

2024 CHANNEL TRENDS

It's time to take
POSITIVE ACTION



AGILITAS



CUTTING THROUGH THE NOISE

It's never quiet in the Channel! And, recently, there has been a lot of noise. Noise about customer experience, AI, company culture, sustainability, diversity and inclusion, just to name a few. Sometimes, when there is a lot of noise, it can be difficult to listen.

There are countless webinars, events, white papers and company commitments covering all of the topics above (and more) and discussing their importance across the Channel. But how many companies cut through the noise and translate it into meaningful actions?

Our latest Channel Trends research report dives into the actions that Channel businesses have taken and are looking to implement in the next 12 months. We aim to uncover where Channel leaders see the biggest gains, what strategies are being prioritised, and most importantly, whether enough is being done.

With challenging market conditions, the companies taking action may well come out on top.

The findings explored in this research report were gathered in January 2024 in partnership with the respected research firm, Censuswide. We surveyed 250 respondents working in UK-headquartered businesses with an annual turnover of over £5 million. The report is designed to give Channel leaders insights into the current market trends, to aid their decision-making and strategies.

KEY TAKEAWAYS AND CHARTS

85%

of Channel leaders recognise the importance of delivering a superior Customer Experience (CX).



82%

of Channel leaders felt that AI would be impactful to their business over the next 12 months.



46%

believe that service quality is the most important factor to create a positive customer experience.



25%

of businesses believe that high turnover of staff and resistance to change are the biggest challenges to company culture.



25%

of Channel companies have no plans to implement Diversity, Equality, and Inclusion (DEI) strategies this year.



18%

of Technology Channel businesses are calculating their carbon footprint across scopes 1, 2 and 3.





When asking Technology Channel Leaders how optimistic they were about the future of their company in the next 12 months, they ranked at 7.9 out of a possible 10, which is up from 7.6 last year.

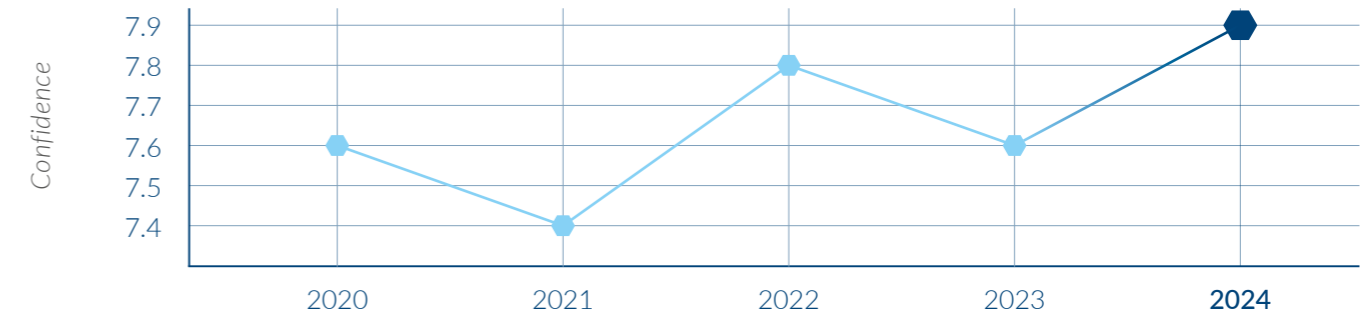
With confidence climbing again this year, the data reveals that 19% of respondents ranked their optimism at an 8, with 39% of Channel decision-makers highly optimistic about the year ahead, ranking their confidence at a 9 or 10.

Looking closer at the data reveals that Managed Service Providers (MSPs) are more confident this year, compared to 2023. Value Added Resellers (VARs) are fractionally more confident than MSPs, which is a stark contrast to last year's barometer where VAR optimism was significantly polarised with 32% in the lowest confidence levels.

Similarly to last year, the larger the business, the more confident they are about the future success of their company in the next 12 months. Large Technology Channel companies, with more than 500 employees, ranked their optimism at 8.3, in comparison to businesses with less than 50 employees, who ranked their optimism at 6.6.

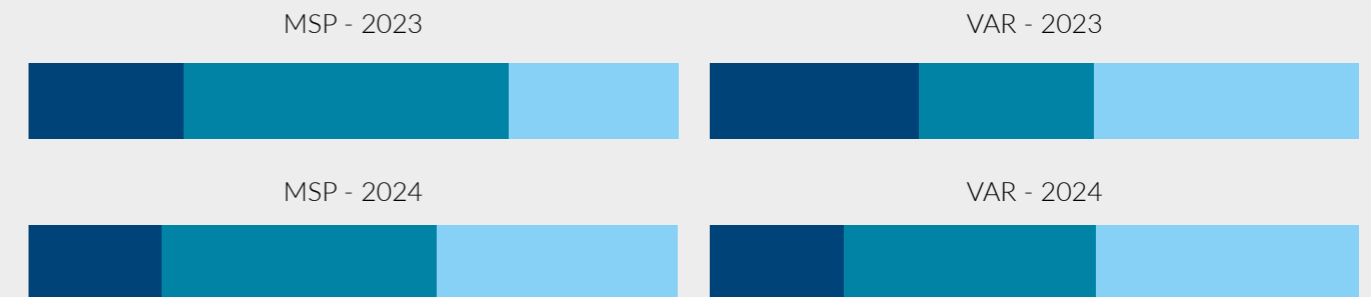
Our findings also uncovered that there is a huge disconnect between CEOs and their workforce. When asked to rank their confidence, CEOs were exceptionally more optimistic than their junior managers, who are involved in the business's day-to-day operations.

OVERALL CHANNEL CONFIDENCE BY YEAR:

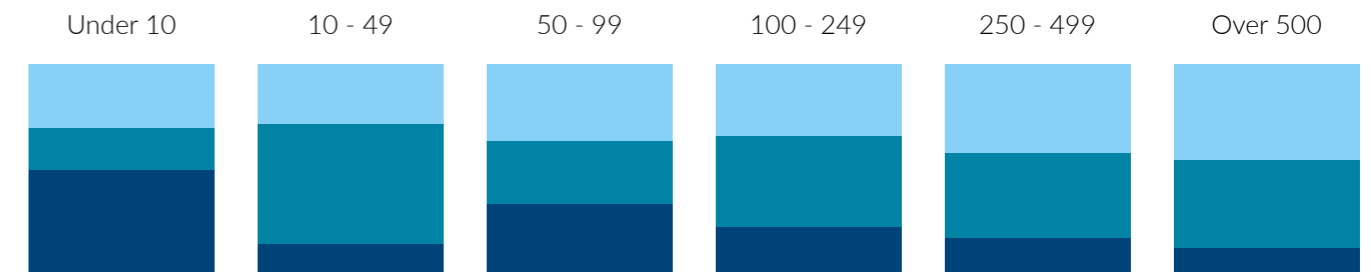


CONFIDENCE BY SECTOR:

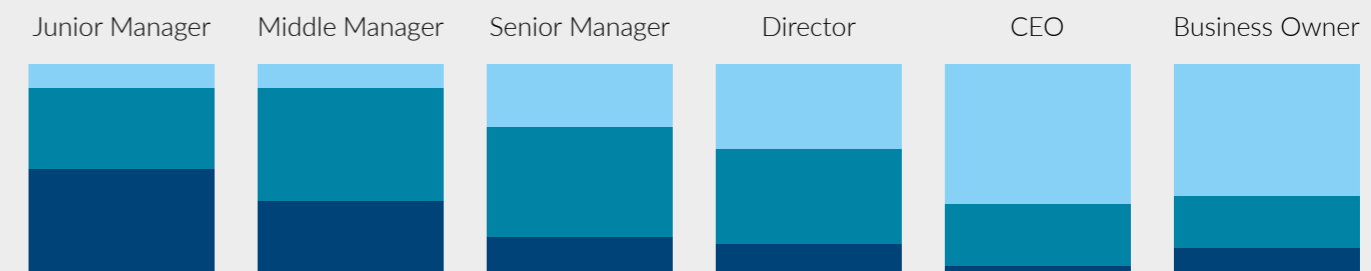
0-6 - Not as Confident ● 7-8 - Confident ● 9-10 - Extremely Confident ●



CONFIDENCE BY BUSINESS SIZE:



CONFIDENCE BY EMPLOYMENT LEVEL:





Technology Channel is prioritising innovation, customer experience and talent, with larger organisations leading the way.

Innovation is critical to business growth and in today's turbulent marketplace, unsurprisingly, 81% of Channel leaders are focusing on embracing innovation this coming year. However, there were variations by employment level, with CEOs focusing on the 'big picture', and junior managers placing more emphasis on operational strategies.

In last year's Channel Trends report, we introduced the Total Experience concept, and it's promising to see that customer experience and attracting and retaining the right people, two fundamental aspects of a total experience (TX) strategy, remain a priority for Channel businesses, ranking at 7.7 out of a possible 10.

The total experience is a strategy that interlinks customer experience (CX), employee experience (EX), multi-experience (MX) and user experience (UX) to create a more holistic experience for everyone. With greater collaboration and an increase in focus across all core areas, Channel businesses can bolster a stronger strategy, achieve consistency across their organisation and create a better experience all round.

Resilient organisations are those that thrive in the face of adversity by leveraging their competitive advantage and core strengths, as well as partnering with the right businesses. SMEs are still feeling the strain with resilient business models emerging as a top priority for them again this year.

Interestingly, junior managers are also prioritising resilience. With those at the top focussing on CX and innovation, this could indicate that junior managers are feeling greater pressure than their superiors. The question is, how can middle managers and above begin transferring their optimism about innovation to staff across the whole company?

OVERALL TOP PRIORITIES IN THE CHANNEL:

0-6 - Not as Priority ● 7-8 - Priority ● 9-10 - Top Priority ●

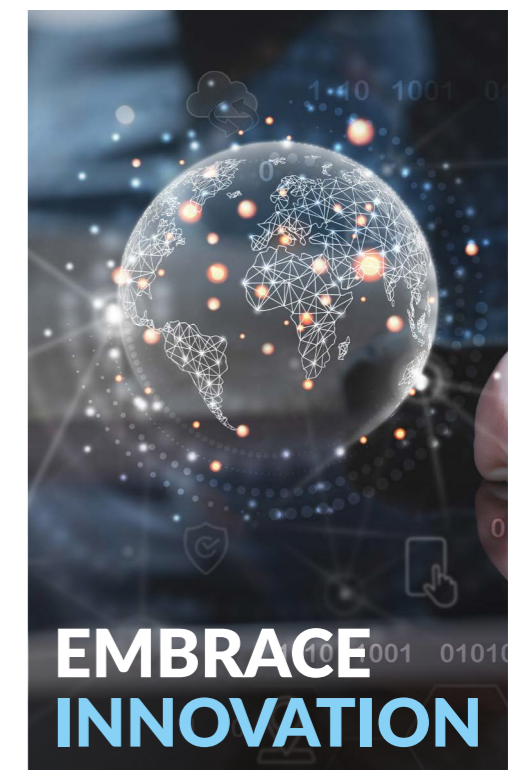
Embracing Innovation	Mean: 7.91	
Enhancing Customer Experience	Mean: 7.76	
Attracting & Attaining the Right Talent	Mean: 7.73	
Driving Sustainability Efforts	Mean: 7.71	
Introducing or Increasing Automation	Mean: 7.62	
Building a Resilient Business Model	Mean: 7.60	
Strengthening Company Culture	Mean: 7.59	
Embracing New Global Markets	Mean: 7.58	
Leveraging AI	Mean: 7.55	
Identifying Strategic Partnerships	Mean: 7.51	
Breaking Down Silos within the Business	Mean: 7.37	

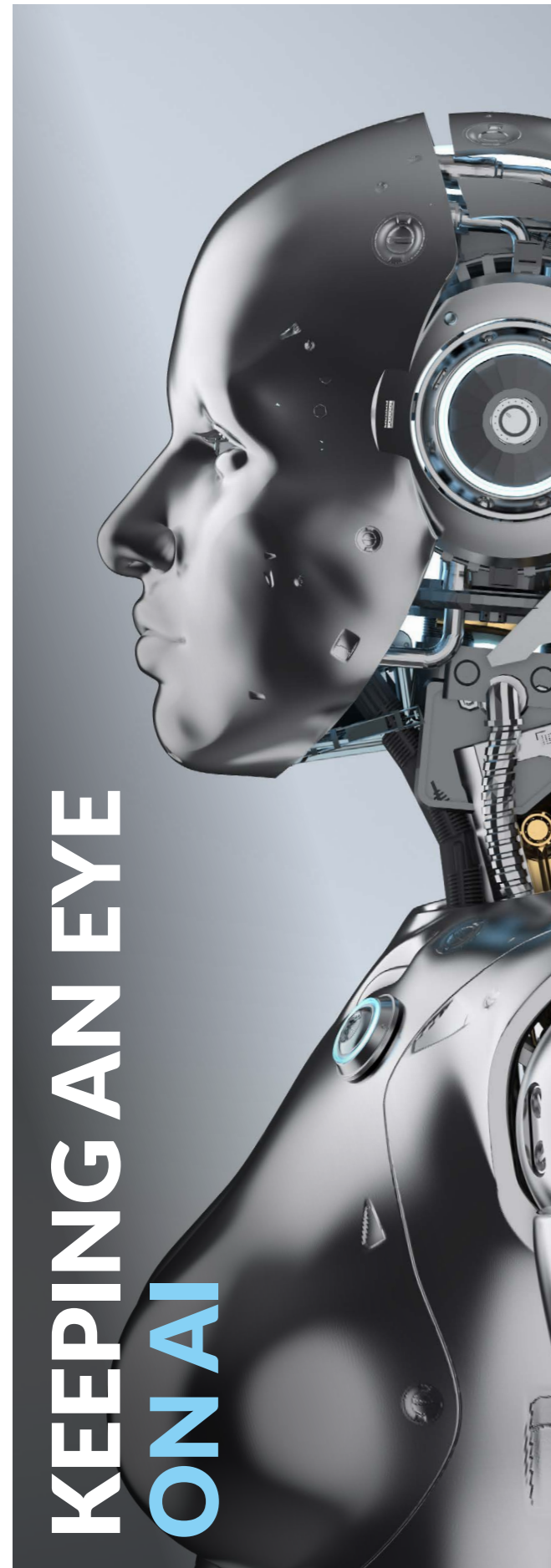
BY BUSINESS SIZE:

- Under 50 - Introducing or Increasing Automation
- 50 - 99 - Building a Resilient Business Model
- 100 - 249 - Embracing Innovation
- 250 - 499 - Driving Sustainability Efforts
- Over 500 - Embracing Innovation

EMPLOYMENT LEVEL:

- Junior Manager - Building a Resilient Business Model
- Middle Manager - Embracing Innovation
- Senior Manager - Embracing Innovation
- Director - Embracing Innovation
- CEO - Embracing Innovation
- Business Owner - Enhancing Customer Experience





Improvements are ahead with Artificial Intelligence (AI) and Cybersecurity coming out on top as the most impactful trends.

When thinking about the future of the Technology Channel as a whole, respondents felt that AI would be the most impactful trend over the next 12 months. It's no secret that AI is already transforming the way that companies improve their operational efficiency. By using AI to analyse vast amounts of data, Channel leaders can redirect valuable resources to other areas of the business, bolster their customer experience and make better decisions.

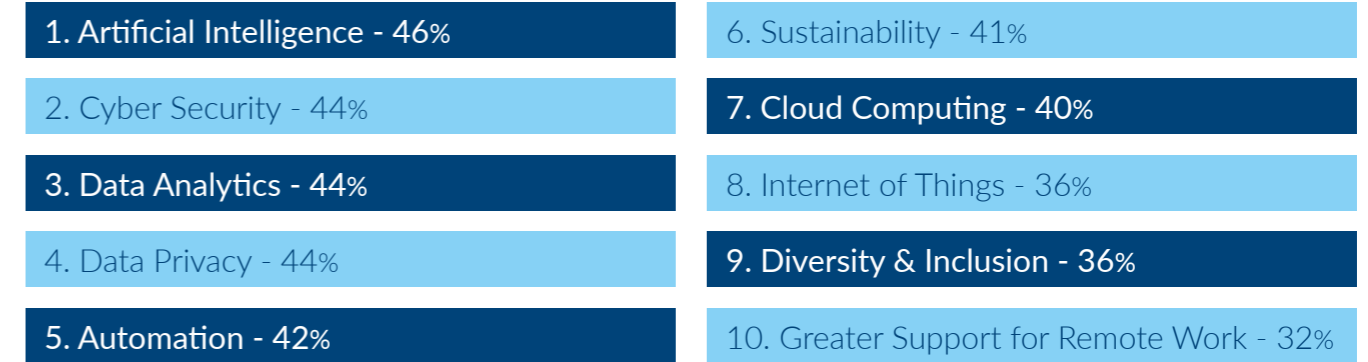
Our data, however, uncovered that when it came to leveraging AI within their businesses, it fell much lower down the priority list. 82% of respondents stated that AI would be impactful over the next 12 months (with 46% rating highly impactful), but only 74% were adopting AI in their own business strategies.

Forbes suggests that AI's potential use far exceeds the readiness levels of today's modern businesses and that the hype around AI has also fostered a degree of scepticism. There are also security and data integrity concerns, along with costs if businesses are looking to introduce an enterprise AI solution that works with their data. Therefore, it is unsurprising that smaller companies are less likely to be leveraging AI in their business and that companies with over 500 employees are the ones leading the way.

With businesses struggling to manage the increasingly complex threat landscape, Channel partners have been poised to drive cybersecurity growth. With that in mind, it's been vital for partners to upskill and develop solutions with existing resources to tackle the inevitable challenges in the end-customer IT landscape. Therefore, it's promising to see that cybersecurity was ranked highly by respondents again this year, coming in at an 8 out of 10.

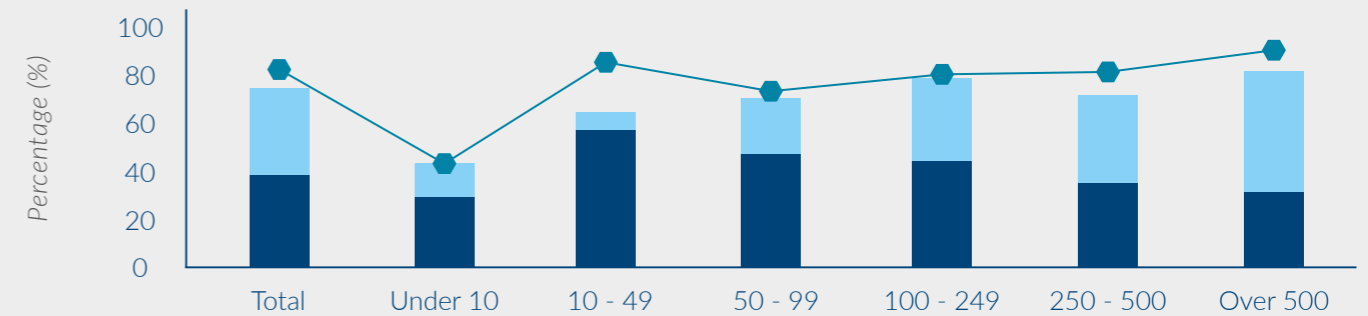
HOW IMPACTFUL WILL THE FOLLOWING CHANNEL TRENDS BE?

The below % highlights respondents selecting 9-10 for 'high impact'.



BUSINESS FOCUS VS. IMPACT ON UTILISING AI:

7-8 - Some Focus ● 9-10 - Extreme Focus ● Total Impact of AI ●



FOCUS BY BUSINESS SIZE:

- Under 50 - Data Privacy
- 50 - 99 - Cybersecurity
- 100 - 249 - Cloud Computing
- 250 - 499 - Cybersecurity
- Over 500 - Artificial Intelligence

FOCUS BY EMPLOYMENT LEVEL:

- Junior Manager - Cybersecurity
- Middle Manager - Cloud Computing
- Senior Manager - Cybersecurity
- Director - Artificial Intelligence
- CEO - Artificial Intelligence
- Business Owner - Cloud Computing



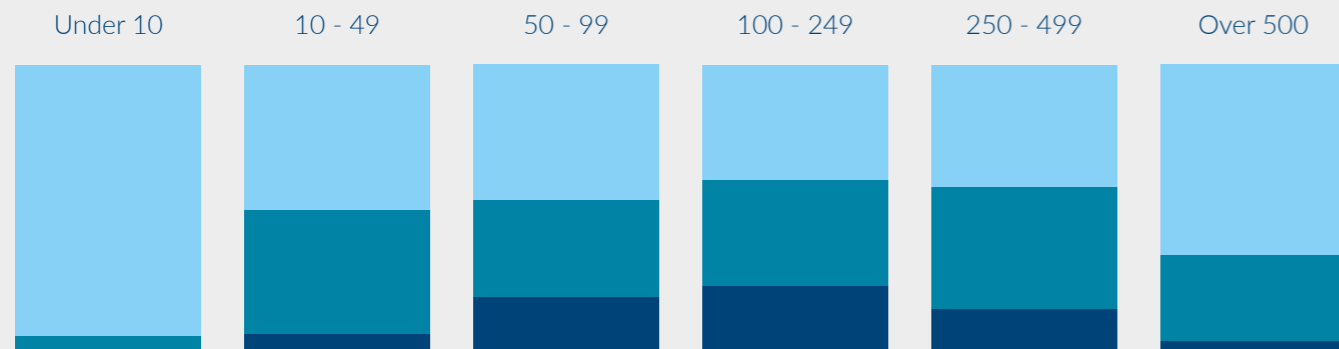
Delivering a good customer experience is important to 85% of Channel businesses.

When asked how important it is to deliver a good customer experience, Technology Channel leaders ranked at 8.3 out of a possible 10. The data reveals that 16% of respondents ranked their confidence at a 9, followed by 34% who were extremely confident at a 10.

Interestingly, the importance of delivering a good customer experience was highest amongst CEOs and business owners. This could be because they are consistently looking at the big picture, but junior and middle managers, most likely delivering the customer experience, ranked their importance below average. Delivering a good customer experience was also ranked highest amongst companies with less than 10 employees.

IMPORTANCE BY BUSINESS SIZE:

0-6 - Not as Important ● 7-8 - Important ● 9-10 - Very Important ●



AGILITAS SAYS

Sara Wilkes, Chief Operating Officer

“Small businesses naturally have a more personalised feel and this is often their differentiator from the bigger players. Large organisations have the resources to prioritise CX, and may even have a dedicated CX lead or a whole team dedicated to ensuring CX standards are maintained across the business. Medium-sized enterprises often have the biggest challenge. But, if they get it right, they have a great opportunity to handle more complex operations, but are small enough to have a care mentality.

For Channel leaders to get CX buy-in from their teams, they must have a clear strategy and values that their employees can relate to, and be open and transparent with their workers. It’s also vital to recognise, reward and celebrate team members who bring CX to the fore.

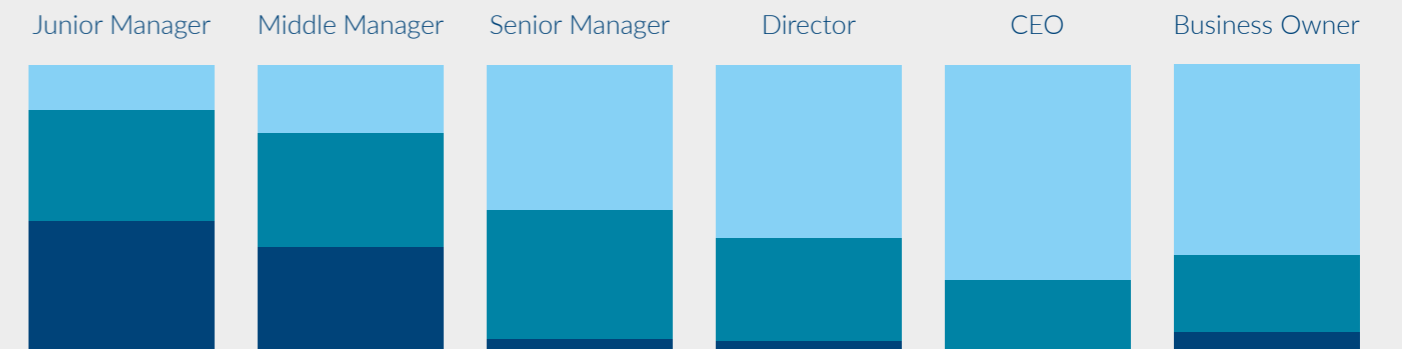
Looking ahead, businesses need to ensure that they are not seeing CX as a silo. A CX lead is a great way to champion this initiative across the company, and they can work with all departments in the business as part of the wider TX strategy. This includes working



with HR to ensure employee experience is interlinked, looking at systems and processes to make sure a good user experience and multi-experience can be achieved. Ultimately the closer that business leaders work together, the better the outcomes will be for all stakeholders.”

IMPORTANCE BY EMPLOYMENT LEVEL:

0-6 - Not as Important ● 7-8 - Important ● 9-10 - Very Important ●





Emerging opportunities to adopt a 'Total Experience' strategy, with customer surveys, AI chatbots and automation being the most popular CX tools.

We asked Channel leaders which factors were the most important to create a positive customer experience in the next 12 months.

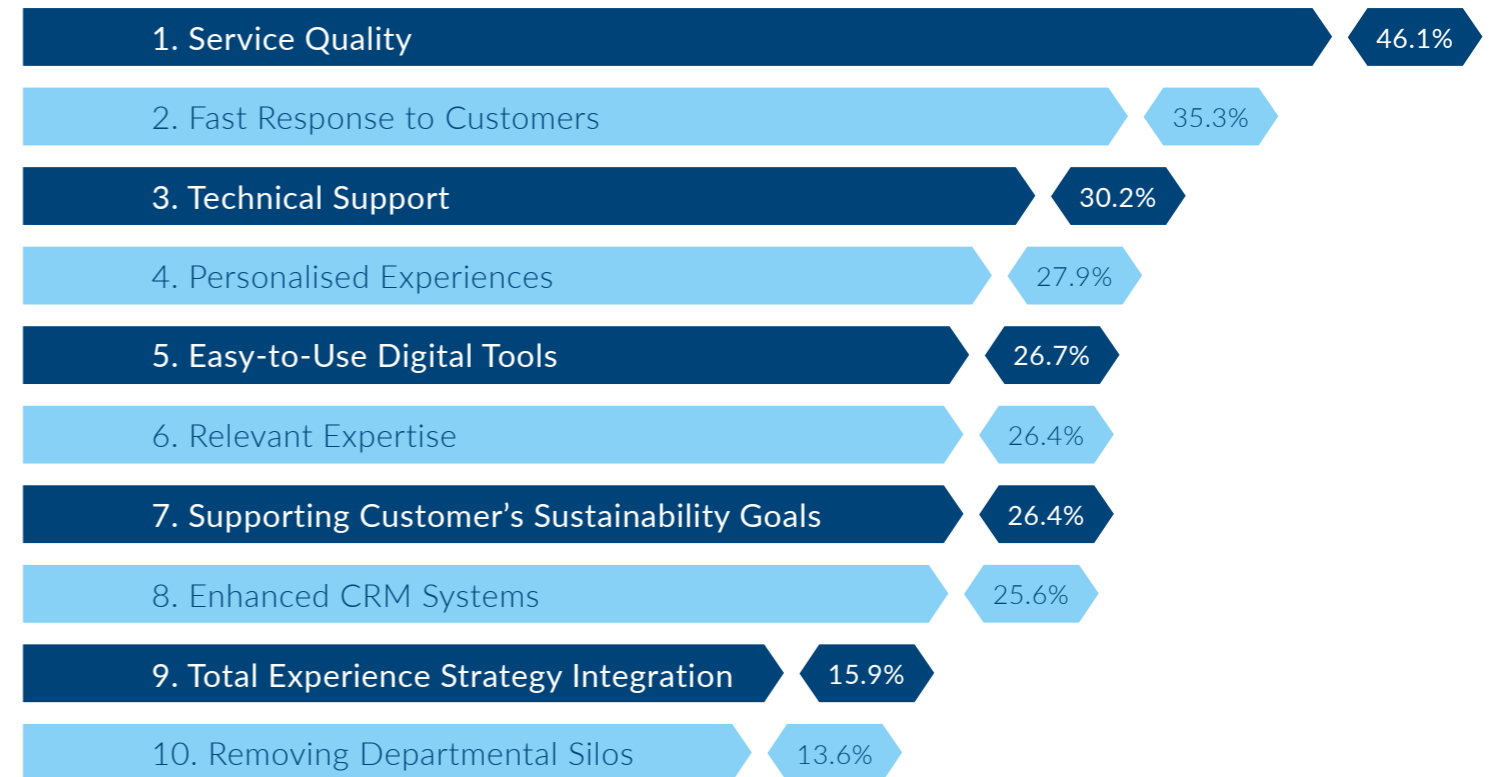
There were differences in CX priorities by company size, with large organisations with over 500 employees ranking 'supporting customer's sustainability goals' as the third most important factor (34%). For smaller organisations with 50-99 employees, this was the least important factor at just 10%. Organisations with less than 50 employees ranked technical support as the top priority (50%), but this fell to just 22% for large organisations.

Gartner recently revealed that in 2024, organisations providing TX will outperform competitors by 25%. Our data revealed, however, that there is significant room for improvement regarding businesses adopting this approach. With only 15.9% of respondents stating that 'integration as part of the TX strategy' is a priority this year, Channel leaders need to begin adjusting their mindset to win customers and support employees.

There are several ways in which a business in the Technology Channel can enhance its customer experience. When asked which tools or investments their business is or will use to improve their customer experience, customer feedback tools and surveys came out on top with 77.5% of Channel leaders stating this was a key focus, and almost half having previously implemented.

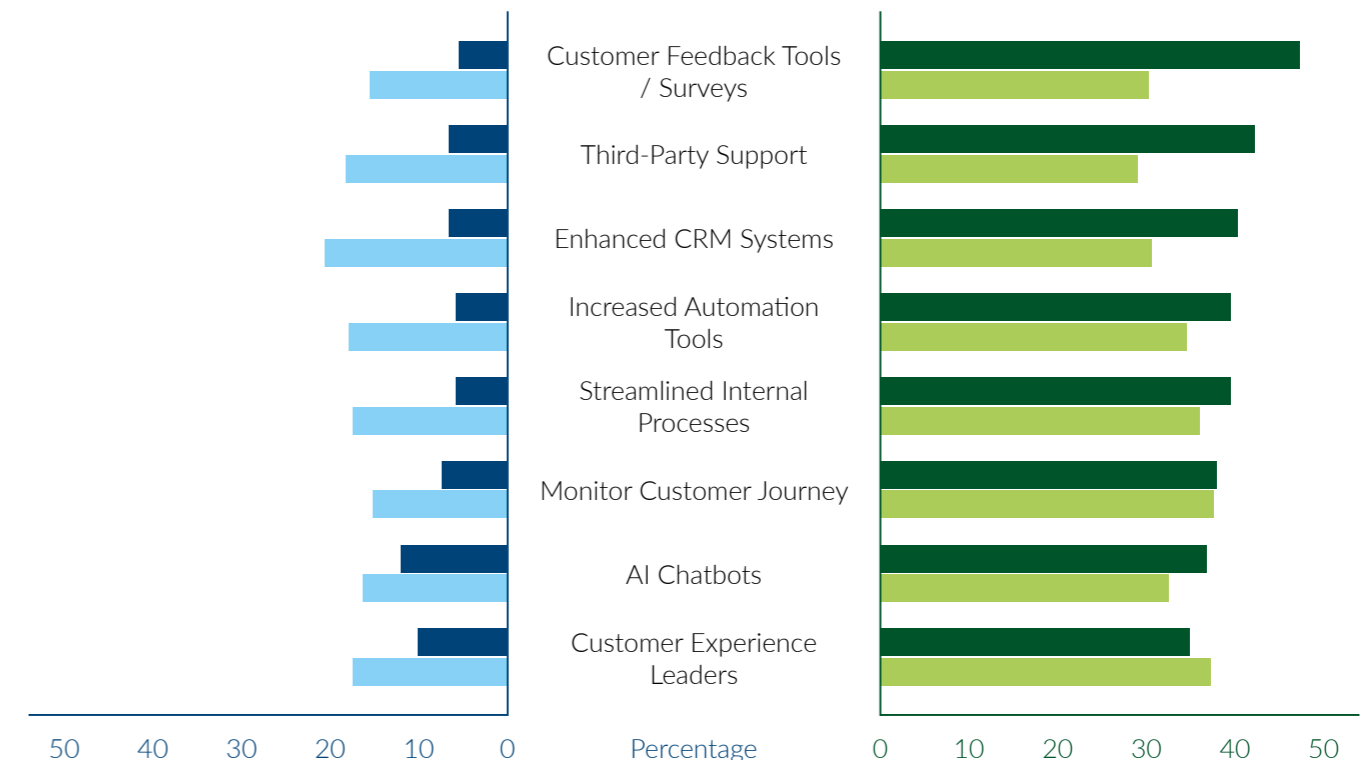
Customer journey platforms and CX leaders were the key growth areas for the next 12 months with 38% and 37% respectively implementing in 2024. Enhanced CRM systems and third party support projects were more likely to be pushed into 2025 and beyond.

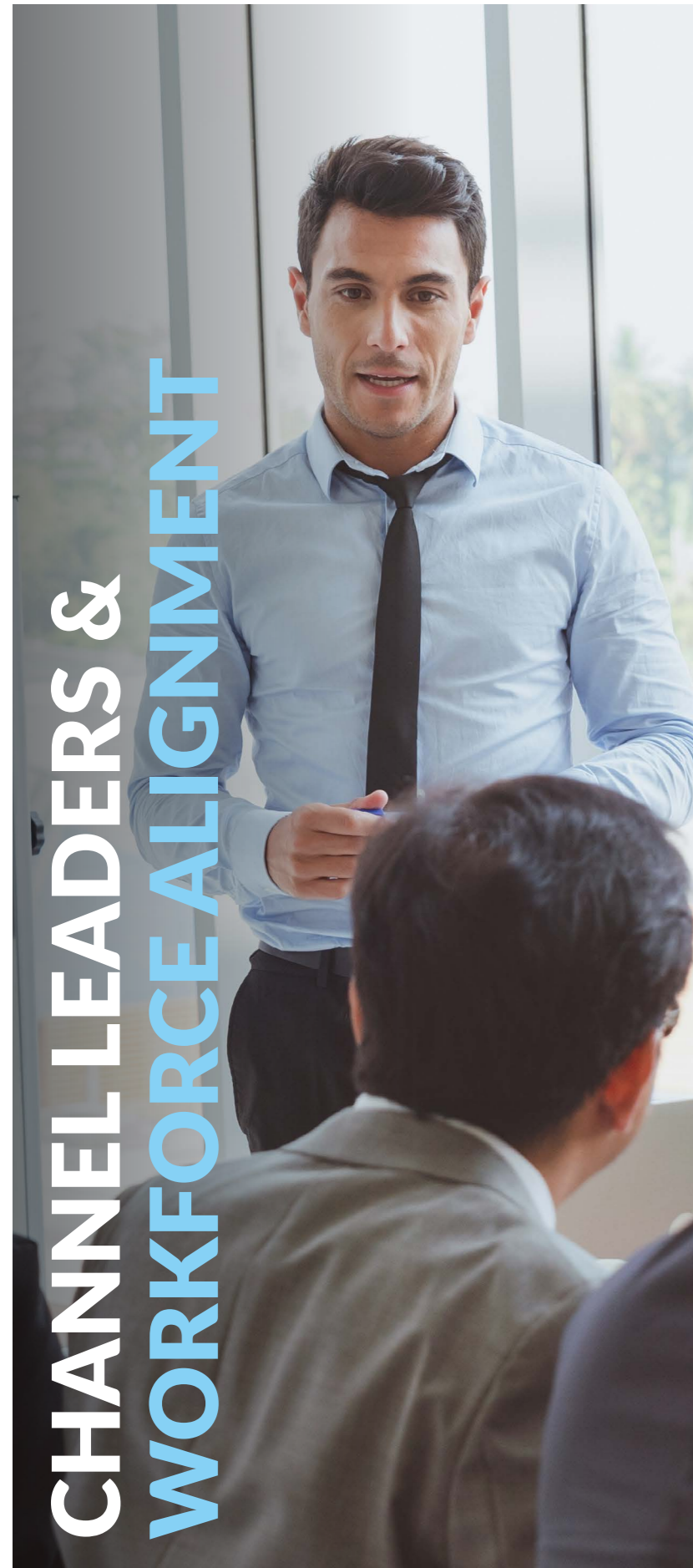
MOST IMPORTANT FACTORS TO CREATE POSITIVE CX:



TOOLS AND INVESTMENTS TO IMPROVE CUSTOMER EXPERIENCE:

No Plans ● No Plans in Next Year ● Implemented ● Implementing in Next Year ●





There is a clear disconnect between CEOs and their workforce across multiple factors.

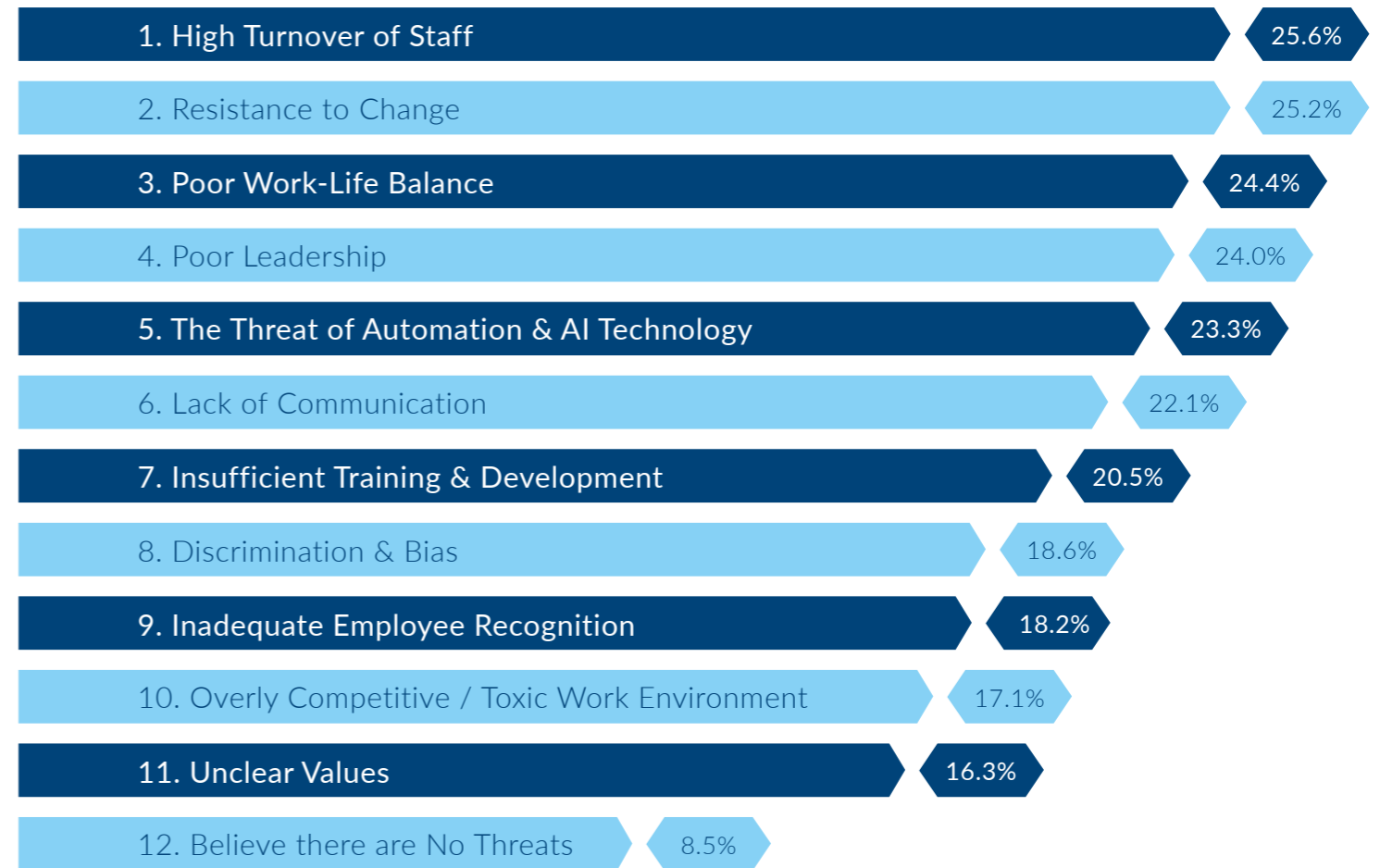
Few things are as important, and often as difficult to manage, as an organisation's culture. Prospective employees want to understand what the culture is to determine whether the workplace fits their expectations, customers want to know what to expect when they interact with employees, and leadership wants to use it to influence business outcomes.

When asked what threats could have the biggest impact on a Channel organisation's ability to achieve a positive company culture, respondents stated that high turnover of staff and resistance to change are the biggest challenges to overcome.

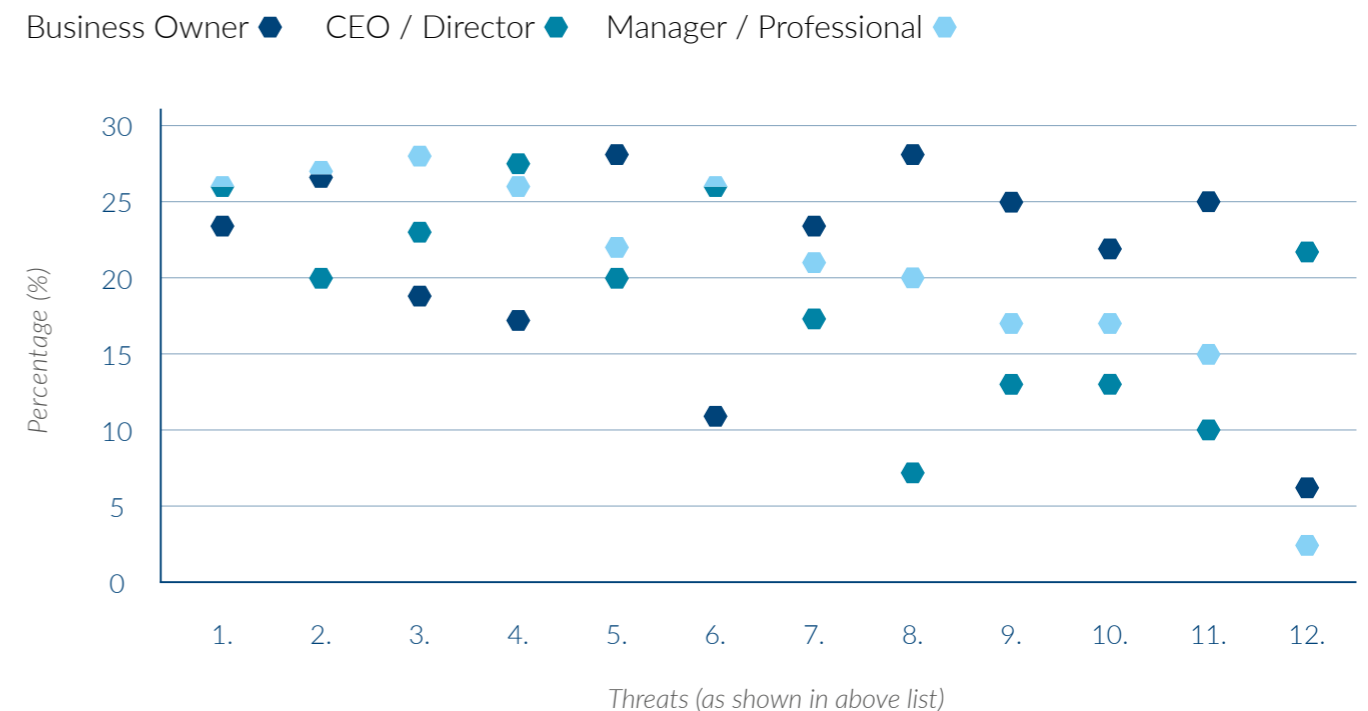
Looking closer at the data reveals that business owners were typically more concerned about threats than their CEOs and directors. In particular, the threat of AI on company culture was the biggest challenge for business owners at 28%, but this was less of a concern for leaders and managers within the company at 20% and 22% respectively. Additionally, work-life balance was the biggest threat for managers and professionals, but this was ranked lower by CEOs, directors and business owners.

Over one-fifth of all CEOs and directors surveyed also believed there were no threats to their company culture and were particularly low ranking for toxic work environment.

THREATS WITH THE BIGGEST IMPACT ON COMPANY CULTURE:



TOP THREATS BY EMPLOYMENT LEVEL:





25% of Channel leaders have no plans to implement DEI strategies this year.

We asked Channel leaders to describe the strategies that they are and will implement to improve their company culture, and it's encouraging to see accommodating health conditions and maintaining a successful hybrid/remote working strategy come out on top, having been already implemented or being implemented this year.

Even though businesses are acknowledging the importance of diversity within the workplace, strategies to improve diversity, such as recruitment and training, have dropped down the priority list, with over 25% of companies not looking to implement any diversity strategies this year, if at all.

The importance of sustainability has split respondents. Whilst 37% of businesses we surveyed are looking to implement sustainable strategies this year, it has become less important to a fifth of Channel leaders and 5% were not looking to build any sustainability initiatives at all.

AGILITAS SAYS
Bev Markland, Chief People Officer

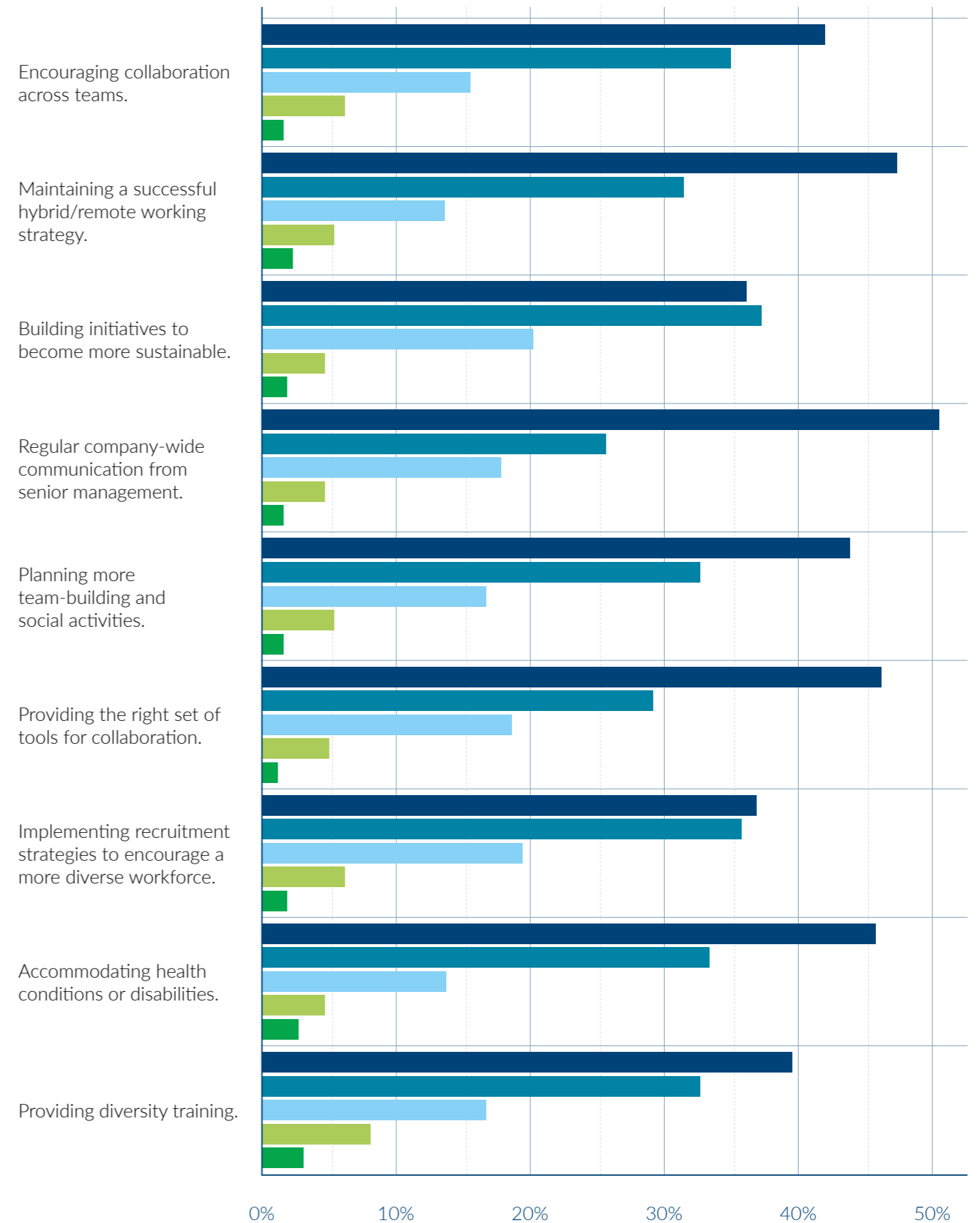
“The disconnect between CEOs and their workforce can stem from various factors including communication gaps, differing perspectives on company goals or insufficient transparency.

Having a clear company strategy and values that employees can relate to are crucial for creating a more cohesive workforce.”



TOP STRATEGIES TO IMPROVE COMPANY CULTURE:

Implemented ◆ Implement in Year ◆ Considering Implementing ◆ No Plans ◆ N/A ◆





The Technology Channel is confident it can balance company culture with emerging technologies.

Emerging technologies such as AI and automation can lead to exciting avenues for the Technology Channel, but they can also create nervousness within the workforce as employees fear their jobs could be replaced. Last year, a report from Goldman Sachs said that AI could potentially replace 300 million full-time jobs, and a recent survey by the Boston Consulting Group, found that a third of the 12,000 people it polled were worried that they would be replaced at work by AI.

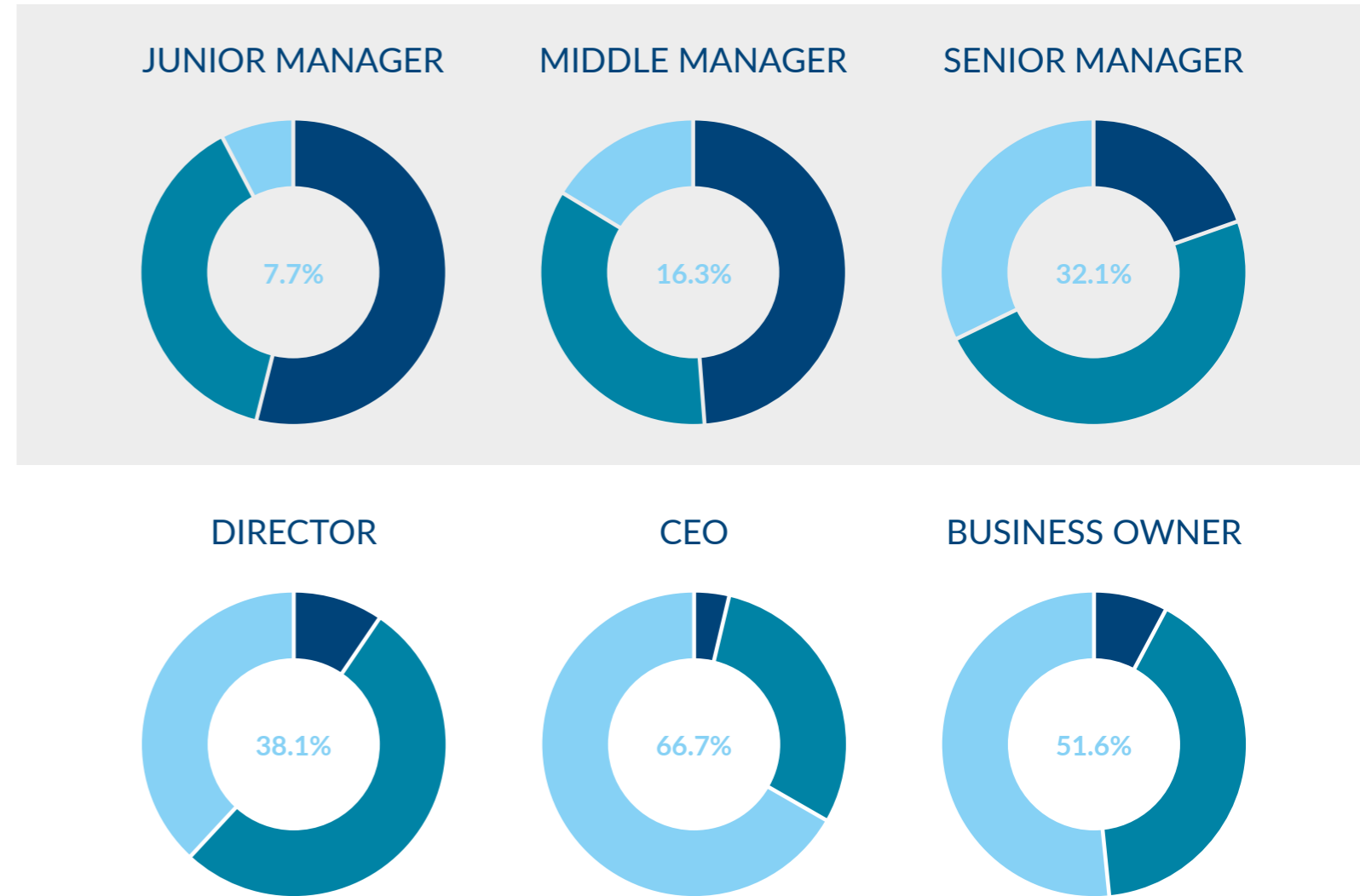
When asked how confident they were in their organisation's ability to balance company culture with emerging technologies, Channel leaders ranked at 7.8 out of a possible 10. Looking closer at the data reveals that 24.8% of respondents ranked their confidence at an 8, followed by 15.9% and 20.5% who were extremely confident at a 9 and 10.

Interestingly, there was little difference when it came to the size or type of organisation. However, there was a clear decline in confidence across employment levels, demonstrating that an AI Trust Gap exists within organisations.

In our findings, 96% of CEOs surveyed were confident that their organisation was able to balance company culture with emerging technologies, with 48% scoring a maximum of 10 out of 10. However, this fell dramatically through employment levels, with only 46% of junior managers sharing the same level of optimism and none scoring the maximum.

OVERALL CONFIDENCE BY EMPLOYMENT LEVEL

0-6 - Not Confident ● 7-8 - Confident ● 9-10 - Extremely Confident ●



SUSTAINABILITY - PROGRESS, BUT IS IT FAST ENOUGH

The Technology Channel focussing on driving sustainability efforts, with CEOs stating it will heavily impact their business this year.

The annual Which? Sustainability tracker survey found that more than 3 in 4 UK adults are concerned about climate change and that consumers are experiencing a growing sense of responsibility to lessen their environmental footprint, with 82% acknowledging they have a part to play, up from 77% in 2021. As consumer demand feeds through supply chains, Technology Channel organisations have been gearing up to deliver more sustainable operations for several years. But is progress going fast enough to meet consumer expectations and ambitious Net Zero goals?

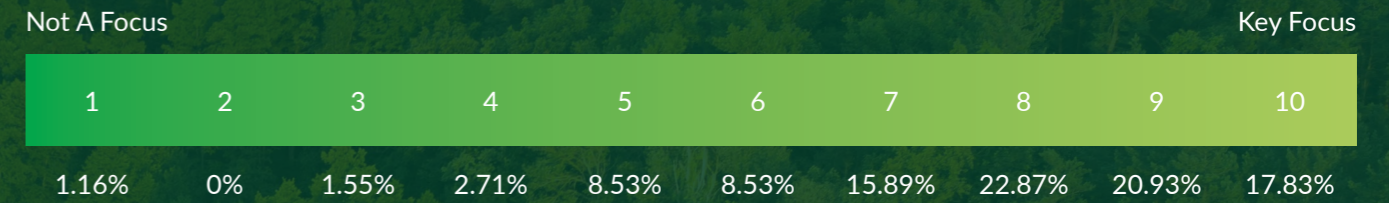
When asked how much of a focus area driving sustainability efforts would be over the next 12 months, 77.5% of companies scored a 7 or above and 38.8% of businesses scored a 9 or 10.

Interestingly, 93% of all CEOs we surveyed felt that sustainability would heavily impact the Channel over the next 12 months. This fell to just 54% for the junior managers we surveyed. The size of the business also made an impact with larger organisations anticipating sustainability to have a greater impact than smaller businesses.

When it came to business type, there was little to separate MSPs and VARs, with both sectors scoring 77% and 78% respectively, seeing sustainability as a focus area for 2024.

New to this year's research, we asked how organisations were reporting on their sustainability targets. Encouragingly, almost 90% of respondents were reporting on sustainability targets in some way, and almost a third were using additional tools to assist them. However, less than 1 in 5 were calculating their full carbon footprint across scopes 1,2 and 3.

HOW MUCH IS A FOCUS AREA FOR DRIVING SUSTAINABILITY?



IMPORTANCE OF SUSTAINABILITY BY EMPLOYMENT LEVEL:



HOW ARE SUSTAINABILITY TARGETS BEING REPORTED ON?



27% of businesses we surveyed had sought external help with their sustainability efforts. A fifth of organisations had a dedicated individual within their organisations responsible for sustainability, and a quarter of those we surveyed had a dedicated ESG team.

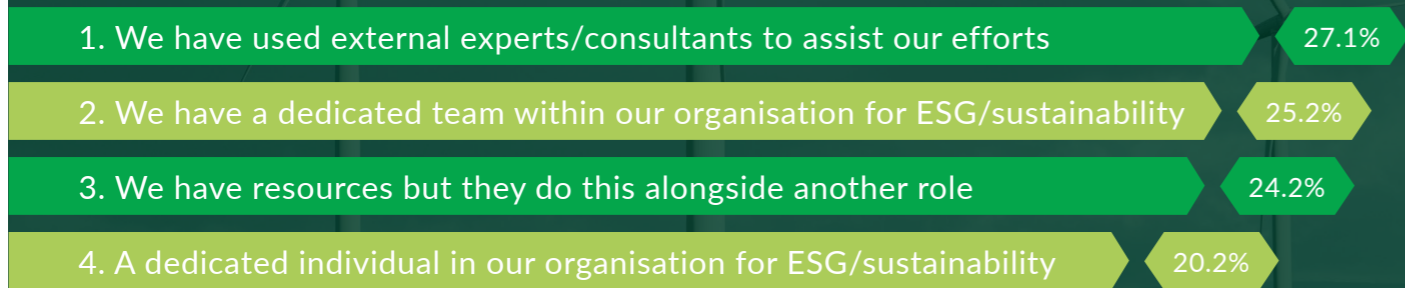
When asked how their business was committing to a more sustainable future, there had been a shift of focus to initiatives that would not only reduce carbon but also reduce costs. In 2023, committing a percentage of revenue to environmental schemes ranked as the top way for businesses to act sustainably, but this year it fell to 6th on the list and was one of only

three areas which experienced a decline in activity level.

On the other hand, there was a 23% increase in organisations looking at energy efficiency opportunities and a 17% increase in companies looking to reduce carbon emissions across their operation.

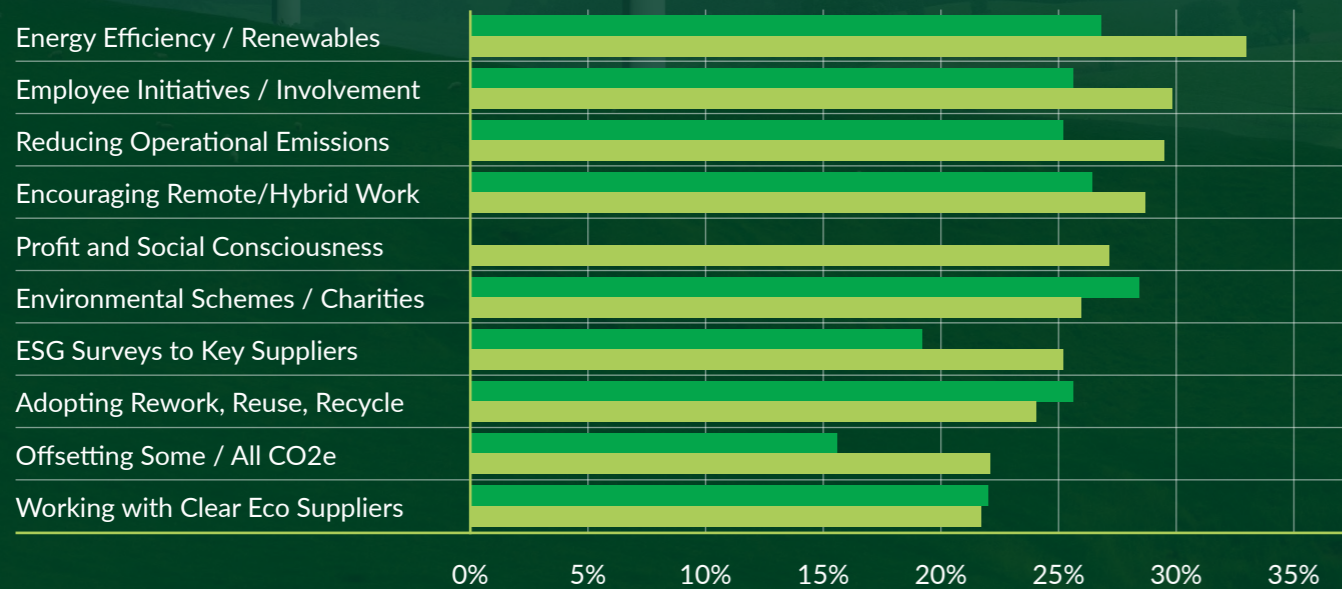
Whilst investment in reforestation and charity schemes is a noble cause and should continue, if the reasoning behind it is for carbon offsetting then it is not tackling the wider challenge of reducing a company's carbon emissions. It is encouraging to see the Channel placing greater emphasis on carbon reduction strategies.

HOW ARE SUSTAINABILITY EFFORTS PUSHED IN YOUR BUSINESS?



HOW ARE YOU COMMITTING TO A SUSTAINABLE FUTURE?

2023 ● 2024 ◆



AGILITAS SAYS
Deborah Johnson, Head of ESG

“When talking about carbon, there are two key areas: Operational Carbon and Embedded Carbon. When businesses first start calculating their carbon footprint, the easiest place to start is operational carbon. For example, the amount of electricity and gas you use, business mileage, your employees commuting or working from home, and the transportation of the goods and services you purchase or distribute. All of these things are relatively easy to quantify and allow businesses to create a benchmark carbon footprint. They can then create initiatives such as those above to reduce their carbon footprint figure.

Embedded Carbon is also critical when it comes to creating a greener planet, but as it is much more complex to calculate, it is often something that falls outside of the boundary of an organisation's carbon footprint calculations. It considers the full lifecycle of a product, from its manufacturing, through its use and its eventual disposal. Therefore, if businesses can extend the life cycle of their products and purchase less, they will also be

significantly reducing the Embedded Carbon they are responsible for.

With Embedded Carbon falling outside of the boundary for many companies' carbon footprint calculations, perhaps it is unsurprising that only 24% of the respondents we surveyed are actively adopting a repair, rework, reuse mindset. But with an average laptop generating a carbon footprint of over 300 kg CO2e over its lifespan and approximately 80% of that being in the manufacturing stage, it does provide food for thought that if organisations measured their Embedded Carbon footprint, they would see huge improvements in both carbon and cost reduction when adopting a circular economy approach and expanding the lifespan of their tech.

As organisations become more sophisticated in their sustainability reporting, it will be interesting to see if supplier eco-policies and circular economy models rise up the action list over the coming years.”



Cost, proven experience, sustainability and a personalised approach are critical to Channel leaders when choosing a partner.

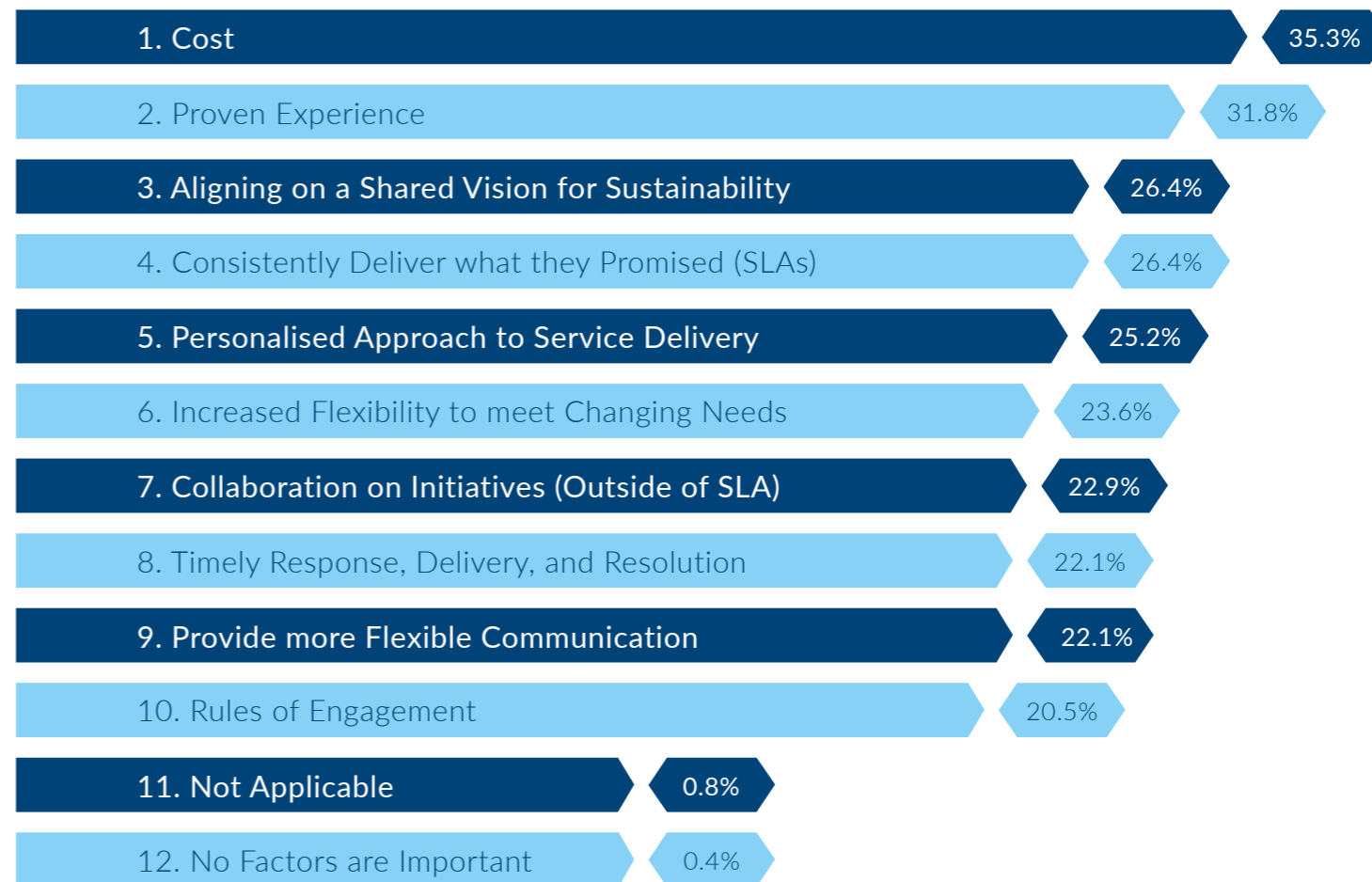
We asked respondents to choose up to three key areas that were important to their business when selecting a partner. When looking at the overall results, cost was a key factor topping the list. However, with only 35% of respondents selecting cost, the results suggest that customers have varying requirements. Proven experience, a shared vision for sustainability, delivering on SLAs and a personalised approach to service delivery all featured in the top five with at least a quarter of the votes each.

Looking at the data in more detail, CEOs were more likely to value proven experience over cost and directors felt that a personalised approach to service delivery was the most important, whilst junior managers were more likely to be affected by rules of engagement, with supplier decisions made further up the command chain.

The size of the business also made a difference. Whilst 46% of small businesses ranked cost as the most important factor, this dropped to just 35% for larger organisations. Larger companies were more focused on partnering with suppliers who aligned on sustainability values (33%), whilst mid-sized companies were keen to explore collaborative opportunities outside of service-level agreements (32%).

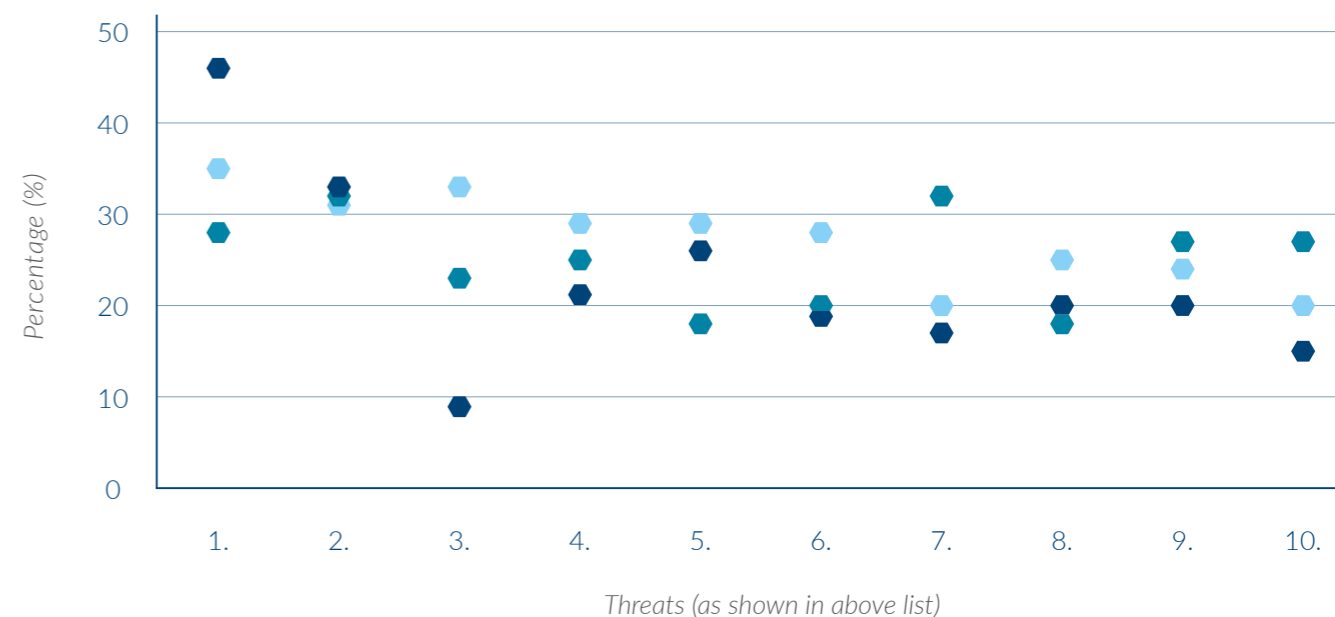
By listening to customers to understand their pain points and what is important to them, Channel businesses can evolve their strategy to ensure they are delivering a first-class customer experience by tailoring the service differently to different customers.

WHAT IS MOST IMPORTANT WHEN SELECTING A PARTNER?



DECISION FACTORS BY BUSINESS SIZE:

Under 100 ● 100 - 250 ● Over 250 ●





John Hayes-Warren,
Chief Executive Officer at Agilitas

“As we move into 2024, Channel businesses have had enough time since the pandemic to readjust, evaluate their strategies, and in many cases scrap them altogether and start again. Whilst we have had a few years of uncertainty and volatility, especially with the additional macros factors that are creating new challenges for organisations, confidence is on the up. We are now seeing Channel leaders lay their cards on the table and start putting their strategies into action.

This, however, isn't the case for all companies across the Channel. Many businesses are still deliberating on their next steps, making promises but not actioning fast enough, or simply not actioning at all.

The pace of the Channel is rapid - and always has been. Businesses need to move incredibly fast to keep up with the pace of change, and even faster if they want to be an industry pioneer.

This year, customers are going to be demanding. They want sustainable services, but they are facing increased cost pressures. They want first-class customer service and organisations are turning to innovation and technology to get them there. Employees are also looking for a positive culture where they feel valued and supported. This is where the Total Experience comes in.

Ultimately, Channel organisations need to select alliances carefully, enabling them to operate at pace, keep their customer experience levels high, and evolve in line with market innovation. I expect to see more strategic partnerships come to the fore later this year.”

AGILITAS

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