

Canalys: The channel embraces IT-as-a-service

- Managed services are more important to the channel than the public cloud
- By 2017, almost two-thirds expect IT-as-a-service to account for more than 25% of revenue
- Channel partners are most concerned about cloud providers bypassing the channel altogether and selling direct to customers

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24th September 2014, Cannes, France: The transformation of the technology channel continues to accelerate, according to a [Canalys](#) survey of 352 channel partners across the globe, published today at the EMEA [Canalys Channels Forum](#) in Cannes, France. 96% of respondents already deliver some form of 'IT-as-a-service', including managing customer assets on-premises, off-premises hosting or public cloud services. For the majority, this still accounts for less than a quarter of revenue. But by 2017, almost two-thirds expect IT-as-a-service to account for more than 25% of revenue.

"Product resell is still the most important business model for over 60% of channel partners. But they rate the importance of their managed services to their businesses very highly, just behind reselling products," said [Rachel Brindley](#), Research Director, Channels. 58% of partners also believe that their managed services business is more profitable than reselling hardware and software.

She added: "Managed services comprise of new-world IT as well as old-world IT. Printing, for example, is now heavily driven by managed services contracts."

By contrast, the survey showed that the public cloud is less important to the channel business models. Brindley continues, "The perception of most partners is that reselling third party cloud services is less profitable than reselling hardware and software. This also reflects the fact that most channel partners see the top two cloud opportunities as productivity applications such as email, and infrastructure-as-a-service (IaaS), both of which are under growing margin pressure. Higher value applications are not yet seen as the primary opportunities."

Channel partners also fear the threat of cloud providers bypassing the channel, with 62% identifying this as the biggest challenge they face when selling IT-as-a-service. "We are clearly moving to a world where channel partners will have a varied portfolio including hardware, software, public cloud services and their own managed service offerings," said [Alex Smith](#), Senior Analyst. "Vendors developing go-to-market strategies for cloud must ensure they are not increasing competition with their established partners, but recognize that this is typically delivered as part of a hybrid IT offering." Customer concerns over cloud security, and difficulties in finding skilled consulting staff are also major concerns for around 40% of partners when it comes to selling cloud services.

The global study took place as part of Canalys' on-going channels research and was published for the first time at the EMEA Canalys Channels Forum. The Canalys Channels research team is continuing to study these issues through a series of partner roundtables which will take place at the upcoming Canalys Channels Forums.

About Canalys

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