



# Global Touch's Partner Outlook Survey™ Results

## May 2022

May 16, 2022

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# Executive Summary



# Executive Summary

## Who we heard from

### Surveyed 500+ partners, representing:

- IT Partners located in key geographic markets (US & Canada, EMEA, and APAC)
- \$67+ Billion revenue
- Typical sales and services models

## What we heard

### Partner outlook:

#### Near term

Partners remain bullish for a strong 2022

#### Longer Term

Not all partners and their IT suppliers are balancing a combination of:

- Performing consistently with revenue pipeline
- Transforming into the next-generation of consumption and multi-cloud era

## What follows

- Geographic drill downs
- Key takeaways
- Recommended actions

### Study's key findings:

- **Inverted book-to-bill ratios** are:
  - Exacerbated by supply chain shortages
  - Slowing delivery of profitable partner services
  - Delaying achievement of customer outcomes
- **Product price hikes and rising costs** of talent are increasing partner costs
- **Multi-year subscriptions** are constraining credit lines
- **Economic insecurities persist:**
  - Geographic differences in fears of economic slowdown and recession
  - Russian-Ukrainian war is a risk multiplier, particularly with EMEA partners
- **Evolving cyber security concerns remain** a business opportunity and risk



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# Survey Background, Participants, Issues

# Survey Background, Participants, Issues

**3 GEOs**

US & Canada,  
EMEA, and  
APAC

**Represents  
\$67B+ annual  
revenues**

from GSIs/SIs, VARs,  
Solution Providers,  
SPs, CSPs,  
& MSPs

**500+  
completed  
surveys**

82% of participants  
were Partner  
Execs/Leaders

**Global Touch's Partner Outlook Survey™ provides quarterly insights into trends shaping the industry, its partners, GTM transformations, & revenue models for the emerging consumption and multi-cloud era.**

- This survey is intended to capture a quick viewpoint from IT partners into key issues that may impact revenues and growth in three regions, as well as a contrast business trends between or within the regions.
- Some emerging trends highlighted in this survey provide a snapshot and forecast of potential issues by end of 2022.
- Data collected through a web-based survey of quantitative and qualitative questions in late April 2022.
- Executive-level participants are a mix of IT partners in US & Canada (US&C), EMEA, and APAC.
- Participating partners include global systems integrators, country-focused systems integrators, value-added resellers, solution providers, service providers, cloud service providers, and managed services providers.
- Partners' cumulative IT revenues exceed \$67 Billion in annual technology revenues.
- Survey focus is to understand partners' outlook on:
  - Top Challenges to Partners' businesses compared to 2021
  - Top Current or possible disruptions to Partners' CY:2022 Businesses
  - Intensity of supply chain impact
  - Revenue forecasts through remainder of 2022
  - Impact of Russian-Ukrainian War on partners' businesses
- The timing of issues impact may vary across IT companies and their partners. Factors include and maturation of each technology sector, country, and sophistication of services delivered.



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# Key Takeaways



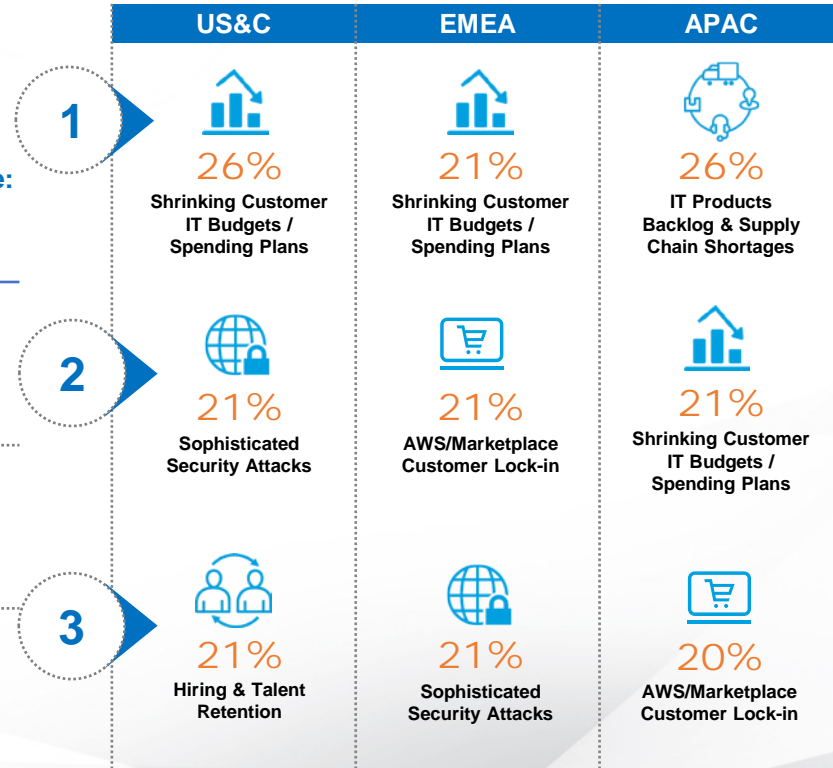
# Market demand and delivery are top of mind to partners

## Partners concerned about shrinking IT budgets and future spending driven by:

- IT supply chain constraints may pull some project orders forward to ensure a customer's IT project requirements can be met, particularly for products or brands with long (order) lead times.
- Russian-Ukrainian war is affecting everything from inflation to chip availability. It may also be moderating some IT spending, particularly in the EMEA region.

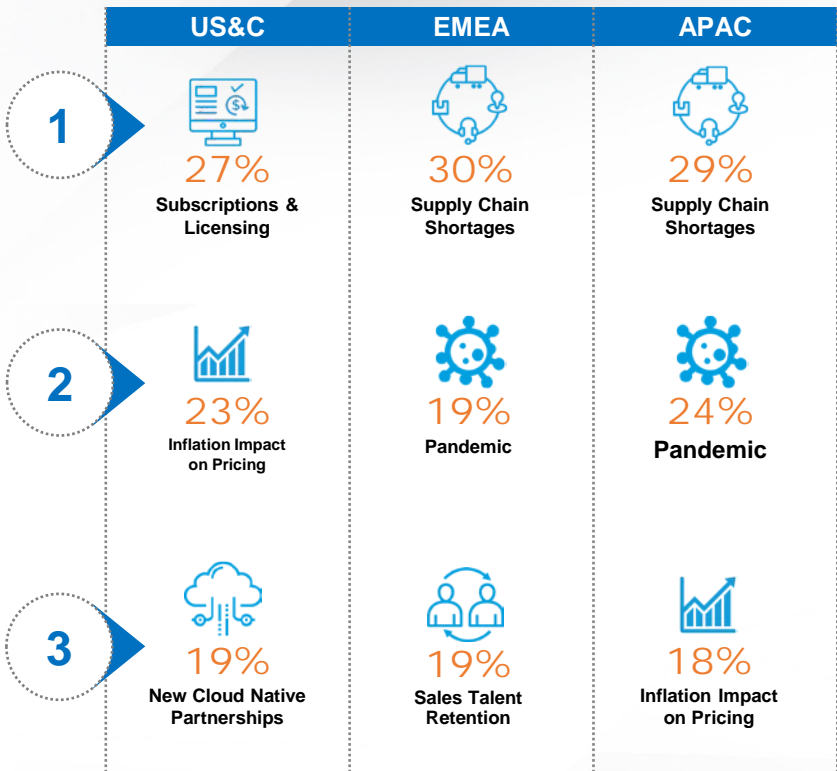
## Beyond supply chain, IT spending and Russian-Ukrainian war, other issues are:

Partners	Concern	What this means for IT vendors
US&C	Security attacks Hiring & Retaining Talent round out top three challenges	<ul style="list-style-type: none"> <li>Sophisticated security threats are amplified due to shortages of security talent</li> <li>Hiring and retention of talent during the "great resignation" is pressuring wages and skills delivery</li> </ul>
EMEA	Customer "lock-in" with marketplaces. AWS highlighted Security attacks	<ul style="list-style-type: none"> <li>Marketplace lock-in with customers (due to annual revenue commitments) may limit partners' future without capabilities to exploit hyperscaler models and deliver value add</li> <li>Sophisticated security attack threats are amplified due to security talent shortages</li> </ul>
APAC	Customer "lock-in" with marketplaces. AWS highlighted Security attacks	<ul style="list-style-type: none"> <li>Marketplace lock-in with customers (due to annual revenue commitments) may limit partners' future without capabilities to exploit hyperscaler models and deliver value add</li> </ul>





# Impacted by evolving licensing models and ongoing supply change issues



Partners in each region have identified three industry disruptions that are, or might impact, their businesses during 2022.

Partners	Concern	Partner business impact
US&C	Adoption of subscriptions and licensing Inflationary impact driving price increases Search for new cloud native partnerships	<ul style="list-style-type: none"> <li>Sales team compensation, cash flow and credit line implications</li> <li>Pressure to meet multi-cloud requirements and outcomes</li> </ul>
EMEA	Supply chain shortages are the #1 current or potential disruptors Next concern is the pandemic and sales talent retention.	<ul style="list-style-type: none"> <li>Time to customer delivery</li> <li>Impact to partner cash flow due to services resource availability</li> </ul>
APAC	Supply chain shortages are the #1 current or potential disruptors Next concern is the pandemic and inflationary pricing.	<ul style="list-style-type: none"> <li>Time to customer delivery</li> <li>Impact to partner cash flow due to inflationary pricing</li> <li>Potential limit on partner investment spending</li> </ul>

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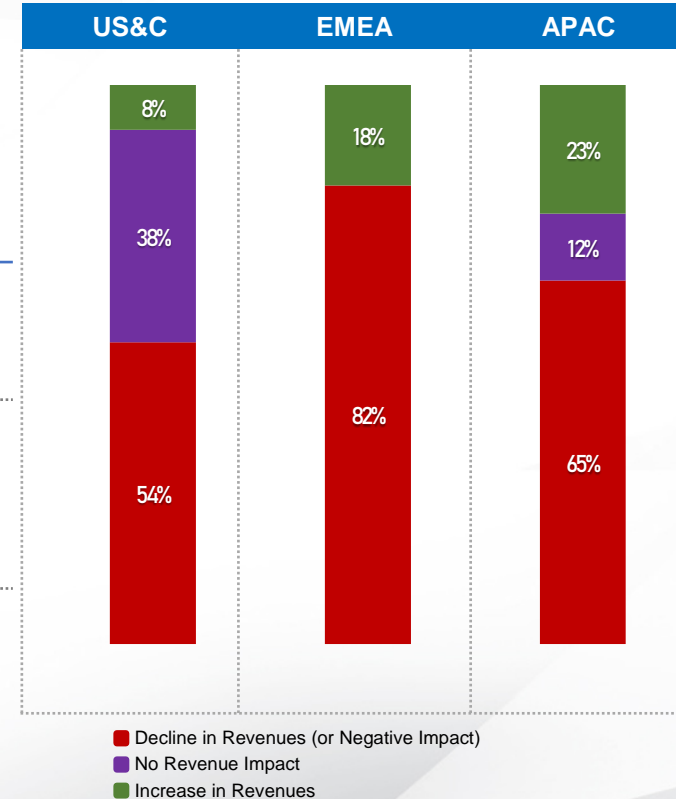
## Supply chain impact to partner pipeline

**A majority of partners indicated supply chain constraints are impacting delivery of solutions and services as well as revenue recognition for product and services revenues.**

Partners' "book-to-bill" ratios are inverted as backordered (and confirmed) products and associated services delivered with, or around, these products cannot be invoiced until products are delivered.

Services are typically the most profitable portion of a partners' business.

Partners	Concern	Partner business impact
US&C	US&C partners indicated a significant-to-some negative impact of supply chain issues to revenues.	<ul style="list-style-type: none"> <li>Services delivery delayed until hardware is delivered. This is the partners' most profitable portion of their business.</li> <li>We typically expect total billings to translate into at least <b>3x+</b> bookings with products and services combined.</li> </ul>
EMEA	EMEA partners indicated the highest significant impact from supply chain shortages.	<ul style="list-style-type: none"> <li>Typically, EMEA partners deliver a higher proportion of services relative to other geographies since IT companies usually have lower services headcount in EMEA. Delayed services have an amplified impact on EMEA partners.</li> <li>We expect total billings to translate into at least <b>5x+</b> bookings with products and services combined.</li> </ul>
APAC	APAC partners also reported strong negative impact to revenues from supply chain shortages.	<ul style="list-style-type: none"> <li>The level of services attach with product varies widely in the APAC region.</li> <li>We expect total billings to translate into at least <b>1.5x+</b> bookings with products and services combined. ANZ, however, generally falls closer to EMEA ratios.</li> </ul>



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## Supply chain impact to partner pipeline



### US&C

- **US&C Partners are optimistic about 2022 growth** despite the supply chain backlog and inverted book-to-bill ratio
- Solution **renewals forecast is strong**.
- Partner services delivered with hybrid infrastructure and multi-cloud are expected to improve compared to 2021.
- **Service delivery delays tied to new product backlogged orders** are expected to negatively impact partner profitability

### EMEA

- **EMEA Partners are optimistic about 2022 growth**, but reported high inverted book-to-bill ratio.
- Partner reporting **highest recurring revenue for licenses** and/or **subscriptions resell** and strong solutions renewals
- Partner services delivered with hybrid infrastructure and multi-cloud are expected to improved compared to 2021.
- **Service delivery delays tied to new product backlogged orders** expected to negatively impact profitability for partners

### APAC

- **APAC Partners are less optimistic about 2022 growth** and profitability than US&C and EMEA partners
- Partner services delivered with hybrid infrastructure and multi-cloud are expected to improve compared to 2021
- **Key concerns remain focused on supply chain constraints** and the cultural challenges of customer willingness to pay for services, except in the ANZ region.

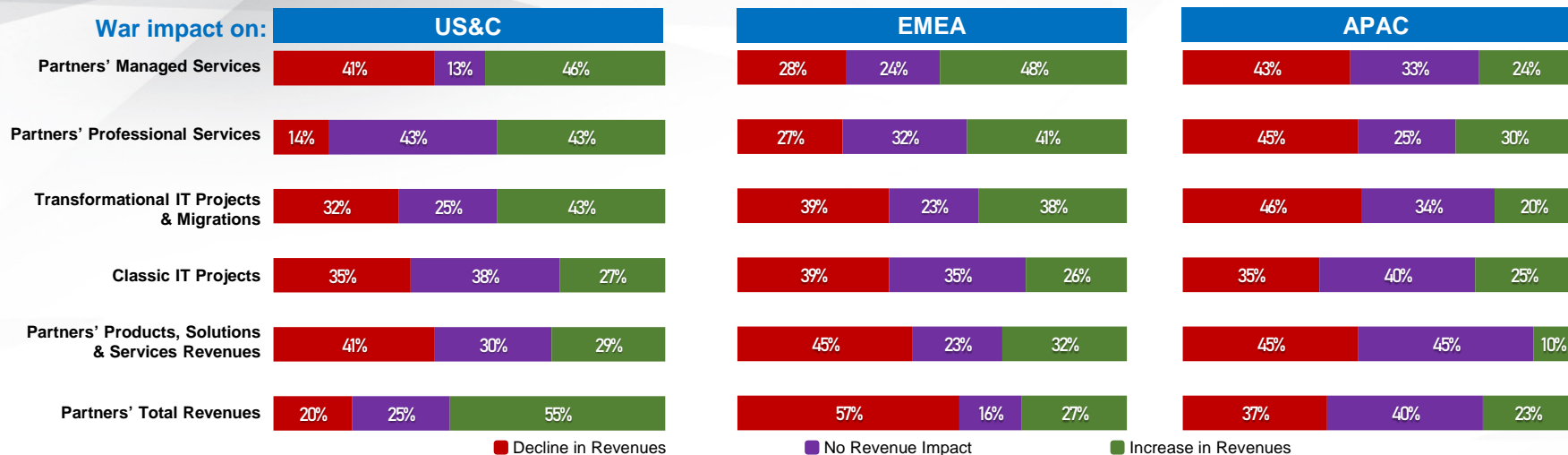
■ Down or Decreased Revenues forecasted for 2022

■ Flat or No Revenue Change forecasted for 2022

■ Up or Improved Revenues forecasted for 2022

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## Russia-Ukraine War Impact to Revenues



### US&C

Partners indicate **moderate adverse impact** from the Russia-Ukraine war

- Total revenues with modest adverse impact
- Moderate (negative) impact to transformational IT projects and migrations, classic IT projects, customer solutions, and services revenues
- Partner remain bullish on overall year revenues

### EMEA

Partners indicate **significant adverse and concerning impact** to revenues from Russia-Ukraine war

- Total revenues with significant adverse impact
- Transformational IT projects and cloud migrations are a significant profit catalyst for partners and are delivered with, or wrapped in, profit rich partner-branded services. Level of impact on key profit areas potentially concerning
- While Partners remain cautiously bullish on overall year revenues, the war may have a negative multiplier effect compounded with a possible end of year recession

### APAC

Partners indicate **significant adverse impact to revenues** from Russia-Ukraine war

- Total revenues with significant adverse impact
- Services declines less impactful to revenue and profit in APAC (except ANZ) as services contribution is lower compared to other geographies, while product areas have higher impact on revenues and partner profit
- The intensity of the financial impact is less than EMEA and more than US&C.
- ANZ forecasting an impact similar to their counterparts in the US&C region (or less negative impact)



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NEXT STEPS

# Recommended Actions

# Recommended Actions

## Sales, Marketing, & Partner Leaders

- 1 Map where you and your partners fit on the **'performing while transforming'** spectrum
  - Determine if you are tracking the right economic indicators for your company and their partners
  - Apply the partner transformational economic metrics for the consumption and multi-cloud era
  - Analyze recurring revenue challenges and risk trends vs. legacy revenue trends
- 2 Evaluate partner economic metrics to determine investment next-gen strategy to propel your organization into consumption and multi-cloud era
- 3 Analyze partner consolidation on your organization, covering everything from supply chain to partner readiness
- 4 Prepare your recession ready plan:
  - Create a “red folder” to get ahead of recession issues
  - Re-evaluate your investments, headcounts, plans, and partner financial stability to weather market dynamics

## Financial Analysts

- 1 Map where IT companies and their partners fit on the **'performing while transforming'** spectrum
  - Determine if they are tracking the right economic indicators for IT companies and their partners
  - Include the partner transformational economic metrics for the consumption and multi-cloud era in analysis
  - Evaluate recurring revenue challenges and risk trends vs. legacy revenue trends
- 2 Assess IT companies' competitiveness through partner leverage, investments, and geographic coverage
- 3 Determine the partner risk-to-revenue predictability
- 4 Dive deeper into inner workings of companies' plans to manage through a recession and understand who is recession ready



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# About Global Touch®



# About Global Touch, Inc.®

Global Touch is an award winning strategy consulting organization for the technology industry.

We are experts with driving the interconnected alignment between IT companies, partners, and customers to simultaneously transform and embrace the consumption, hybrid, and multi-cloud era.

Our clients are amongst the top and most innovative IT companies in the world.

**We focus on performing while transforming** to drive consistent, predictable revenue through partners, which is a constant challenge. Hitting today's goals while positioning for growth to tomorrow's transformational routes-to-market adds new levels of complexity.

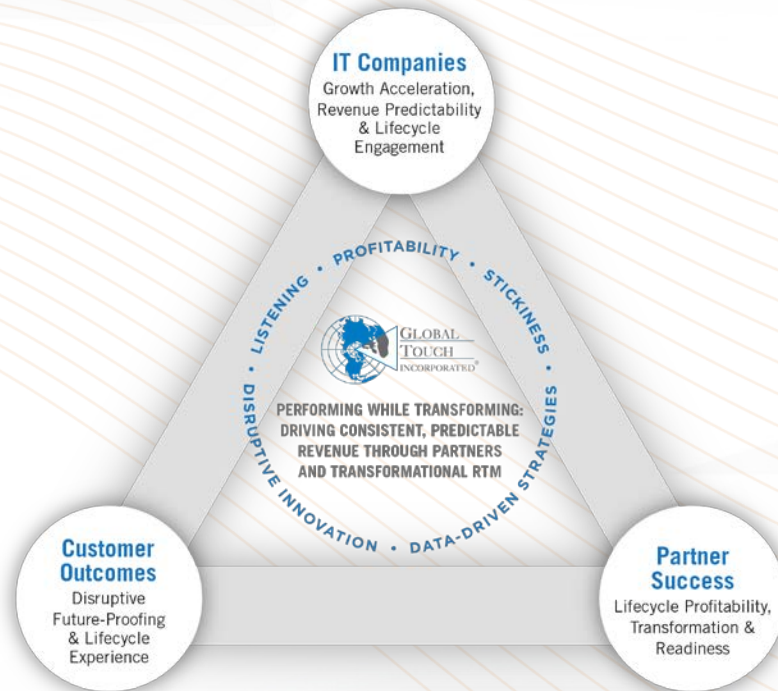
We're your source for designing success with partners. We deliver actionable insights by utilizing our comprehensive data-driven approach coupled with first-hand global field experience.

We can help you drive revenue growth, prioritize investments and supporting programs that generate results for today and fuel the necessary readiness to scale in the future.

Whether success is achieved through revenue predictability, the right partner investments and programs, a profitable partner ecosystem, or amplified by innovative customer engagements and advocates, we accelerate success while tackling our client's most ambitious goals.

We help our clients re-imagine revenue and long the way, redefine what's possible, giving shape to the future.

Please visit our website for further information:  
[www.globaltouch.com](http://www.globaltouch.com).





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