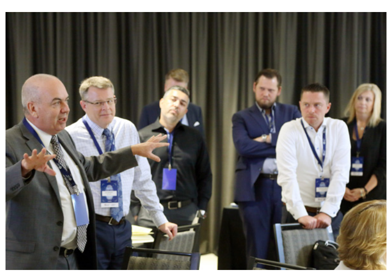
CANADIAN
CHANNEL
CHIEFS
COUNCIL

Players in the Channel Ecosystem

Canadian Channel Chiefs Council Workshop Report




Recently, I had a rare privilege where I was invited to facilitate a discussion with the board of the Canadian Channel Chiefs Council (C4), the de facto senior leaders of the Canadian channel. As a facilitator, one of the things I love most is to pose a question and share in the collective wisdom of the group.

My question was simple but important. How would you describe the various players who make up the channel ecosystem? Why is this important? The channel and the people and groups who make up the channel are in a period of fundamental change. For us to have a meaningful dialogue on what that change is, we have to ensure that we have a shared vocabulary and an understanding of the role of each of the players.

What's in a name?

It's a good question. We've been looking more closely at names. ITWC recently decided it would change the name of its channel publication from Computer Dealer News (CDN) to Channel Daily News. We wanted to reflect the switch that we saw in the channel — it's no longer "computer dealers" selling hardware and software — it's a complex and inter-related group providing high value services from strategic advice to software in the cloud.

The issue of nomenclature arose again as we were designing a new channel services directory. The Channel Chiefs wanted to have an authoritative census of all of the various players and make it easier for customers to find the right player when they needed it. It started when we tried Google searches we thought a potential customer might search. We got more useless responses than useful responses. When even the Google search engine can't sort out a problem of terminology it is time to ask some pointed questions.

Who are the real players in the channel? What are the key aspects that best describe them. Can we try to describe them — not in our usual jargon, but as a customer might see them.

That's the challenge that we gave to the C4 Board of Directors — and for a fresh perspective, a group of "new to the channel" companies who also joined us by invitation.

Here's what they came up with.

We first agreed on who the various players were:

- Vendors
- Managed Service Providers (MSP)
- Independent Software Vendors
- System Integrators
- Resellers
- Distributors
- IT Consultants
- Cloud Aggregators

You might recognize the first seven players as part of the "traditional channel". The last — Cloud Aggregator — was an attempt by the group to describe a new type of player.

It got even more interesting when we asked our C4 members to name key characteristics that would describe each player. Some of these confirmed our existing ideas. Asked to "describe them how the customer sees them" we also got some great insights into what we need in the new era of the channel. We've done a little editing to make this easier to read, but for the most part we've kept to the language of the participants themselves. Here's how they see each of the players:

VENDORS

Market leaders: Manufacturers with a product, service and solutions focus. They were also seen as innovators setting the tone.
Enablers: More than simply providing products and solutions to a customer base, vendors were seen as strong brand players, enabling channel growth, demand generation and marketing and support for profitability.
Teachers: They develop relevant programs and training. The best keep it simple and are easy to deal with.
Corporate and Social Responsibility: A strong brand answers "why this vendor" is environmentally responsible and predictable.

MANAGED SERVICE PROVIDERS (MSP)

Service offerings: Outsourcing, hosting, infrastructure support in a "consumption model".
Delivery models: Pro-active support and value-added services, integrating across multiple platforms, leveraging automation, responsible for 100% uptime.
Orientation: Expert skills, excellence in service delivery, expert skills and thought leadership with relationship to the cloud.

INDEPENDENT SOFTWARE VENDOR

Differentiated value proposition: Build solutions to business problems, intuitive knowledge of software solutions, industry expertise, solution-based leading to a measurable ROI.
Innovation: Innovative application development for packaged software
Deployment: Training, integration with easy deployment models and an ability to scale
Sustainability: Enabling solutions and enhancements, fostering engagement and adoption as well as providing customer support, advanced training and continuous improvement.

SYSTEM INTEGRATORS

I was most interested in the characteristics that were developed for this group. Efficient project management, integration and customization were core elements. There were no surprises there but the other characteristics were delightful and included:

Values and expertise: Customization, specific knowledge, multi-solution expertise that is innovative, dependable, agile, skilled and including vertical expertise.
Trust: They are seen as a trusted advisor, with an opinion and a point of view that made them a real customer advocate.

RESELLERS

Not surprising, given that we have so many software and hardware companies in our group, there was an emphasis on the classic functions of a reseller — as an extension of sales and demand generation.

Solutions expertise: Product and software transaction focus with multi-vendor, consolidator, vertical and solution expertise, as well as extensive product knowledge.
Operationalize and monetize: CRM was a core element but also included a consumption model for infrastructure, vendor financial programs focus, ecommerce transactions and sales incentives.
Customer centricity: This was important with characteristics like flexibility, loyal customers, customer focused, deep customer relationships and strong vendor relationships.
Trusted Advisor: This was a focus on the importance of value add, differentiated products and services and even a local presence in target markets.

DISTRIBUTORS

Scale and reach: Helping vendors scale, scalability in their own right, extensive reach, extended resource, market and global reach.
Activities: Marketing focus, partner recruitment, and activation.
Multi-vendor: Generalists and marketplace builders.
Seamless integration: Efficient, simplifier and a teacher with delivery customization capabilities and an emphasis on how to remove cost complexity, and enable financial credit support.

IT CONSULTANTS

Influencer: With a track record of success, they are an influencer, able to present a broad knowledge of options. They are full-time, well-trained, and have a skill sets and knowledge supported by proof in the form of reference accounts. They are values for their objectivity and integrity as agnostic and unbiased.
Strategic partner: Recognized for understanding business strategy, technology strategy and able to respond to strategy planning RFPs.
Process optimization: Their expertise can be leveraged for process improvement and driving change management.
Delivery: They excel at project management, delivery methodology, and sharing best practices.
Solutions: access to top talent, expert, integration skills in hardware, cloud and business. A solution provider and solution focused with both broad solutions and niche solutions.
Next generation: Companies turn to them for digital transformation advice, automation, AI and analytics skills.

And our newest part of the channel addresses the idea that Cloud is the future of the channel. We had the fewest items on this group and interestingly this player's characteristics were from both ends of the continuum.

CLOUD AGGREGATORS

- Flexible and disruptive but also important for building standards.
- Marketplace player with a complete cloud-as-a-service model, but also neutral, agnostic and providing management of cloud providers.
- Offer automation tools but they also have solutions experience with an understanding a company's needs.

So that's the players and their key characteristics. Even in point form, it provides a rich description, one that describes more than what they do, but also how they do it, and even as far as who they are in terms of attitudes and behaviours.

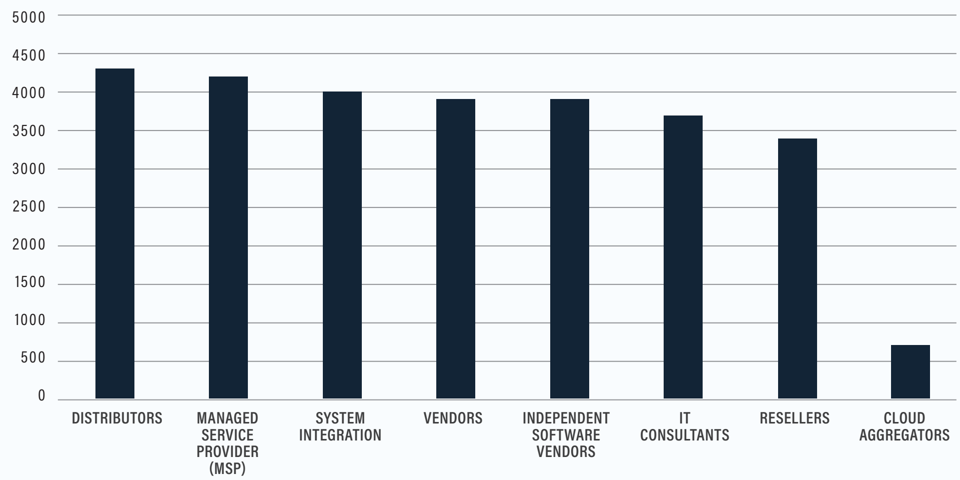
Put Your Money Where Your Mouth Is

We added one more aspect to the session. We asked our Channel Chief Council members to tell us where they would invest in the future terms of the channel players. We gave each participant several hundred dollars in play money and asked to invest it each of the verticals. There is some interesting psychology behind this. It turns out that when you ask people to spend money, even if the money isn't real, they will reveal what their true priorities are. This case was no exception. The results were extremely revealing.

The investment ranking landed as:

- Distributors ($4,300), MSP's ($4,200) and System Integrators ($4,000) - all relatively close in terms of investment.
- The middle group including ISV's ($3,900), Vendors ($3,900), IT Consultants ($3,700) and Resellers ($3,400).
- The bottom end — by a considerable amount — were our Cloud Aggregators which received a paltry $700.

HOW MUCH WOULD YOU INVEST IN EACH CHANNEL PLAYER?



What does this tell us?

One item stood out for me and that was the strong performance of IT consultants. At ITWC we deal with the marketing and agency staff for most of the major software and hardware companies, and until very recently, few expressed any interest in consultants. We've had events where companies have looked at consultants as "non-valued attendees". Some have gone so far as to ask us to "uninvite" consultants — to which my response is often a polite but firm "no."

This is not merely politeness, but after almost 40 years in this industry, including a number of years spent as a consultant advising companies on solutions, I know how influential a consultant can be. The fact is, that while a consultant might not be able to determine the winner in a contest, even a consultant with modest influence can torpedo a solution, especially with risk averse Canadian companies.

Consultants are also often asked to help prepare the short list of vendors and in that process their recommendations can make a real difference. The overwhelming majority of consultants, in my experience, strive for true objectivity and focus on their client's needs and not petty issues about whether or not they were slighted by a vendor.

On another note, the idea of influencer was popular. Taking the opportunity to win over an influencer by getting them to understand your real value is never a wasted opportunity. So it was heartening to see the idea that influencers were valued by our C4 channel leaders, even above resellers, who have a much more immediate or at least obvious payback.

For the rest, there were few surprises but perhaps some disappointment. Despite some passionate early speeches from the group about how we needed to look to the future, when it comes to money — even when it's funny money — they were very conservative in their "investments". It's fine to wax eloquent about the fact that cloud is the future, but few were willing to double down or place heavy bets on it. Legacy initiatives still got the highest priority. To be fair, we didn't expect anyone to abandon other investments, but the gap between legacy and new was not a step — it was a chasm.

Love to hear your thoughts

As we pointed out in this session, we are still at the beginnings of the change that will happen to the channel over the next few years. As such, this is the start of a conversation. We may not be able to guess the future, but as educator and early computer pioneer Alan Kay says, "the best way to predict the future is to invent it." Together, we are on a road to inventing that new future for the channel by leveraging the Canadian Channel Chiefs Council board and members.

What are your thoughts? Send a note to **C4 workshop comments**