

## IT channel partners' profiles and prospects affected by geopolitical forces

- **Business models and program structures face the biggest changes**
- **Government policies on data jurisdiction exert additional influence on an industry already moving to recurring revenue streams**

From the Canalys Channels Forum APAC in Shanghai - Wednesday, 5 November 2014

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2014 has been a tumultuous year for the APAC region. The slowing Chinese economy, a coup in Thailand, protests disrupting Hong Kong and tensions between Southeast Asian countries have contributed to an unsettled business environment. But a decisive election victory in India has released a new wave of investment, Indonesia has renewed optimism with new leadership and the remarkably resilient Thai economy has rebounded far quicker than expected. 'Economic and political changes have only been part of the story though. Concerns about privacy and intellectual property rights have spurred legislation and government buying preferences to favor in-country-based suppliers,' said Steve Brazier, President and CEO of Canalys. 'In larger countries, such as China, many global vendors have responded by separating their Chinese operations from the rest of their Asian teams to increase their ability to localize. We expect this to ripple through the two-tier distribution model as regional distributors assess how best to serve the needs of an increasingly divergent region.'

'Despite these challenges, the IT channel remains optimistic, with some 40% of APAC partners expecting to grow in excess of 10% this quarter,' said Alex Smith, Senior Analyst at Canalys. 'The spectrum of technologies and services available for them to sell and deliver has never been wider, and partners increasingly play an important role as advisors to their customers, to help navigate the range of choices. But with this comes the complexity of managing different revenue models. For many partners, moving from a predictable rebate model to a recurring revenue one will require major internal process change.'

While the journey to the cloud represents an enormous opportunity, the question remains as to whether those investing in cloud are approaching it in the most sustainable manner. 'CXOs who are responsible for governance, security and compliance will need to ensure their cloud solutions are under their control at all times. Partners need to think differently about the cloud models they offer for longer-term cloud success,' said Nick Earle, Senior Vice President, Worldwide Cloud and Managed Services Sales, Cisco.

'We must enable our enterprise customers to redefine IT for the software-enabled world,' said Chad Sakac, SVP, Global Systems Engineering, EMC. 'We are placing big bets to innovate and drive disruptive technologies, such as flash, software-defined storage and data centers, to ultimately build new apps and new data fabrics on well-run hybrid clouds.'

'At HP, our mission is to build the foundation for the New Style of IT. The next generation of applications, web services and user experiences is only as rich, impactful and world-changing as the infrastructure platforms that powers it,' said Bill Veghte, Executive Vice President and General Manager, Enterprise Group, HP. 'In the New Style of IT, the role of partners will be even more important to help customers

optimize for today and build for tomorrow. We are committed to working closely with our partners to deliver innovations that will allow them to create impactful business outcomes for our shared customers.'

'Our partners and channel ecosystem have always played a vital role. As we transform as a company, our partners are transforming with us, recognizing the opportunity that living in a mobile-first and cloud-first world presents. Our partners are working with customers of all sizes - whether on-premises, in the cloud or in hybrid scenarios - to help them realize the full power of technology,' said Thomas Hansen, Vice President, SMB Worldwide, Microsoft.

## 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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## About the Canalys Channels Forums

The Canalys Channels Forums take place from September to November 2014. The EMEA event ran from 23 to 25 September in Cannes, France. The LATAM conference took place from 21 to 23 October in Rio de Janeiro, Brazil. Finally, the APAC forum runs from 4 to 6 November in Shanghai, China.

The forums, in their seventh year in EMEA, third year in APAC and first year in LATAM, are the only independent events that unite senior managers from leading technology vendors, distributors and channel partners to discuss industry trends, forge new business relationships and create sales opportunities. In addition to vendor keynotes and theater presentations, the events feature more than 3,000 senior one-to-one meetings and prestigious gala dinners, among other networking activities. The events are open to senior business managers, both from IT vendors and channel partners.

More information about the events can be found at [www.canalyschannelsforum.com](http://www.canalyschannelsforum.com).

## About Candefero

Candefero is the exclusive global channel partner community run by Canalys. It provides the channel with an online forum to discuss the burning issues affecting their businesses and to get their opinions across to senior executives within vendor organizations. They also gain access to high-quality, independent market intelligence, trends analysis and advice from Canalys. Membership is free to qualifying employees of authorized channel partners only.

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