



Direction of Technology 2023: TD SYNEX Ecosystem Report

Key Findings



In 2023, technology channel partners are doing more than keeping their heads above water – they're catching a wave.

In the TD SYNEX 2023 Direction of Technology report, we find partners demonstrating flexibility in their business models, focusing on emerging technologies and responding to changing customer demands.



1. Cloudy with a chance of AI: High-growth technologies are in the weather report

High growth technologies are dominating partner offerings.



2. The skills we need to steer the ship: Critical roles and gaps in the talent pipeline

Shifting skills needs reveal gaps in the talent pipeline - and partners are hiring.



3. An anchor of stability: The channel proves a stabilizing force in turbulent conditions

Reliance on the tech channel is more important than ever.



4. Adjusting the sails: Rebalancing the portfolio and adjusting structure to catch the wind

Partners are shifting their business models and offerings in real time to changing market demands.



5. Charting a sustainable course: How ESG, DEI and transparency are shaping the path ahead

ESG sees rapid growth to enable greater transparency and resilience.

1. Cloudy with a chance of AI: High-growth technologies are in the weather report

Channel partners are increasing their offerings in AI/ML, data analytics, security and cloud, and plan to invest further in coming years.



625%

Increase in AI/ML solutions in 2023

In just one year, partners offering AI/ML solutions grew from 4% in 2022 to 29% in 2023 – a staggering 625% increase from 2022.



143%

Increase in plans to invest in AI/ML

Partners' plans to invest in AI/ML are also growing exponentially; in 2022, 14% of partners planned to offer AI/ML by 2025, while in 2023 they report that has jumped to 34%.



Number 1

Security remains a key driver

This year, Security was the top technology sold (59% of partners selling), the top skill set that partners are hiring for (38% of partners) and the top ranked issue of importance in two years' time. Critically, 90% of security is delivered through partner-led channels.



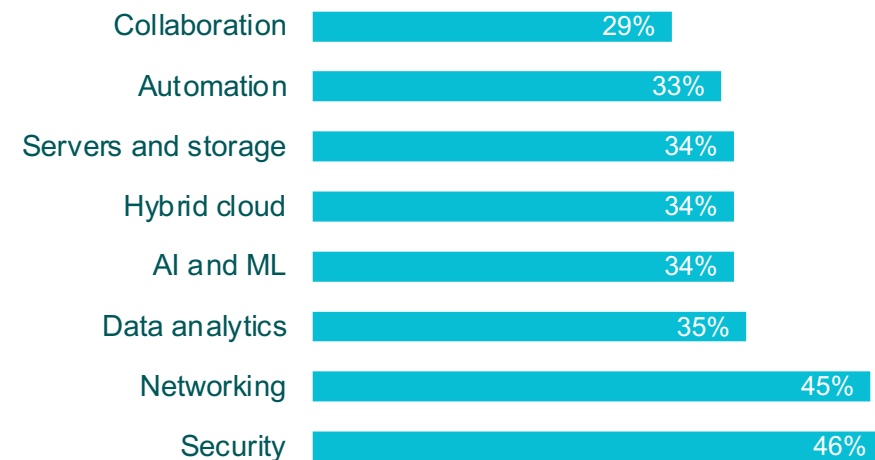
Top 5

Hybrid cloud is a top priority in 2023

In 2023, the importance of the cloud continues; hybrid cloud is among the top 5 technologies that channel partners currently sell (ranked 4th at 43% of partners currently offering) and among the top 5 technology skills sets that partners are hiring for (21% are hiring for hybrid cloud skills in 2023).

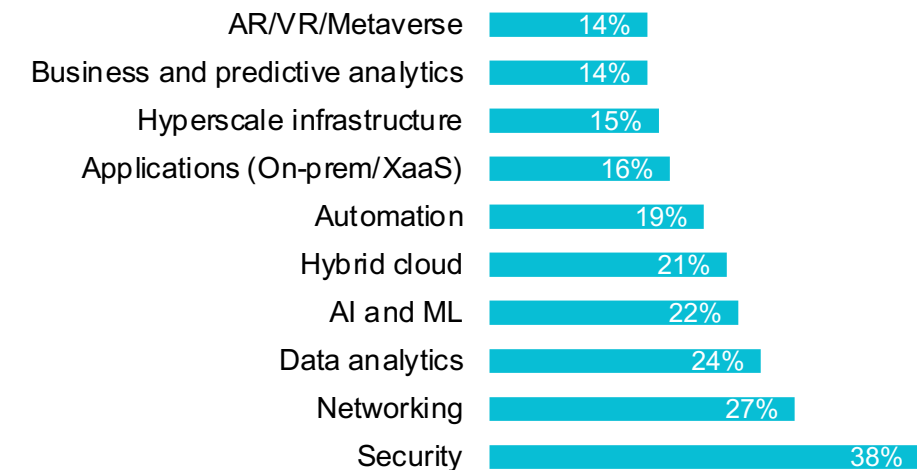
1. Cloudy with a chance of AI: High-growth technologies are in the weather report

High-growth technologies are top priorities for future offerings



This year, Security was the top technology sold (59% of partners selling) and the top ranked issue of importance in two years' time. Likewise, cloud, hybrid cloud and cloud migration solutions continue to dominate the portfolios of channel partners in 2023.

Partners are seeking skills around security, AI and data management

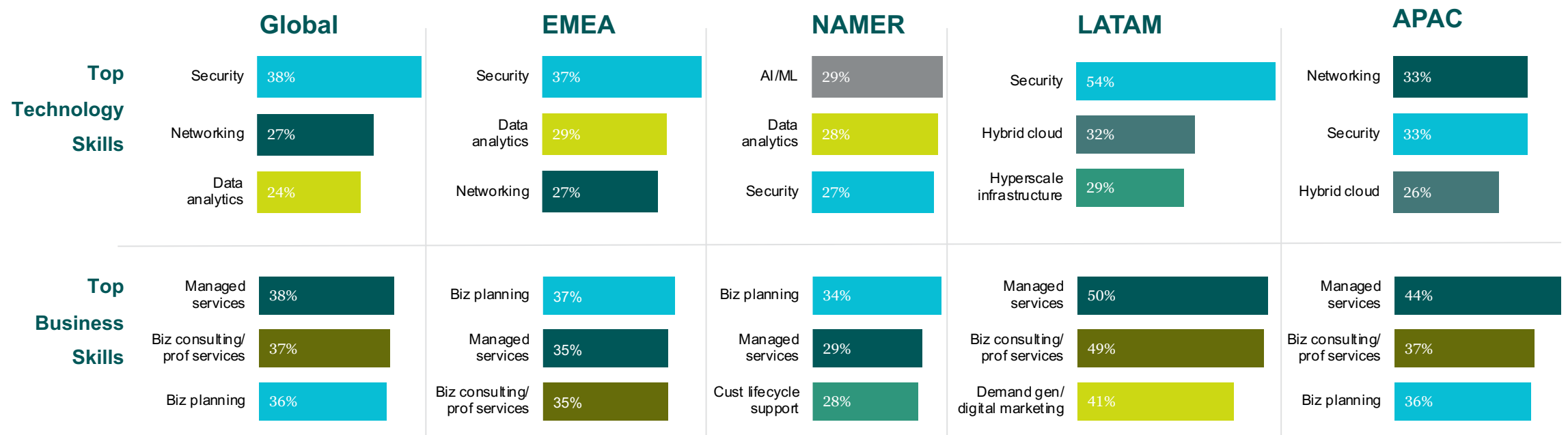


The top skills that global channel partners are hiring for this year mirror those in 2022, with the notable exception of AI and ML. The emphasis on high growth technology is especially pronounced in North America, where AI/ML hiring tops the 2023 priority list at 29%, followed closely by data analytics (28%), security (27%) and AR/VR (25%).

2. The skills we need to steer the ship: Critical roles and gaps in the talent pipeline

As the needs of customers and ways of doing business change, the specific skills that technology partners need to succeed are shifting. Channel partners are hiring – seeking skills that align with their evolving portfolios.

Partners hiring for different skills across regions



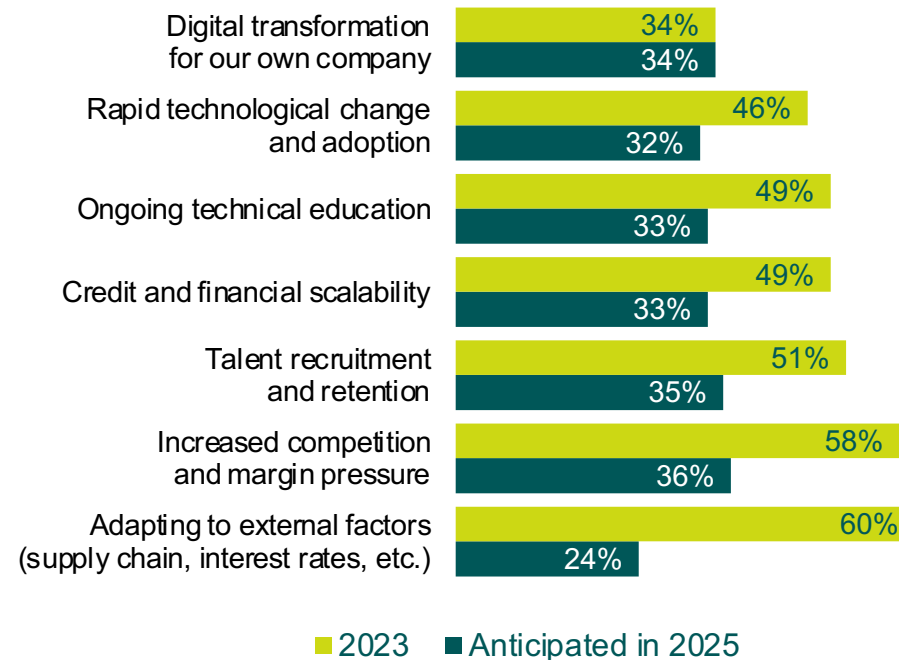
2. The skills we need to steer the ship: Critical roles and gaps in the talent pipeline

Investment in skills is critical to business success

Channel partners are anticipating a shift in the challenges they face between now and 2025. To prepare for these changes, partners should consider investing in the talent pipeline and finding support for the digital transformation of their own companies.

Channel partners also report that they are currently experiencing regulatory pressure, but that they expect that pressure to ease in the next 2 years. This demonstrates confidence that the investments of the next 12 months will properly prepare them to manage the areas that currently pose a challenge.

Top business challenges



3. An anchor of stability: The channel proves a stabilizing force in turbulent conditions

The technology ecosystem is as complex as it is critical, requiring specialized expertise from many kinds of organizations, such as vendors, distributors and resellers, and unlocks opportunity for all.



US\$4.7 trillion

**Worldwide addressable
IT market**

The way this value is being captured is overwhelmingly through partner-delivered services and products.



91.5%

**Cybersecurity is 91.5%
partner-delivered**

The SEC adopted final rules on cybersecurity risk in July 2023, a long-awaited decision intended to help shareholders better understand cybersecurity risks and how companies are responding to them. Companies will be looking for ways to shore up their security systems.



Top solutions

**Are delivered through
partners**

Channel partners appear to be responding to the increased need among their customers and end users for options around credit and financing, with many planning to increase their flexible options in the coming years. Much of this will be outsourced to other partners within the ecosystem who are able to quickly expand and scale their available options.

4. Adjusting the sails: Rebalancing the portfolio and adjusting structure to catch the wind

In the technology ecosystem, the pandemic in 2020 and resulting supply chain interruptions in 2021 led to a period of backlog, which in turn drove boosted revenue numbers as conditions began to normalize in 2022. In 2023, partners are shifting the products they offer as well as making changes which business functions are handled in-house vs. outsourced to adjust to normalized market conditions and changing market demands.



77%

Of channel partners saw revenue growth

Despite a challenging economic environment around the globe, partner performance was overwhelmingly positive, far outperforming the world GDP growth rate of 3.08%.



Shift to services

Portfolios adjust to market demand

The resell of hardware dropped from 35% to 20% of total business, while the selling of product lifecycle services, selling own IP and the resell of packaged services each rose 150-200%. This is likely a direct response of end-user needs.



100+%

Increase in reliance on partners to deliver

Respondents reported leaning on partners most significantly for business planning (up 300%, from 3% in 2022 to 12% in 2023), managed IT services (up 189%, from 9% in 2022 to 26% in 2023), public relations (up 91%, from 11% to 21%) and demand generation (up 133%, from 12% to 28%).

4. Adjusting the sails: Rebalancing the portfolio and adjusting structure to catch the wind

In addition to shifting portfolios, partners reported changes to their very business models

More survey participants are identifying themselves as MSPs, likely in recognition of the opportunities present in the services marketplace. This mirrors managed services market analyses, which find that the market for MSPs is expanding exponentially.

Compared with 2022 expectations, more partners are preparing to grow by acquiring other organizations or seeking a buyer for themselves. While the environment for acquisition has been tricky due to the challenging economic climate and high cost of money, the high valuation of businesses in the tech channel has made some owners of smaller technology channel business eager to cash out this year.



5. Charting a sustainable course: How ESG, DEI and transparency are shaping the path ahead

ESG concerns affect the technology value chain in significant ways, from the sourcing of rare earth minerals to the emissions generated by data storage and has become an area of increased scrutiny and expectations by many stakeholders. The 2023 survey findings show that channel partners are recognizing the rising importance of ESG as a critical aspect of their own business in addition to a product that their end users and customers will need.



125%

Increase in ESG importance

Survey findings show that partners recognize the growth in ESG importance. In 2022, partners expected a jump in the importance of ESG expertise but anticipated that the increase would be realized in 2025. Just one year later, that 2025 expectation has been met, and further increases are now expected in the future.



37%

Additional increase expected by 2025

Current and expected ESG regulation, consumer pressure and investor attention has sped up the implementation of ESG programs and disclosure.



38%

Perform ESG through hybrid or outsourced partnerships

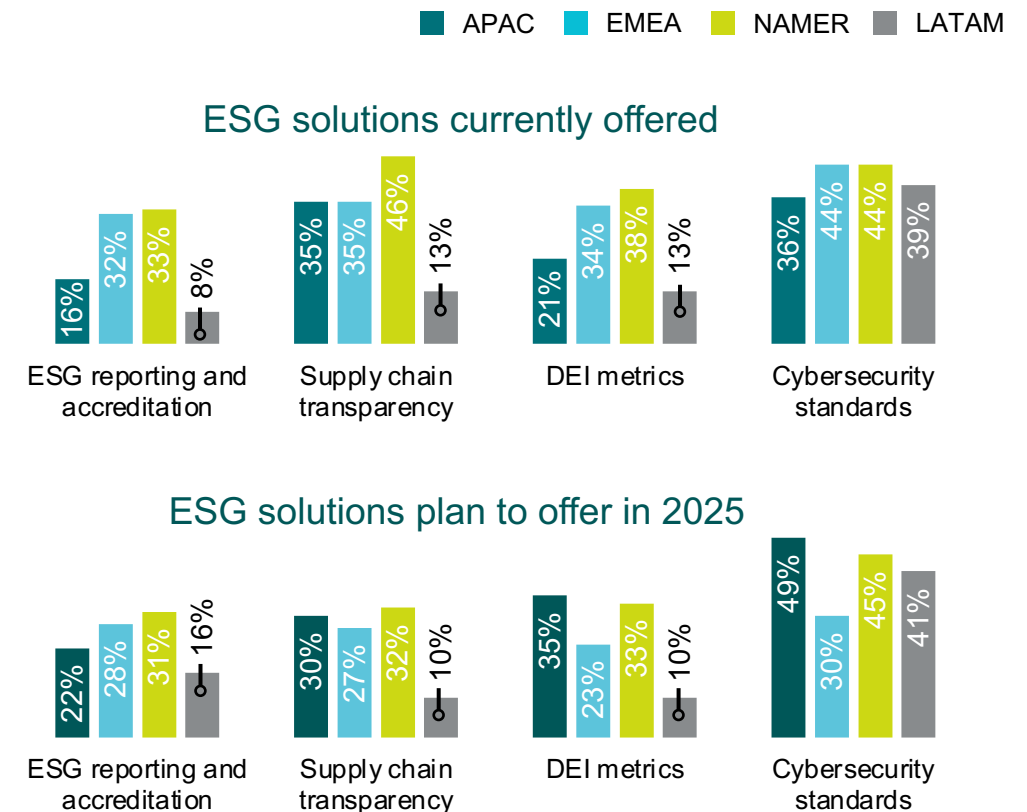
Since 2022, fewer partners report ESG is not applicable, and many more are bringing partners on board to help them manage ESG issues.

5. Charting a sustainable course: How ESG, DEI and transparency are shaping the path ahead

Businesses in all industries are facing pressure from investors to communicate transparently about ESG

For end users, technology that enables the tracking of sustainability information like emissions, energy use, human capital, and community investment is critical in delivering the transparent information investors require. New standards and rules (like the SEC proposed rule on climate-related disclosures in U.S. and CSRD reporting requirements in Europe) are codifying ESG performance, and businesses around the world are seeking solutions managing and disclosing on these topics.

Not only are regulators changing the landscape, but customers are too. ESG factors are a growing influence on purchasing decisions, and end users are more interested in end-of-life recycling and refurbishment options. According to the 2023 Canalys/Candefero global sustainability survey, 69% of channel players are now seeing ESG considerations influencing IT procurement and 51% say they offer recycling or circular economy take-back schemes. We also noted an increase in ESG solutions offered, with particular emphasis in the North America and European regions. Even more partners plan to offer these solutions by 2025.



About this report

The 2023 channel partner survey assesses the business-to-business (B2B) channel’s outlook, business performance, business models and expectations for 2023 and beyond. Respondents were asked to reflect on their performance in the last 12 months and look ahead to the next 12 months (or to 2025) to anticipate what might change. This is the second year that TD SYNnex has conducted this survey.

The survey was conducted from May to July 2023 via an online questionnaire on Canalys’ Candefero website. The survey captured feedback from a record 550 B2B channel partners from over 60 countries in global regions of North America, Europe, Latin America and the Caribbean (LAC) and Asia Pacific and Japan (APJ) - spanning resellers, systems integrators, service providers and managed service providers.

The 2023 Ecosystem Report provides insight on three fundamental factors:

1. Anticipating and meeting end-user technology expectations
2. Effectively managing technology ecosystem business operations
3. Technology ecosystem engagement, enrichment and enablement

Respondent breakdown by region

