

Security and Networking: Technologies that Contribute the Most to Partner Revenue in Latin America and the Caribbean

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Findings from TD SYNEX's 2023 Direction of Technology Report show the direction that channel partners' business will take based on their current conditions and the most interesting trends for business clients.

MEXICO CITY--(BUSINESS WIRE)-- For second consecutive year, TD SYNEX (NYSE: SNX) conducted the **2023 Direction of Technology** annual study, showing significant numbers for Latin America. The purpose of this study is to capture the opinions and expectations of channel partners around their business models, business performance and strategy and understand the landscape of technology adoption by companies that purchase the products and services commercialized by partners.

The conclusions of the regional report are based on the segmented results of a survey conducted (in collaboration with Canalys) among 550 B2B channel partners from Europe, APAC, North America, and Latin America and the Caribbean (LAC). The latter region was the second in terms of the number of respondents, with 22% of the total, only after Europe.

"The distinctive conditions in Latin America are reflected in the data from this year's study. The findings are revealing in multiple ways: the partners across the region are meaningfully preparing for a shifting reality by adjusting their priorities and business offerings —just as channels do in other parts of the world— but the guidelines are different and respond to their situation and the parameters observed in their ecosystem," said Otavio Lazarini Barbosa, senior vice president, TD SYNEX, LAC. "In LAC, areas which are being increasingly prioritized by most channel partners in the more than 60 participating countries, such as AI and ML offerings, or the importance of focusing on ESG initiatives, are overshadowed by other areas that respondents in the region consider key, including cybersecurity, networking, infrastructure, and hybrid cloud."

The most relevant findings from the study are divided into eight areas, including:

Partner business models are undergoing a shift towards services

- While the sale of hardware remains important, share is shifting to consumption and product lifecycle models.
- 84% of partners in the region will increase the sale of professional services in the next three years, and 82% will increase the sale of managed services.

Security and networking are critical for the majority of partners in LAC

- Similar to 2022, security is considered the No. 1 revenue driver in the last 12 months by 65% of respondents.
- In terms of this year's key revenue drivers, respondents cited security as the top revenue driver (73%), followed by networking (60%), and servers and storage (53%). These findings reflect the role the channel plays in delivering security: over 90% of cybersecurity is partner-led.

Hybrid cloud will be a key investment area in the short term

- For the next 24 months, while security (61%) and networking (45%) rank first and second in the Top 8 technologies for clients, hybrid cloud and server/storage infrastructure rank third (40%), followed by hyperscale infrastructure (38%), automation (35%), AI/ML (27%), and data analytics (25%).
- Four of 10 partners recognize that hybrid cloud is a key area to invest in within two years. In fact, 29% of partners regard hybrid cloud as a hiring priority over AI investment.

Many challenges to face

- Three quarters of business partners stated that increasing competition and margin pressure are key challenges currently.
- Nearly 7 of 10 cited talent recruitment and retention as a key challenge, and for 45% this will continue to be a challenge within two years.

Growth expectations reveal a complicated situation

- In the last 12 months, channel partner revenue expectations in Latin America have dropped slightly. However, over 70% of partners still expect to see some revenue growth in 2023.
- 50% are expecting growth of more than 10%, surpassing the rest of the regions by at least 13 percentage points.
- The proportion of partners expecting a revenue decline has increased, but this is only 14% of respondents.

Business investment within the next 12 years will focus on knowledge

- Investment priorities for respondents include technology training/certification (77%), demand generation/digital marketing (74%), and cybersecurity standards (66%).
- These are followed by business planning, talent acquisition/management, product lifecycle management, ESG solutions, and e-commerce.

Business planning increasingly performed in-house

- In 2023, 80% of business planning was performed in-house.
- In addition, LAC partners are shifting from an outsourcing model towards a hybrid approach. This year, 29% of managed IT services will be hybrid, a year-on-year increase of 26%.

ESG is still not a priority in Latin America

- Only 8% of partners in the region currently offer ESG reporting and accreditation solutions, compared to 33% in North America and 32% in Europe.
- Only 16% plan to offer these solutions in the next two years.

“The Direction of Technology Study is designed to help companies better understand and capitalize on the latest trends and demands of the technology ecosystem. We are excited to share the findings of the Latin America and the Caribbean supplement, which will enable our partners to obtain conclusions and guidelines tailored to the region where they do business, leading to better decision-making,” said Marcos Murata, vice president, Vendor Management, Pre-sales Engineering and Marketing, TD SYNEX LAC. “We are pleased to see our partners’ great ability to adapt and respond going forward.”

This year, the survey was conducted from May to July 2023 among 550 channel partners, including 119 respondents in Latin America —spanning resellers, system integrators, service providers, MSPs, and distributors. To download the full Latin American supplement of the 2023 Direction of Technology Study, visit: www.tdsynex.com/dot.

About TD SYNEX

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