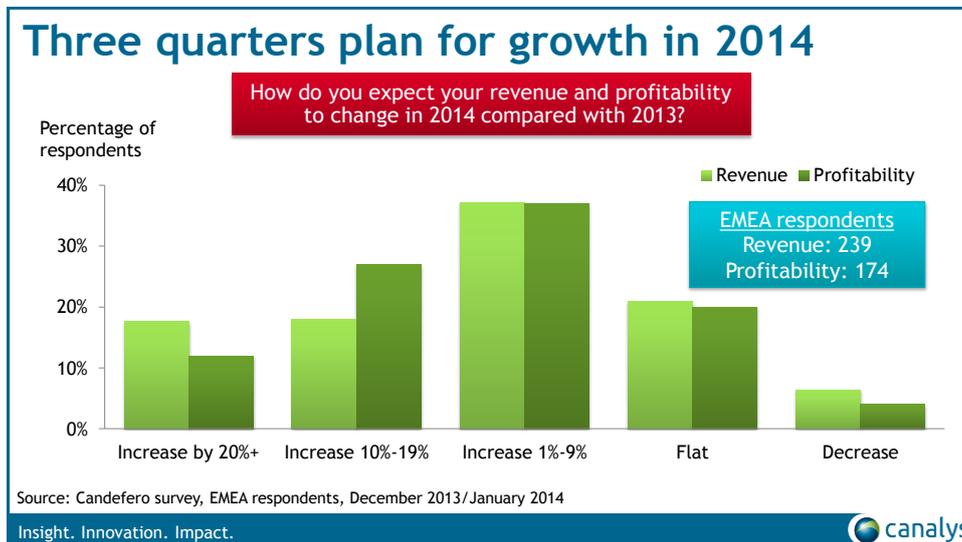


Technology channel partners set for business transformation in 2014

➤ Three quarters of partners are planning for profitable growth in the next 12 months

Palo Alto, Shanghai, Singapore and Reading - Monday, March 10, 2014

Canalys has just published its latest quarterly review of the technology channel landscape. This highlights the results of a recent Candefero survey, which shows that three quarters of EMEA channel respondents stated they are planning for both revenue and profit growth in 2014.



Canalys expects that the key drivers for channel partners in 2014 will be the gradual move to managed services and the hybrid IT environment, as customers make decisions about which technology services to outsource. Canalys expects there will be an increase in spending in the commercial PC market as Microsoft ends XP support. Coupled with stabilizing northern European economies, this should lead to an uplift in commercial PC refresh.

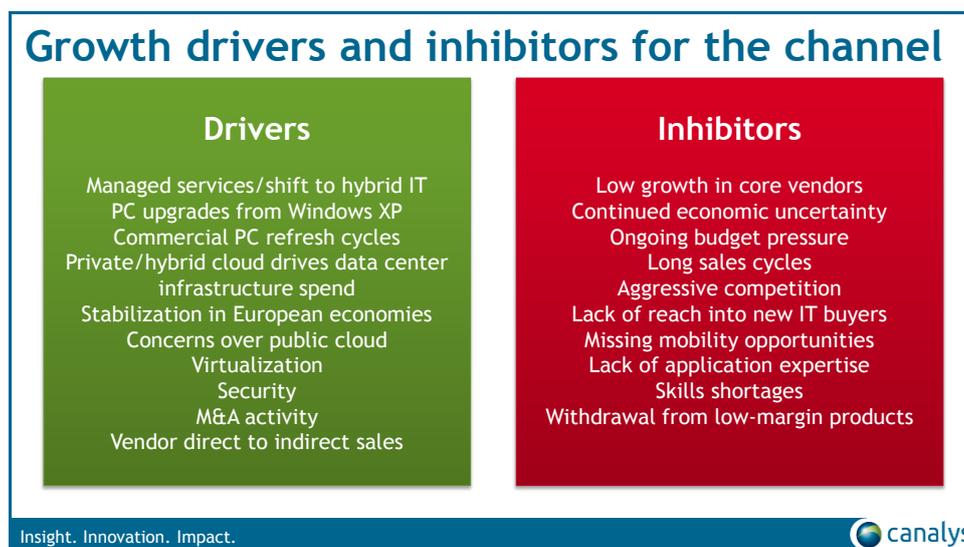
Virtualization and the ever-present security threat are also likely to support channel partner growth, as customers look to their trusted partners to manage complex solutions and services.

Alastair Edwards, Canalys Principal Analyst, said, 'It is great news that channel partners are expecting to see growth in both revenue and profitability. We expect this growth will be driven by the continual shift to software and services, as channel partners move their business models away from the hardware-centric world of the past. Partners will continue to resell hardware, but infrastructure decision drivers are becoming more software-oriented.'

Despite the wealth of opportunities, channel partners will continue to face budgetary pressure, stemming from the continued economic uncertainty, especially in southern Europe, and political uncertainty in

Russia. For many channel partners, the key challenge in 2014 will be how they transform their businesses to capitalize on the new opportunities available to them. Employee recruitment and retention will remain core issues, as well as how to re-train existing employees to ensure they can support the move away from low-margin product resale.

Buying points are also changing within the customer, as channel partners switch from only selling to the IT manager to also selling to a broader set of functions, including marketing, HR, finance and across the CxO level.



Edwards continued, 'Traditional partners that do not embrace new business models will struggle to grow as new technology buyers emerge and technology purchase decisions become a competitive differentiator.'

About Canalys

Canalys is an independent analyst company that strives to guide clients on the future of the technology industry and to think beyond the business models of the past. We deliver smart market insights to IT, channel and service provider professionals around the world. Our customer-driven analysis and consulting services empower businesses to make informed decisions and generate sales. We stake our reputation on the quality of our data, our innovative use of technology and our high level of customer service.

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