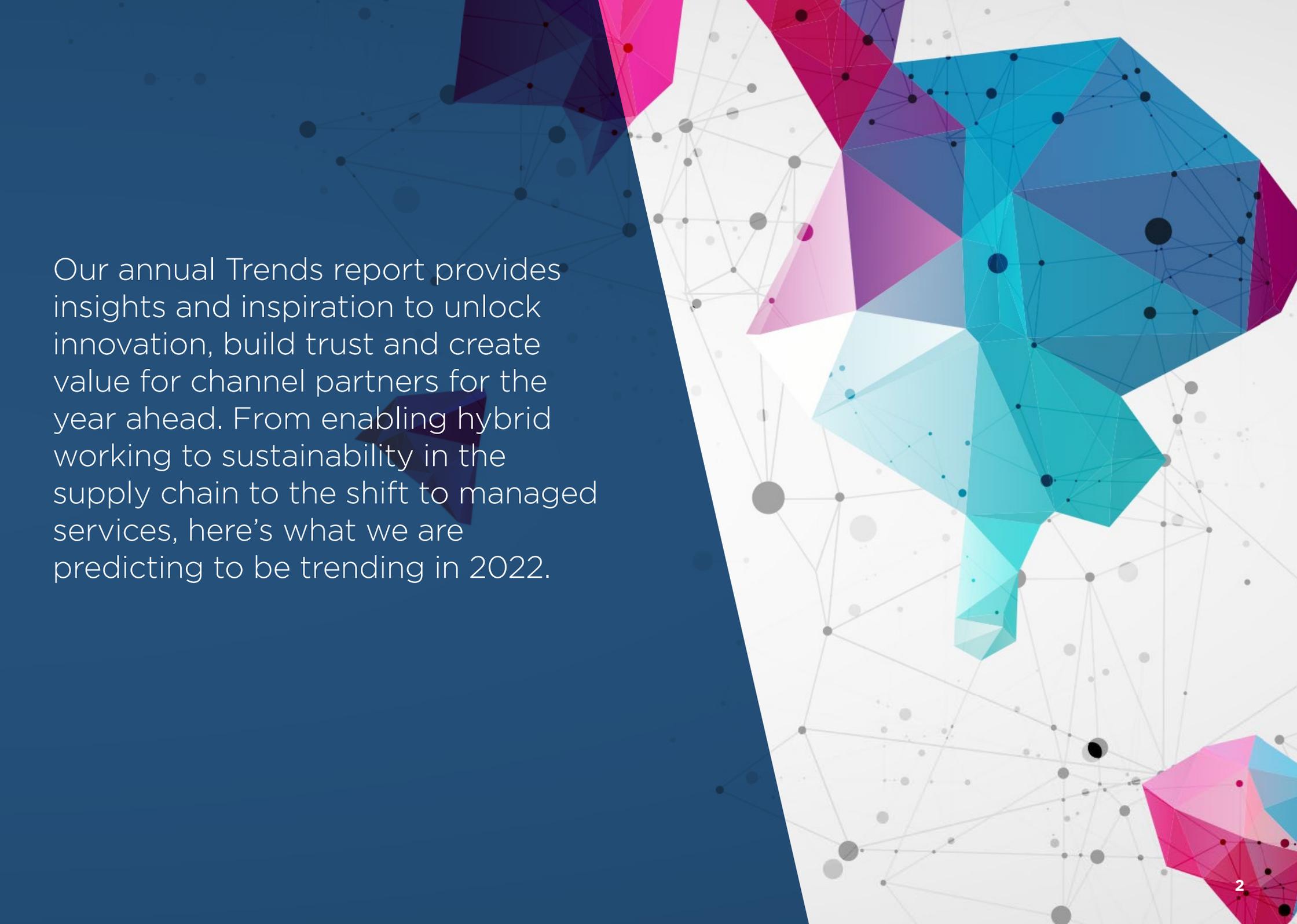


5 Trends

set to transform the
IT channel in 2022



Our annual Trends report provides insights and inspiration to unlock innovation, build trust and create value for channel partners for the year ahead. From enabling hybrid working to sustainability in the supply chain to the shift to managed services, here's what we are predicting to be trending in 2022.

Today, as we look across the world, flexibility is at the core of workplace cultures. Employees are being trusted and feeling empowered to literally work from anywhere. The need for an exceptional user experience, more effective collaboration, robust and agile networks and bullet-proof security are paramount.

Enterprises need advanced technology solutions to meet the needs of the modern digital business. In 2022 and beyond, IT teams must support high-bandwidth, latency-sensitive applications, particularly voice and video collaboration tools. Increased reliance on these solutions will drive significant investments in WLAN, Ethernet switching and SD-WAN technologies.

This megatrend puts further pressure on the IT department. If the early days of the pandemic were about reacting – getting workforces set up with the right

devices in a matter of days, migrating to the cloud – the priority in 2022 will be a hybrid working and cloud strategy and the applications, workloads and data within it. There has never been a time when the need for flexibility and performance of the network has been higher – and the drive for productivity in application and network management greater.

Securing these networks and applications against the growing range of threats is as tough as it is essential. As the scale and complexity of the digital enterprise grows, many businesses will look to outsource their IT operations.

This represents a huge opportunity for the channel, and our partners will take a strategic role in helping businesses, of all types and sizes, to meet these challenges, at a time when they are looking for digital technologies to drive improved business outcomes and increased productivity.

David Grant

Chief Executive Officer,
Westcon-Comstor



#1

Hybrid is here to stay

The hybrid working revolution that changed the world of work, seemingly overnight, is here to stay. What many expected was a temporary precaution in the early stages of the pandemic, is now ingrained in the way businesses operate, with many employees increasingly trusted to work in any location.

There will be significant opportunity for the channel in 2022 to enable and optimise hybrid working. We expect to see substantial investment in hybrid working solutions by enterprise customers but also, crucially, by SMBs. This is driven by two things. Firstly, there has been a cultural shift in our understanding

and acceptance of remote and hybrid work. Employers have learned to trust their people to be productive wherever they are, while employees increasingly expect to be empowered to decide for themselves what working patterns work best for them.

With such a competitive employment market and the skills gap growing, talent recruitment and retention will be critical in 2022. Employers will need to be forward-thinking, responsive and flexible to meet the needs and expectations in an employee's market. Flexible hybrid working is one such expectation, with [Gartner reporting that as many as 39% of knowledge workers could leave if companies insist on a 'hard return' to fully on-site work.](#)

Secondly, now we know the shift is not just a short-term fix, we can deliver hybrid working by design rather than necessity, enabled



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Now we know the shift is not just a short-term fix, we can deliver hybrid working by design rather than necessity, enabled by technology.

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Albert Tan

Senior Regional Director, Comstor ASEAN

by technology. What may have worked as a stop-gap solution will not be the right solution to meet a business' long term needs – whether they're an enterprise or SMB.

SMBs were focussed on maintaining business continuity and invested in solutions that simply got the job done without too much thought into whether the solution was right moving forwards. Now that the dust has settled, SMBs are re-evaluating their needs, opening up new opportunities for the channel to add real value.

Enterprises were often further down the hybrid route, enabled by existing collaboration tools and security protocols. So in 2022 they will focus on network optimisation, enhanced collaboration and increased security of their dispersed people, data and devices by investing in solutions that are efficient, secure and scalable.

To capitalise on this opportunity, the channel needs to live up to its “consultative” reputation and understand what their customers need from their solutions. Whether that's providing a cloud solution for an enterprise customer or helping an SMB understand what technology is available to match their specific needs and budget.

Underpinning this, channel partners need to offer a portfolio of flexible solutions, with the ability to scale up or down, supported by flexible payment solutions and subscription models that accelerate adoption and drive recurring revenues.

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Now more than ever, maintaining that sense of connection and belonging with our teams in a hybrid environment is critical, so adoption of collaboration tools and adjusting the way we engage and communicate is a must.

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Laura Lesley-Pryor
HR Business Partner, NZ

57%

of workers expect to be in the office
10 days or less each month (Cisco)



#2

Flexibility will be key in cybersecurity



The key for the channel to capitalise on cybersecurity investments in 2022 is to meet the new demands of the market and changing environments.



Sam Chng
Senior Regional Director, ASEAN

Cybersecurity will continue to be a priority for all businesses in 2022. According to Gartner's latest Emerging Risks Monitor Report, ransomware in particular is an even greater concern for executives than pandemic-related issues, including supply chain disruptions. To counteract this and limit the potential damage of an attack, businesses will treat cybersecurity as a business-critical function with subsequent investment in new solutions.

But simply saying that there will be cybersecurity investment is an oversimplification. The decision-making process for how businesses allocate resources to reinforce their defences is complicated by market conditions and the changing landscape of how and where we work.

When employees work from one location, on one network, on specific devices, threats are relatively predictable and easy to mitigate against. In the hybrid world of work, however, where employees work on multiple devices that connect to public and private networks in any number of locations, the threats become a lot harder to predict. This means that flexibility and the ability to



scale and upgrade will define cybersecurity investment in 2022.

Businesses need to be able to protect all their data, devices and people, wherever they work. As staff numbers rise and fall, and restrictions covering office working are enforced or relaxed, so too must cybersecurity capabilities adapt, flex and scale.

But this hybrid environment is much harder to protect and secure. We will see investment in SASE and Zero Trust Network Access solutions as a result. But businesses struggling to get a handle on the expanded threat surface or the complexity of their IT will look to outsource management to MSPs and MSSPs.

The ongoing supply chain and talent shortages will also contribute to how cybersecurity will be approached in 2022. Traditionally, cybersecurity was implemented with specialised hardware and software solutions managed by an internal IT team with expertise in cybersecurity. With hardware increasingly hard to procure due to shortages and supply chain disruption, the shift to software and subscriptions will accelerate.

The key for the channel to capitalise on cybersecurity investments in 2022 is to meet the new demands of the market and changing environments, from secure home working and cloud adoption to 5G, marketplaces and managed services. The flexibility and agility of our partners will help them to meet these needs - or risk being left behind.

61%
of IT executives
expect ransomware to
increase in 2022 (PwC)

The most important element is to offer flexibility and choice through a comprehensive portfolio of cloud and as-a-Service solutions first and foremost, supported by flexible payment solutions and subscription models that help drive adoption and deliver predictable recurring revenues for the solution supplier.

#3

Sustainability needs actions, not words

Against the backdrop of shifting public sentiment highlighted by events such as the UN COP26 Climate Change Conference where nations made new climate pledges, sustainability has risen up the political and cultural agenda. Thinking on a macro level and understanding how we all interact with and impact our natural environment is going to be key for businesses in 2022. Sustainability can no longer be ignored by business leaders.

We anticipate that 2022 will be a watershed moment in how transparent and accountable businesses are in their sustainability goals and performance, and how they factor in customer decision making.

Businesses will become much more conscious of the importance of provable sustainability policies and practices and the importance of data-driven supply chain optimisation. They're rethinking their own business practices and procurement, and how they interact with the global supply chain. In fact, 60% of European businesses cited sustainability as a very or extremely important business priority for 2020, according to IDC. We expect this to be even more prevalent in 2022.

\$250b

of investment in sustainability has been committed by businesses in APAC
(Frost & Sullivan)

The inconvenient truth is that the business world is beginning to see the forest for the trees. You can no longer hide behind woolly pledges or messaging to meet the minimum requirement when it comes to sustainability. Greenwashing is seen for what it is. Proof is now expected, whether it's hard data, accreditation or other independent verification. Indeed, 60% of European organisations are already

including sustainability objectives in their RFPs, according to IDC. In the IT supply chain, credible sustainability metrics and reporting are now a 'must have' rather than just a 'nice to have'. We are already seeing Requests for Proposal with language specifically requesting sustainability as a prerequisite. This is particularly relevant for the channel as businesses are now pushed to be more transparent and

accountable. The chip shortage revealed clearly to the world how interconnected and fragile global supply chains are, forcing businesses to prioritise resilience and sustainability.

This will result in greater investment in the circular economy and blended technology solutions. These increase access to technology when hardware

supplies are squeezed by supply chain disruption, while helping businesses reach their sustainability goals. They lower the carbon footprint of the supply chain and increase sales. Sustainability will factor heavily in procurement by businesses in 2022. Words are no longer enough. Those that lack the proper credentials or sustainability strategies in place will be left on the outside looking in.

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You can no longer hide behind woolly pledges or greenwashing to meet the minimum requirement when it comes to sustainability.

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John Astuy

Senior Director, Operations, APAC





Rakesh Parbhoo
Chief Technology Officer, Westcon-Comstor

#4

Solution lifecycle management will become embedded

The adoption of Solution Lifecycle Management (SLM) driven by changing customer expectations, the accelerating shift to software and the goal of long term customer success, will become a key channel trend in 2022.

The way that people buy their technology has changed. This is more than transformational – it's disrupting the way the channel operates, engages and transacts. In the past, vendors sold devices with in-built software and a support contract. Solutions were static in nature. When they stop doing their job, they were simply replaced or upgraded.

With the shift to software and subscriptions, the customer relationship is more dynamic. Development is agile. Updates, patches, and upgrades are delivered more regularly, extending the customer relationship and life of a solution beyond its former shelf-life.

This presents its own challenges. With software and as-a-Service models, customers can switch solutions and providers swiftly if they do not see measurable value. This shifts the thinking towards business outcomes and customer-centricity, and we'll continue to see channel partners move away from sales to customer success. Vendor programmes are also changing and partners must adapt to engage with them fully in the future.

The shift also presents significant benefits for the channel in

2022. Effective solution lifecycle management drives predictable recurring revenues, maximises renewals, increases up- and cross-sell opportunities, and delivers the benefits of Opex models to both customers and providers. Flexible payment solutions, subscriptions and consumption billing will drive IT adoption and deliver the flexibility and choice customers now demand.

From a channel perspective, the duration of solution's useful life and the full customer lifecycle is paramount. The sales motion for a product that can be upgraded or scaled up and down indefinitely is entirely different to selling a product with a limited lifespan. Channel partners will continue to reframe their approach to sales in 2022 with a greater emphasis on customer success and lifecycle management.

This approach puts them in the driving seat. It reduces churn, increases expansion and manages customer accounts easily. But to be truly effective, solution lifecycle management must be driven by data and insight and underpinned by expertise.

By combining the sales data, product knowledge and customer insight, partners can identify the key steps and touchpoints along the entire customer lifecycle. With the right knowledge and tools, they can perform lifecycle activities that drive real, incremental growth and result in maximised customer lifetime value.

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There has been a significant shift from traditional IT to SaaS and subscription-based consumption, allowing businesses to really see where their IT investment is going and allow smarter planning for future spend.

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Melita Brooke
Renewals Director - APAC



The global SaaS market will be worth

\$143.7b

by 2022 (Gartner)



#5

Managed services will fuel growth

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Managed services continue to be the fastest growing business model and are rapidly displacing traditional resale as the way channel partners profit in the channel.

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Patrick Aronson

Chief Marketing Officer, Westcon-Comstor

Transformation and new operating models will be critical for all businesses to succeed in 2022 and beyond. Selecting the right technology, building the right partnerships, and hiring the right people are some of the major challenges that partners, end users and even Westcon-Comstor will face in the post-COVID era. Cybersecurity is also an omnipresent challenge in the digital world which no organisation or business can afford to overlook.

The good news is that all of this creates immense opportunity for our reseller and partner base. We have already seen how many partners have reinvented themselves by building managed services business, and we expect

demand will continue to fuel growth in 2022. Gartner estimates that Technology-as-a-Service will grow 4x in value from \$93.8 billion in 2018 to \$344.3 billion by 2024.

Managed services are rapidly displacing traditional resale as the way partners profit in the channel. End users want to automate or outsource more of their non-core functions so they can direct precious internal resources to focus on the parts of their businesses that generate the most value. This, coupled with increasing software dominance and the Opex-over-Capex approach to funding digital transformation initiatives, is the key driver behind this change.

This reality opens up an abundance of revenue growth opportunities for channel partners. As an example, operating a managed service model provides invaluable telematics data which partners can leverage, not just to provide higher quality service to existing



Technology-as-a-Service will grow to

\$344.3b

by 2024 (Gartner)

customers, but to gain valuable customer and usage insights which can be used to develop new revenue opportunities in other parts of the market.

It's important to recognise, however, that transitioning from a traditional reseller to a managed service provider is not like flicking a switch. It's a significant decision which, over time, will require the business to rethink its approach and realign its structure, financing, procurement, compensation, vendor partnerships and transaction and billing capabilities to reflect the new model.

This isn't to say that every channel partner needs to immediately scrap their business plan and rapidly shift to an MSP model overnight. There will be demand for traditional

resale business but the balance is undeniably shifting in favour of as-a-Service offerings.

It is important for every channel partner to plan to address the shifting landscape and to build fundamental capabilities that deliver both products as services to their customers in a way that reflects their preference for how they procure and consume technology.

This trend is well under way and, although it won't mature fully in the next 12 or 24 months, now is a good time for traditional resellers to lay the groundwork and prepare themselves for the high-growth opportunities ahead. Those who are prepared to capitalise on managed services will have their day in the sun in the years ahead.

Are you ready for what's next?

At Westcon-Comstor we have the insight, experience and expertise you need to successfully navigate the challenges and opportunities ahead.