

## Matt Rowland-Jones, bChannels

by [Stuart Wilson](#), Friday 6 November 2009



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### **Rough Waters: How Vendors are Navigating Current Economic Conditions**

Matt Rowland-Jones of channel consulting organisation bChannels looks at the ways in which vendors are responding to the economic challenge, comparing trends in the US with the environment in Europe.

#### **Regional Variation**

In many ways the impact of the economic crisis has been more evident in the US than it has in Europe. As a single large economy the US has felt the squeeze in most parts of most markets, whereas in Europe each individual country or region is experiencing different pressures and responding to them in different ways. The health of Western European economies is closely linked to the health of the US economy, whereas markets in Eastern and Southern Europe can be more influenced by local factors.

It only takes a few brief encounters with channel professionals at conferences like the upcoming DISTREE XXL 2010 event to get the picture. Some European regions continue to perform well, some not. Some technology markets are growing, some not. It's too easy - and too misleading - to generalise.

#### **Research Findings**

Recent research with channel partners in the US and Europe by bChannels, in partnership with US consulting firm Crimson, showed a lower level of channel confidence in the US than in Europe. But confidence in certain sectors remains strong in both regions, specifically managed services, virtualisation and security. Around two thirds of channel partners interviewed planned on developing new business models in the next twelve months to cope with margin pressures, focusing in particular on services offerings and investment in sales capabilities in resilient verticals.

A recent survey by Aite Group in the US, looking at end customers in the finance and insurance vertical showed that many end customers saw 2009 and 2010 as about 'fixing latent issues' - a time to deal with efficiency and compliance outages that existed before but that had not been a focus in a time of growth (Note A).

Forrester sees the technology market contraction being later and deeper in Europe than it has been in the US. They show a return to worldwide growth in the technology sector in 2010, but continued shrinkage in Europe through to 2011 (Note B).

#### **Channel Expectations**

What is clear from our own research and that of others is that channel partners expect vendors to focus on lead generation in times of trouble. This means funding lead generation activity through channel partners, as well as driving end customer demand. There is also clear feedback in Europe and the US to show that partners expect vendors to invest more in committed partners, to reward loyalty. There are frequent complaints that vendors are over-distributed and cannot support their key partners to sustain and grow business in challenging markets.

By and large channel partners feel that vendors are responding to the need. Increased vendor support for financing deals is a common proof point, showing that vendors are listening to and dealing with the issues.

Channel partners tend to promote the solutions of larger ('safer') vendors in these conditions. Vendors with a strong brand and a level of customer trust. This presents challenges for smaller emerging brands and for vendors trying to break into new regional markets.

### **Exploring the Issues**

Matt Rowland-Jones will be chairing a workshop on these topics at the DISTREE XXL event in Monte Carlo, which takes place on February 8th-11th 2010.

Note A: Aite Group, "2009 Capital Markets IT Spending"

Note B: Forrester, "European IT Market Outlook: 2009 To 2010"

Matt Rowland-Jones is General Manager of bChannels. He works with many of the world's largest technology vendors to develop channel strategy and to manage channel programs.

bChannels is a specialist in the development and outsourced management of channel programs for technology vendors. The company works across EMEA, the US and in Asia, for clients like Cisco, Intel, Samsung and VMware. Find out more at [www.bchannels.com](http://www.bchannels.com) [<http://www.bchannels.com>]

## **DISTREE XXL 2010**

DISTREE XXL gathers 400-plus senior executives from EMEA's Information Communications Technologies (ICT) & Consumer Electronics (CE) volume distribution channel. During the course of the three-day event, delegates take part in thousands of pre-scheduled one-on-one meetings with hundreds of vendors. Each year, hundreds of new distribution agreements are struck across EMEA as a result of business relationships initiated at DISTREE XXL.

DISTREE XXL 2010 will also build on successful initiatives launched at last year's sold out event including a regional awards ceremony. The 'EMEA Channel Academy: 2010 Awards' will include more than a dozen awards handed out to vendors and distributors from across the region. [www.distree.com/xxl](http://www.distree.com/xxl) [<http://www.distree.com/xxl>]

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