

Canalys outlines reseller recommendations for 2011

- News from the Canalys Channels Forum 2010, Barcelona

Palo Alto, Singapore and Reading (UK) - Wednesday, 6 October 2010
For immediate release

Canalys today announced its technology reseller recommendations for 2011, based on the strong current market rebound, the increasing impact of globalization, and a shift back to private sector leadership.

Canalys' reseller recommendations for 2011:

- Set an optimistic budget, with stretch targets.
- Expect run-rate infrastructure sales to disappoint.
- But device growth to be strong.
- Re-focus on the private sector.
- Define your role in next-generation data centres.
- Reward loyal staff; increase training.
- Follow the IT industry and broaden your scope beyond the CIO.
- Where consumers go, investment will follow.

'Above all, we're urging resellers to specialize next year,' said Steve Brazier, President and CEO of Canalys. 'Many prospects emerge as technology spreads its influence both in the office and the home. While cloud computing continues to spur channel investment, other opportunities - including disaster recovery, data centre management, security, bandwidth, energy and environmental - promise to find sustainable value, allowing specialist resellers to thrive again.'

For the major technology players, 2010 ushered in a strong comeback, with second quarter net income growth up 60% and net revenue growth up 21%.¹ Distributors equally profited from this rebound, with some companies registering year-on-year growth in the triple digits.

As a result, many channel companies continue to expect 10% to 20% growth through the remainder of this year and are hiring accordingly, with either a modest or significant increase in new staff.²

While the public sector drove recovery in 2010 thanks to economic stimulus packages, the private sector is projected to lead in 2011, as austerity measures curb public spending and private companies invest for growth.

¹ Source: Latest fiscal results for Apple, Cisco, Dell, EMC, Google, HP, IBM, Intel, Lexmark, Microsoft, Oracle and SAP combined; year-on-year comparison from Q2 2009 to Q2 2010.

² Canalys channel surveys, September and June 2010.

In terms of devices, smart phones and pads are expected to propel EMEA growth, with the former projected to climb to 147 million shipments in 2012, a 16% year-on-year increase, and the latter to 19 million, a 64% jump.³

Despite the upturn, the technology sector continues to cite delayed customer purchasing decisions, followed by credit shortages, as leading business challenges.⁴ Customer budget cuts also surfaced as a major obstacle to ongoing growth.⁵

Business concerns linked to globalization, such as managing local cultural and legal rules and expectations, as well as difficult-to-predict environmental and travel disturbances, also promise to play a leading role in IT planning and spending in 2012.

‘In an increasingly global marketplace, some businesses face significant constraints due to cross-boundary ethical, security and energy issues, as well as major environmental disturbances, such as the BP oil spill or the Icelandic volcanic eruption, while others seize these challenges as an opportunity to specialize and grow,’ said Brazier.

A case in point is the situation developing between US and Chinese vendors entering each other’s respective markets. Both groups face local cultural and legal challenges, as well as intellectual property issues. US vendors in China should also expect Internet security threats, access restrictions, and performance issues, while Chinese vendors entering the US market should prepare for national security lobbies and a ‘not invented here’ mentality.

‘A bi-polar world is emerging,’ said Brazier. ‘How IT companies work to overcome it, or circumvent it, may largely decide their fate.’

The Canalys Channels Forum 2010, 5-7 October 2010, Barcelona

Over 700 delegates, including senior executives from top vendors, distribution management and SMB resellers, have gathered in Barcelona to discuss critical technology trends affecting the industry at the Canalys Channels Forum, EMEA’s largest and most influential annual channel event. Find out more about this event at: www.canalyschannelsforum.com .

³ Canalys estimates, Netpad Analysis EMEA and Smart Phone Analysis EMEA, September 2010.

⁴ Canalys channel survey, June 2010.

⁵ Canalys channel survey, August 2010.

About Canalys

Canalys specializes in delivering high-quality market data, analysis and advice to the world's leading technology vendors. It is recognized as a key provider of continuous advisory services and confidential custom projects for marketing managers and strategists within blue-chip IT, telecoms, navigation, and consumer electronics companies. It has unrivalled expertise in routes to market for all kinds of high-technology products and services and provides worldwide market data and trends analysis. Canalys does not release preliminary, incomplete data and uses consistent definitions and methodologies to ensure total consistency across all of the market data that appears in its services. The company publishes its final market data every quarter for every country tracked simultaneously on the same day.

Receiving updates

To receive press releases directly, or for more information about our services or custom research and consulting capabilities, please complete the contact form on the Canalys web site.

Americas: Suite 280, Town & Country Village, 855 El Camino Real, Palo Alto, CA 94301, US | t: +1 650 681 4488
APAC: 1 Pickering Street, Great Eastern Centre, #07-02, Singapore 048659 | t: +65 3106 2330
EMEA: Diddenham Court, Lambwood Hill, Grazeley, Reading, Berkshire RG7 1JQ, UK | t: +44 118 984 0520
www.canalys.com