Channel Partners ™

THE COVID-19 CRISIS AND THE CHANNEL: RISING TO THE CHALLENGE

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LOOKING AHEAD, LOOKING UP

Like any new year, we started 2020 with a fount of optimism. When they dropped the ball in Times Square, almost none of us knew the impact that a little virus first identified in China would have on all of us. We had yet to lose more than 165,000 Americans and 750,000 people worldwide. U.S. unemployment was a far cry from the 10.2% reported in early August. Our favorite restaurants were open for more than just take-out.

I mean, before this year, we associated "20/20" with perfect vision. I think someone will be petitioning the American Academy of Ophthalmology to get that standard changed.

With that setup, lest you think what you're about to read is all doom and gloom, it's not. Far from it, in fact. Yes, the COVID-19 pandemic has created unprecedented struggles for many partners' businesses — but some have thrived. And so have some of the vendors selling cutting-edge technologies through the indirect channel. Video conferencing providers, and more broadly, those suppliers and partners that sell unified communications and cloud solutions, have seen a surge in demand for their products and services as more and more people work from home.

In this digital issue, you'll read about reasons for more optimism in the channel. Salesforce's Tiffani Bova, the former Gartner analyst and renowned industry speaker, offers tips for getting "back to growth." You'll read a bold prediction from one analyst firm that's great news if you sell SD-WAN. And you'll learn why CompTIA's members think the business climate is already stabilizing.

I'm confident you'll feel more optimistic about the business opportunities that await once you've read this issue. But perhaps just as important is a lesson that Vonage channel chief Curt Allen shared with me and my cohort Kevin Morris on a recent episode of the Channel Partners podcast, Coffee with Craig & Kevin:

"I hope to God we're on the back end of this thing and stop seeing so much misery and tragedy and fear out there, but I also hope the lessons we've learned inside of this about taking care of each other, being kind and the tools we have that we work with on a daily basis will be efficient. So the next time there's a circumstance that makes it difficult for us to travel and go about our normal lives that we [won't] miss a beat and keep this conversation going so we can help each other as much as possible."

Craig Galbraith is executive editor of Channel Futures and Channel Partners.

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8x8 Rolls Out New, Expanded Open Channel Program Globally

BY EDWARD GATELY

8×8's new Open Channel Program unites all channel efforts under a single, enhanced partner program. It spans North America, Europe and Asia Pacific.

The enhanced program, which allows partners to grow their businesses faster by selling the 8×8 Open Communications platform, replaces 8×8's Elev8 partner program. It offers new performance-based tiers for master agents, agents and VARs. It also includes a new authorized level to help partners get into the program faster.

The 8×8 Open Channel Program provides partners, based on tier, with speed to market to get up and running, meet sales targets and receive compensation faster; enhanced marketing benefits, such as account-based marketing campaigns, intent data marketing and webinar content; and expanded tools and resources for partners to grow and manage their business, drive demand and increase revenue due to improved sales performance.

8x8's John DeLozier

"Digital workplace transformation and the shift to an operate from anywhere mindset is now a board-level and C-suite imperative due to the current global crisis," said John DeLozier, 8x8's senior vice president and global channel chief. "As we've seen, enterprise communications are a critical component of these efforts. Enabling business and organizations to provide all employees with the ability to communicate, collaborate and engage customers anywhere on any device is a major opportunity globally for the channel."

8×8 launched its Open Communications platform last month. It combines voice, team chat, meetings and contact centers offerings — and it is fueled by AI-driven routing and predictive analytics.

ScanSource Layoffs 'Very Difficult,' But Intelisys Investment Remains Strong

BY LYNN HABER

Layoffs are coming for ScanSource, which expects revenue from its most recent quarter to be down about 20% year over year. That will trigger $30 million in expense cuts, the company said.

But there is some good news. Despite the pandemic, ScanSource expects revenue for Intelisys, the master agent it bought nearly four years ago, will be up 15% when the final quarterly numbers are in.

"Based on COVID-19 impacting our business since March, we spent a lot of time figuring out where [the decline in business] was going to impact us the most," said Mike Baur, chairman and CEO of ScanSource. "We've been talking about the decline in premises-based communications for a while. So it was easy to say we had to reduce our investment there. But at the same time, we continue to invest heavily in our Intelisys business."

Scansource's Mike Baur & John Eldh

The $30 million in cuts include both personnel – about 200 jobs – and other expenses. The company's strategy is to reduce its footprint to maximize revenue.

"Taking these measures, most of all letting go valued and dedicated members of our team, is very difficult," said Baur.

On the positive side, the Intelisys business is growing. Intelisys plays in big markets around cloud, connectivity, UCaaS and CCaaS, for example. The business has seen double-digit growth, so it will continue to get strong investment from ScanSource.

"Our focus is bringing on more channel managers that can help us meet the demand in growth. And those channel managers will help us to recruit, onboard and manage our relationships with the partner community," said John Eldh, ScanSource's chief revenue officer.

Those partners include agents and, especially, VARs.

Avant Analytics: COVID-19 Prompts 86% Spike in UCaaS Sales

BY EDWARD GATELY

A recent Avant Analytics report shows UCaaS sales skyrocketing nearly 90% during the massive shift to working from home.

Ken Presti, Avant's vice president of research and analytics, said the "shock and awe" in February and March has largely peaked. But it has also underscored the degree to which most companies depend on IT for their very survival.

"Providers should proceed with the recognition that the traditional business office might never come back in the way we've always known it," he said. "I'm not saying they're going away completely, but we're going to continue to look at a distributed/work-from-home (WFH) workforce at levels we've never seen before. What does that mean for your customers? How does it impact security, accessibility, support, training and the myriad other things that impact your value proposition?"

A lot of companies made changes in February and March

Avant Analytics' Ken Presti

from a state of near panic, Presti said.

"What were the things overlooked?" he said. "The answers will be different for each company, but that's where you want to start connecting the dots. The general growth opportunity is there, just as it was earlier, but a new level of opportunity has also presented itself as a result of this unprecedented shift."

UCaaS providers should and will continue to tout their technical differentiators, and "there's nothing wrong with that," Presti said.

"The difference is that the shelf life of those differentiators will be shorter as competitors set up competing versions, thereby turning those differentiators into table stakes," he said. "To a certain extent, this has always been true. But the rate of change continues to accelerate. So, everyone's engineers will continue to work toward the next great feature, and then the next great feature after that."

CompTIA Survey: Business May Be Stabilizing for Tech Companies

BY EDWARD GATELY

A CompTIA survey shows good news in the channel as technology companies continue to see customer interest in cybersecurity, cloud computing and other areas.

CompTIA surveyed 231 executives from its member advisory councils and communities. It asked how COVID-19 has impacted their companies. The results show the business environment could be stabilizing, it said.

Nancy Hammervik, CompTIA's executive vice president for industry relations, said her organization is encouraged by some of the signs indicated in the latest CompTIA survey, with more new customer inquiries, more business opportunities and some stabilization in staffing.

"But we are not suggesting that the industry will be back to business as usual any time soon," she said. "The positive trends identified are offset by other cautionary indicators. For example, tech firms are still dealing with canceled or delayed

CompTIA's Nancy Hammervik

orders, requests to restructure contracts and payment terms, product shortages and supply chain challenges."

The percentage of tech firms receiving new customer inquiries and business opportunities was 84% in June and 83% in April, up from 76% in March.

Customers are most interested in cybersecurity-related products and services (cited by 42%), shifting on-premise infrastructure or applications to the cloud (42%), managed and outsourced IT services (40%), and general consulting help on how to go virtual (40%).

Another potentially positive indicator is in the area of staffing. The percentage of companies making staffing changes has leveled off to 56% in June compared to 58% in the last survey.

In the latest survey, 52% of executives are feeling optimistic, 42% are hanging in there, and 6% are hurting and in a difficult situation. These results are unchanged from the previous survey.

Poly Urges Partners to Prep Customers for Era of New Hybrid Working

BY CHRISTINE HORTON

A new report from Poly says the channel should capitalize on a "new era of hybrid working."

In its report, the vendor points to a shift from "place" to "purpose" of work as businesses respond to COVID-19. The report indicates that traditional offices will become a thing of the past, replaced by a hybrid working approach. Alongside home working, organizations will invest in co-working spaces on the outskirts of expensive cities to attract talent. There will also be greater emphasis on group collaboration and social connections with colleagues and others.

Carl Wiese, Poly's executive vice president and chief revenue officer, said partners should ensure they set customers up with enterprise-grade solutions for the new environment.

Poly's Carl Wiese

"The first 30 days of COVID-19, people bought whatever they could get. If the headset was good and the video camera, they didn't care," he said. "Now they realize this is a long-term change and they need to upgrade and have enterprise-grade things in the home."

Wiese said it's not just the equipment on which partners should focus, but "support from an IT management perspective."

He also said firms will be upgrading their conference facilities.

"When they return to the office, they're going to have to enable those at scale. Because to go to a conference room and not have video is going to be a foreign concept. Our partners will be very much in the middle of helping them to design and implement those."

Adapting to the 'New Normal': Focus on Value-Add

BY BRAD SCHOW

MSPs are turning their focus to adapting to the "new normal" created by the pandemic. They should focus their efforts in four key areas.

1. Get Going with Digital Transformation

The current crisis is driving companies of all sizes to expedite their digitalization plans and reconsider how their employees will work for the long term. For MSPs, this presents an opportunity to have applications cloud-enabled and offer customers a digital transformation plan tailored to their exact business needs.

2. Cybersecurity Knowledge Is Crucial

The post-coronavirus world of work has created an opportunity for MSPs to adopt a holistic solution approach to help customers transcend security challenges. The approach should focus on informing customers of the potential risks that need to be addressed as well as security best practices to protect their data and keep employees safe.

3. Managing Cash Flow

The pandemic has put a strain on all global markets. The

ConnectWise's Brad Schow

MSPs that are able to shed unnecessary operational expenses and determine where inefficiencies can be eliminated will be best positioned to redirect their savings toward growing their business.

4. Strengthening Customer Relationships
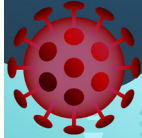
It's essential for MSPs to double-down on building strong relationships and making themselves indispensable to their customers' business. The shift to remote work represents a golden opportunity for MSPs to educate and equip customers for success. Putting the right tools and equipment in place for customers is just the start. MSPs will need to utilize the right documentation to effectively manage customer infrastructures and ensure support teams can respond efficiently.

Finally, MSPs must not forget their own employees are a precious resource. It's more important than ever to keep everyone motivated, engaged and performing through regular check-ins.

Brad Schow is vice president of consulting services for ConnectWise.

SD-WAN Sales to Bounce Back, Surpass $3.2 Billion by 2024

BY JAMES ANDERSON

Software-defined wide area networking (SD-WAN) sales will exceed $3.2 billion in four years, according to a Dell'Oro Group report.

The report projects 168% SD-WAN sales growth from now to 2024. Although recent global events have hampered growth this year, Dell'Oro Group Vice President Shin Umeda gives an optimistic long-term outlook for the industry.

"SD-WAN offers a compelling reason for businesses to upgrade their WAN infrastructures, which is something we haven't seen in many years," Umeda said.

Umeda said that COVID-19 lockdowns "created a major bump in the road" for deployment growth. He nevertheless said the industry looks set to regain and accelerate its momentum in the years to come.

"The fundamental drivers for SD-WAN adoption have not changed and may even be enhanced if work from home solutions can be incorporated," he said.

Dell'Oro's Shin Umeda

Umeda pointed to the technology's popularity in the telecom industry — particularly with service providers. At the same time, the service providers that sell MPLS connections have faced efficiency issues, and cost and bandwidth requirements. Business customers moving to a more cloud-based, multimedia data landscape have challenged traditional WAN connections, Umeda said.

"This has led enterprise users to consider lower-cost business internet connections that offer significantly more bandwidth than an MPLS connection," he said.

The Dell'Oro Group report found that software comprises the highest share of SD-WAN revenue. And that trend will continue over the next four years, according to the study.

Dell'Oro concluded in a March study that SD-WAN sales grew 64% in 2019. The increase moved the market over $1 billion. The study listed Cisco, Silver Peak, Versa Networks, VMWare and Fortinet as five vendors that lead the industry.

TBI Partners, Customers See New Norms Shaping Post COVID-19 Priorities

BY JEFF SCHWARTZ

As workplaces gradually reopen, TBI, its channel partners and customers are recalibrating for post COVID-19 realities. They recently shared how they have adjusted.

TBI's Reynolds

"We've had to adapt pretty quickly," said Bryan Reynolds, TBI's director of sales operations. "And we've had to be pretty creative and progressive in the way that we conduct business."

As soon as the pandemic hit, customers tabled many projects. Coming out of it, many projects might remain on hold or be canceled. TBI partners are bracing for some customers to disappear or be unable to pay their bills.

"We believe 10-20% will be impacted," said Robert Powell, vice president of business development at The Bandwidth Team. "But we think we will sell through that and go deeper within our existing base."

Powell said his company has educated its team on newer technologies that are suited to environ-

Bandwidth Team's Powell

ments where people work remotely for extended amounts of time. "We're extremely optimistic and will embrace this change," he said.

Another TBI partner, CXT180, is going down the same path. "We had quite a few RFPs that were out for infrastructure, but

CTX180's Looper

those have all been tabled," said Carla Looper, CXT180 principal and managing partner. "Suddenly everyone wants to talk about IoT or digital transformation."

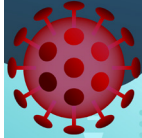Mark Stackpoole, CEO of Global Telecom Solutions (GTS) said the key to thriving as businesses reopen is being open to new technology.

"As shops start to open up, they're going to be looking for technologies that some of us have never sold," Stackpoole said. "So really grab that stuff, embrace it … have confidence in something you're excited to talk to your customers about."

GTS's Stackpoole

Despite Job Decline in July, Tech Sector Remains Up

BY EDWARD GATELY

Some 17,300 tech sector jobs were cut last month, but the sector remains up by more than 200,000 positions so far this year.

That's according to CompTIA's review of the latest Employment Situation report from the U.S. Bureau of Labor Statistics. IT occupations in all sectors of the economy declined last month by an estimated 134,000 jobs.

The unemployment rate for IT occupations is 4.4%, less than half of the national unemployment rate of 10.2%. And until last month, tech sector employment has increased most months despite the COVID-19 pandemic.

"After several months of tech job gains exceeding expectations in a very difficult economic environment, a pause in tech hiring was not unexpected," said Tim Herbert, CompTIA's executive vice president for research and market intelligence.

Year to date, there have been five months of job gains and

CompTIA's Tim Herbert

two months of job losses. In June, the tech sector lost 33,800 jobs.

U.S. employer job postings for IT occupations declined in July, but still totaled more than 235,000 for the month. The top five job roles companies were looking to fill were software and application developers (70,600 job postings), IT support specialists (21,400), systems engineers and architects (19,100), systems analysts (15,600) and IT project managers (13,300).

California, Texas, Virginia, New York and North Carolina had the highest numbers of IT job postings last month. And Louisiana, Mississippi, West Virginia, Maine and North Dakota recorded the highest month-over-month increase in job postings. However, the gains were modest.

Among specific industries, professional, scientific and technical services (39,956), finance and insurance (18,756), manufacturing (17,473), information (11,095) and retail trade (7,042) had the highest numbers of postings for IT positions.

Tiffani Bova on How Partners Can Get 'Back to Growth'

BY LYNN HABER

While partners' value to their customers during the pandemic has risen, knowing how to stay afloat and responsive to customers is a learning curve. Many partners lack a clear path forward. The pandemic has forced client companies to reconsider IT initiatives, which in turn forces partners to reconsider their short- and longer-term business strategies.

Tiffani Bova, global customer growth and innovation evangelist at Salesforce has some tips for partners about getting back on track.

"We talked here at our office of innovation and came up with three distinct workstreams" Bova said. "Companies can use them to navigate during this time."

"One is stabilizing the business. The next is moving back to the office. The third is 'back to growth.'"

"The first workstream is getting people to work from home, making sure your employees and your customers are OK," she

Salesforce's Tiffani Bova

said. "We can say for the most part that stabilization is behind us."

"The second workstream, I call back to the office," she said. "Some industries are trying to get employees back to the office. So how do you do that? Do you stagger work hours and have the office cleaned between shifts?"

"The third workstream is back to growth. How do start to put your foot back on the gas on some of the things you were doing pre-pandemic? That could be marketing funds, acquisition campaigns, upselling and cross-selling."

"We recommend that each of the streams has an entire work group focused exclusively on that stream," Bova said. "I feel that this channel is in a perfect position to help on all three of the workstreams."

"For telephony, connectivity, networking and infrastructure partners, there's a ton of work. Even on the front-office side. But we all have to be aware and mindful of the tone in which we are messaging. It can't be buy, buy, buy."