



DELL ECOSYSTEM OPPORTUNITY:

Strategic Positioning as a Driver of Partner Success

The Power of Partnership

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Authors:

Stuart Wilson, Senior Research Director,
Partnering Ecosystems

Andreas Storz, Research Manager,
Partnering Ecosystems

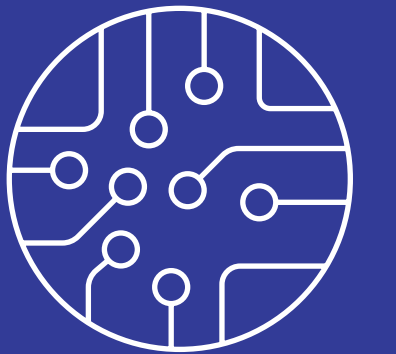
Josh Budd, Research Manager,
Partnering Ecosystems

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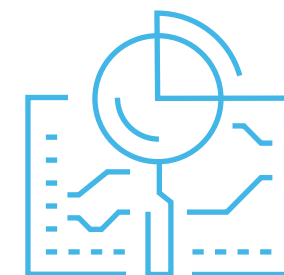
Executive Summary

Organizations around the globe are embarking on ambitious digital transformation strategies to strengthen their business models. These organizations are increasingly turning to technology partners that offer both the solution portfolios and the services capabilities they require for this transformational agenda. A transition to as-a-service models in a hybrid cloud and multicloud landscape has enabled new ecosystem models and new routes to market. These trends make it more important than ever for technology partners to evaluate both their portfolios and their business models and commit deeply to strategic vendors that align with both partner and customer success.



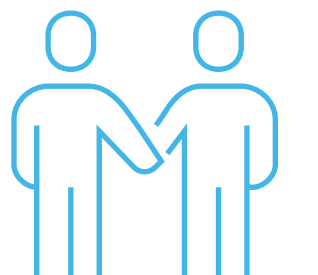
MARKET INSIGHTS

- Changing customer requirements are impacting partner economics, driving the continued evolution of technology partner business models and activity focus areas.
- The relationship between partners and strategic vendors becomes more important as customers change the way they engage with technology suppliers.



DELL PARTNERS

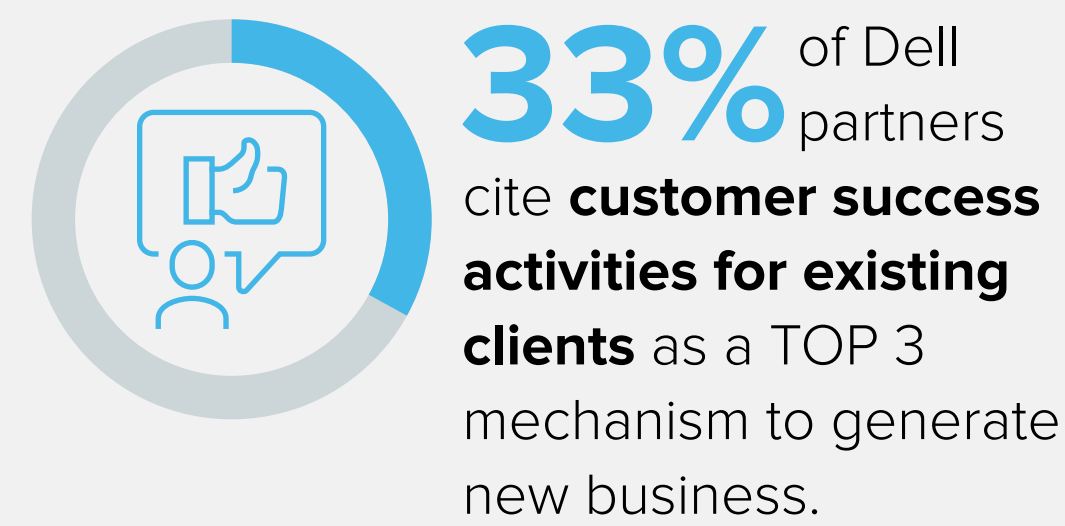
- IDC interviewed partner executives as part of a Global Partner Survey of **713 Dell partners** in October 2023.
- This asset explores the business models of Dell partners and the process of partner transformation to unlock market opportunities.



This InfoBrief provides guidance to partners on how to optimize their relationships with vendors and position themselves for business success and better customer outcomes.

Invest in deeper customer engagement to create mutually beneficial long-term relationships that support your increased profitability.

Most Dell partners have grown their net profits in the last year and expect this positive trend to continue.

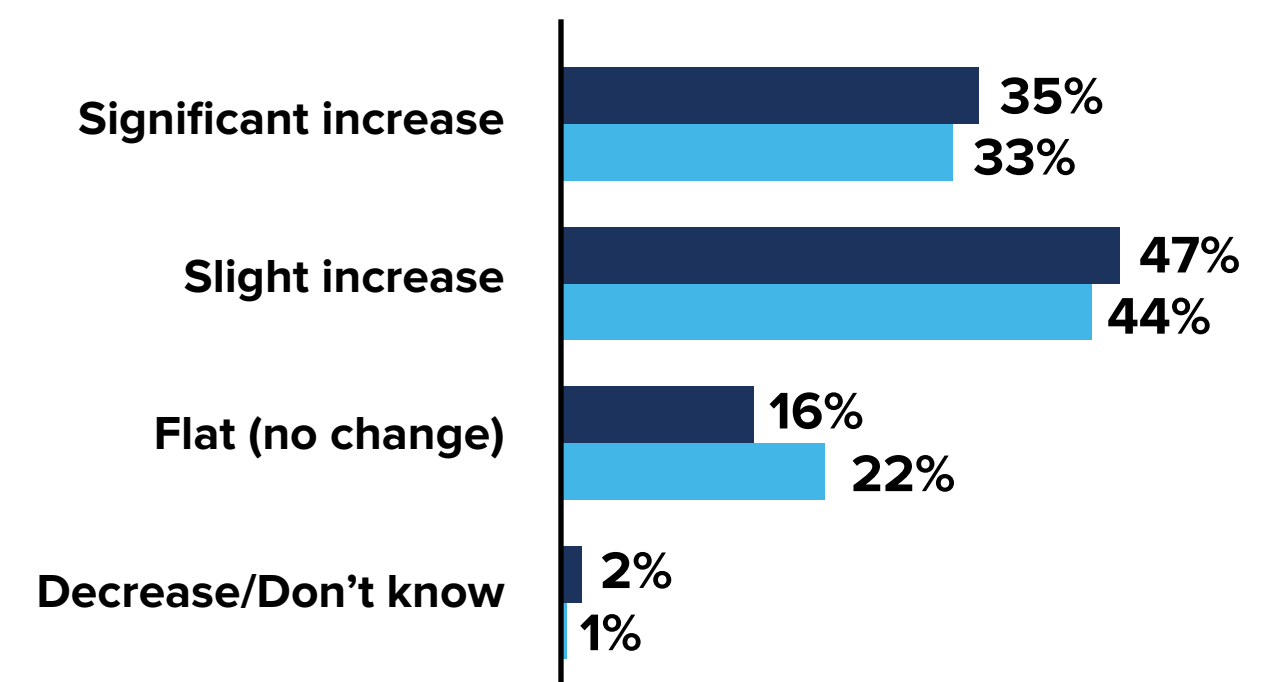


CUSTOMER FOCUS

- The move to as-a-service delivery increases the need for partners to focus on both customer success and customer experience (CX).
- Enhanced customer relationships provide a platform for upselling and cross-selling, utilizing the breadth of the portfolio. This process can increase the strategic importance of the partner to a customer.



Q: How does your current net profit from your total operations compare with that of 12 months ago? How do you expect your net profit to develop over the coming 12 months?



● Change in last 12 months ● Expected change in next 12 months

82% of Dell partners have increased their net profits in the last year.



SUMMARY: Customer relationships are the bedrock of value in a partner's business. Prioritize working with vendors that understand this and provide resources to enable you to work together when necessary to meet customer requirements.



As-a-service revenue streams are becoming critical to your business mix. Make sure your skills and services capabilities align with this fundamental change.



Revenue split of Dell partners by pricing-model type

POSITIONING FOR GROWTH

- Partners are evolving their value propositions and customer offerings to reflect growing customer demand for technology solutions that are delivered as a service.
- Globally, the dominant pricing models for Dell partners are consumption based and subscription based, accounting for 37% and 36% of revenue, respectively.
- In total, almost three-quarters of Dell partners' revenue comes from as-a-service offerings. In addition, more than one-third of Dell partners claim to now have significant expertise in Dell APEX.



38% of Dell partners say they already have significant expertise in **Dell APEX**.



SUMMARY: As you focus deeper on the potential of delivering everything as a service, it becomes important to commit to vendors that have portfolios and road maps fully aligned with these motions and closely aligned with changing customer behaviors.



Optimizing the Evolution of Your Partner Business

STEP 1

1.

Assess your activity mix

Understand that your activity mix will continuously change and evolve. Engage deeply with key vendors to understand and capture new service-attach opportunities. Use partner-program benefits to access training and certification resources and ensure that your customer-facing activities and influence are recognized and rewarded.

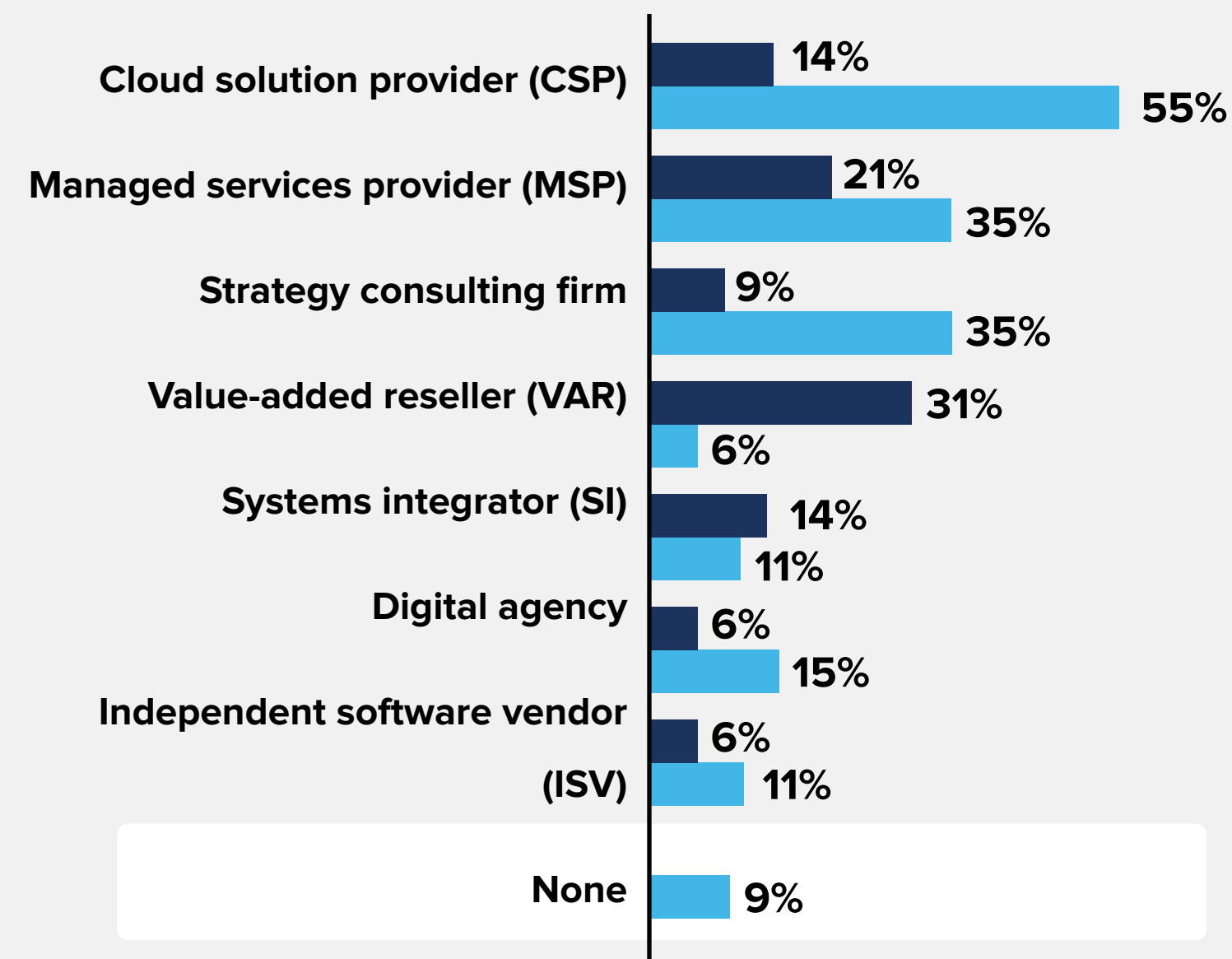


Continuous business assessment, strategic planning ability, and a willingness to respond to changing conditions in a fast-moving technology landscape are the ingredients for sustained partner success. This is one of the four focus areas IDC recommends partners concentrate on to position themselves for long-term business success.

Partners increasingly perform multiple functions. Your decision about which services and models to focus on should be(come) a customer-led process.

Partner segmentation by “type” is less important. The activity mix becomes more important than the designation of partner type.

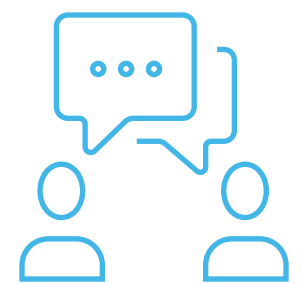
Q: Which of the following common partner business models best describes your company? Do other business models also apply to your company? If so, name up to three. [Choose up to 3]



● Primary business model
● Secondary business model(s)

MEETING CUSTOMER REQUIREMENTS

- Only **14%** of Dell partners define themselves primarily as cloud-solution providers, but an additional **55%** offer CSP services as a secondary business model.
- Offering managed services is part of the business model for over one-half of Dell partners surveyed, with **21%** citing it as a primary business model and a further **35%** as a secondary business model.



More than 90% of Dell partners now operate multiple business models.

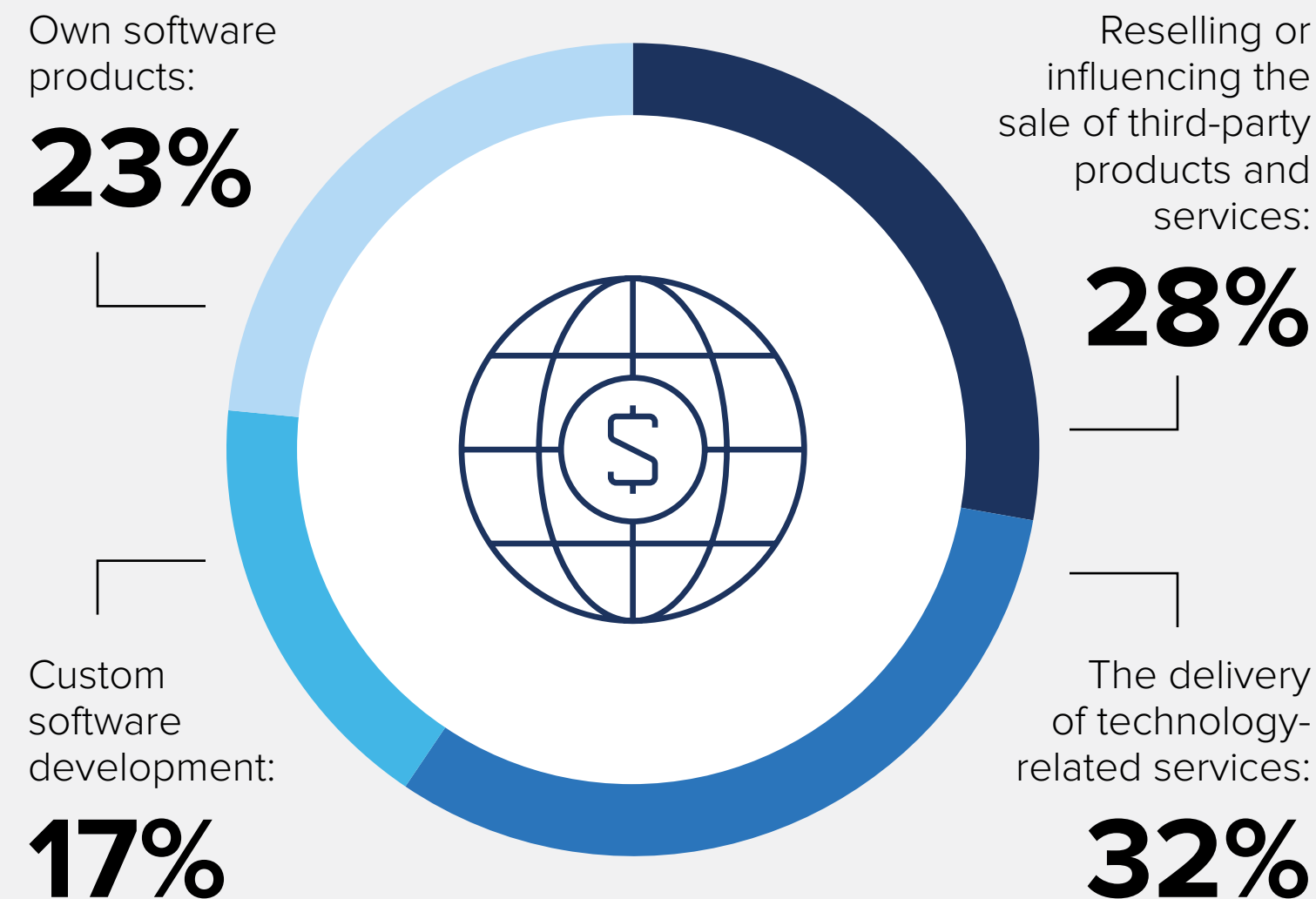
SUMMARY: Your business model must evolve constantly. Make sure your vendor partners encourage this development and have flexible partner engagement structures that support and assist your transformation process.



Vendor partnerships provide a platform around which you can build additional revenue streams based on your own IP and services capabilities.

Partners should leverage solutions from across the broader vendor portfolio, which in turn can open significant revenue streams.

Q: Please provide your best estimate of the approximate share of revenue (as a percent of total revenue) your organization derives from each of the following.

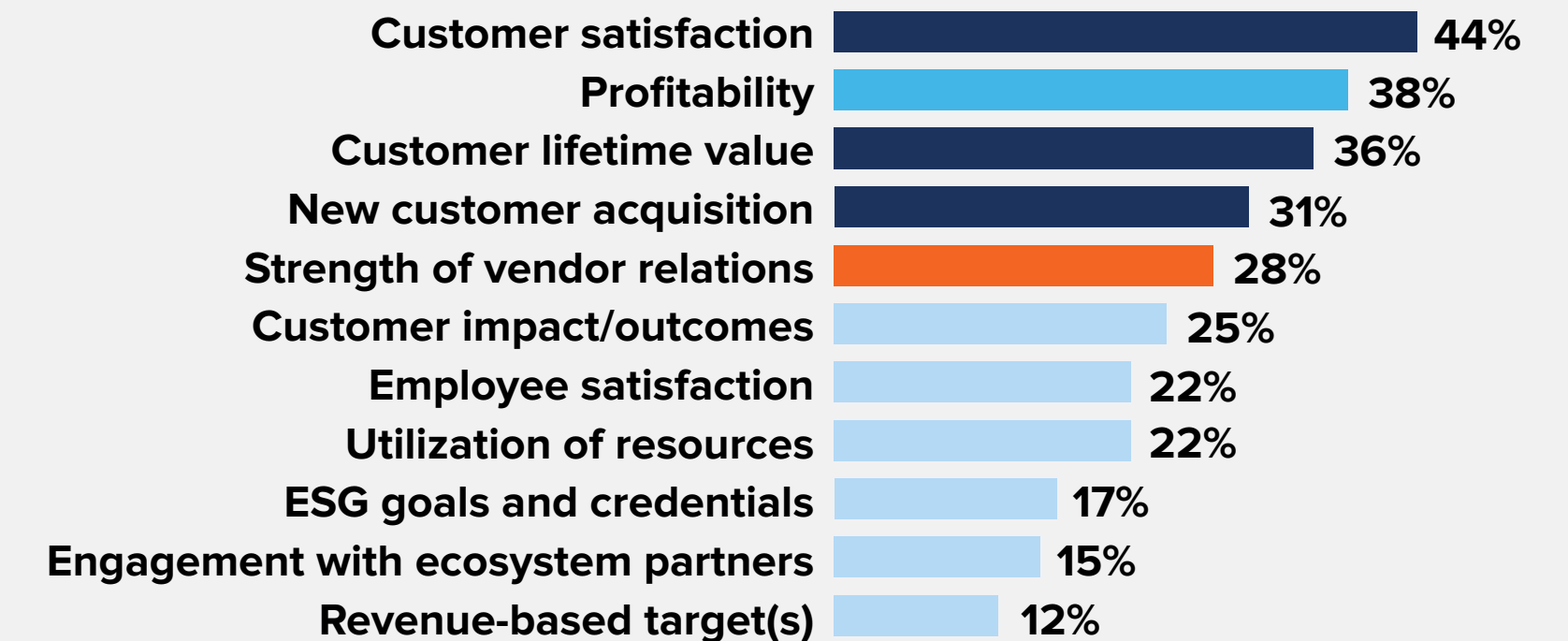


FACTORS TO ASSESS PARTNER HEALTH

- Partners focus on the strength of customer relationships when assessing their overall performance and business health.
- The ability of partners to focus on customers is underpinned by strong vendor relations and clear profitability potential.



Q: What are the most important factors used to assess your company's overall performance and business health? [Choose up to 5]



SUMMARY: The blending of a vendor's solution portfolio and a partner's individual capabilities creates a balanced activity mix. This symbiosis can drive superior customer outcomes and enhance partner success.



2.

Build a customer-led and vendor-aligned model

Prioritize vendors that appreciate the importance of engaging with a partner base that maintains a customer-centric outlook. Create a healthy balance between meeting customer needs and aligning with the strategic direction of key vendor partners to unlock new opportunities.

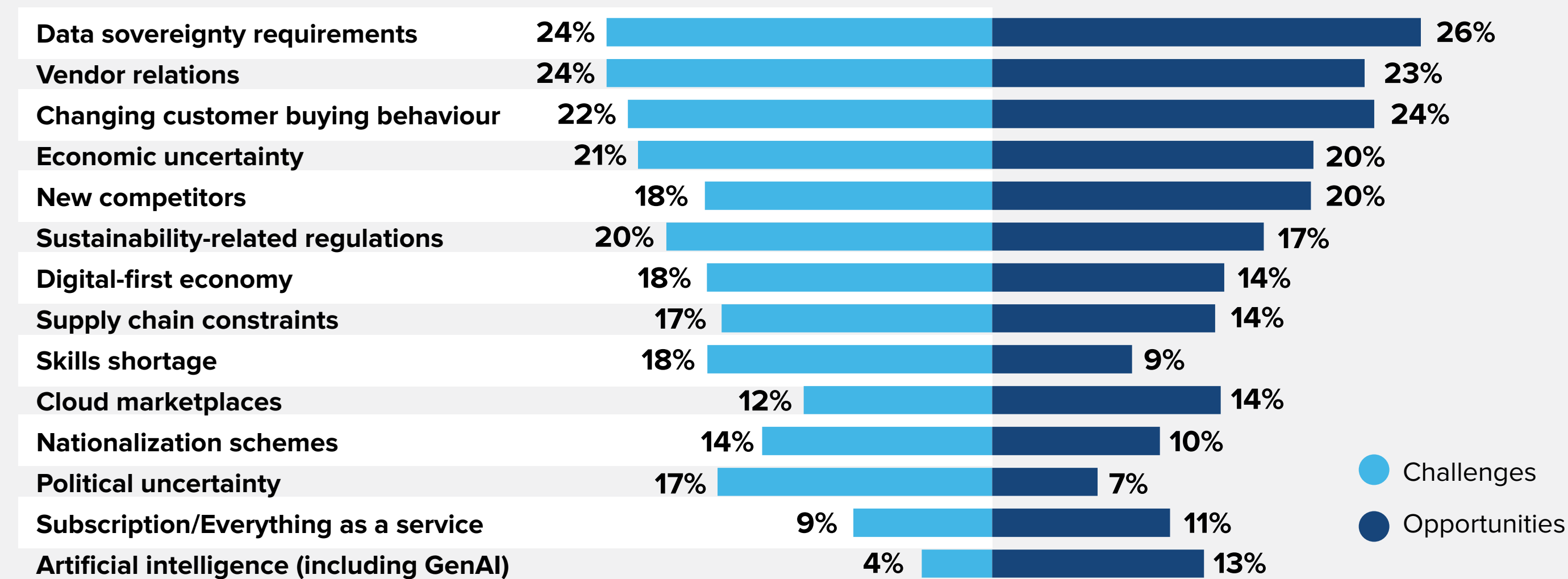


Continuous business assessment, strategic planning ability, and a willingness to respond to changing conditions in a fast-moving technology landscape are the ingredients for sustained partner success. This is one of the four focus areas IDC recommends partners concentrate on to position themselves for long-term business success.

Multiple forces are impacting the role of partners. Ensure that the vendors you work with help you to meet challenges and access new opportunities.

Partners can better position themselves to address market challenges by utilizing the full breadth of a vendor’s portfolio of solutions and services.

Q: Which of the following — if any — represent the biggest a) threats or challenges and b) opportunities for your business? [Choose up to 3 for each]



ACCESSING NEW OPPORTUNITIES



- Data sovereignty requirements are viewed as a TOP 3 opportunity by **26%** of Dell partners and a TOP 3 challenge by **24%**.
- 17%** of Dell partners see a significant opportunity associated with sustainability-related regulations.
- AI (including GenAI) is already viewed as a TOP 3 opportunity by **13%** of Dell partners.
- Partners need to work closely with vendors to bring clarity and clear messaging to a complex market.

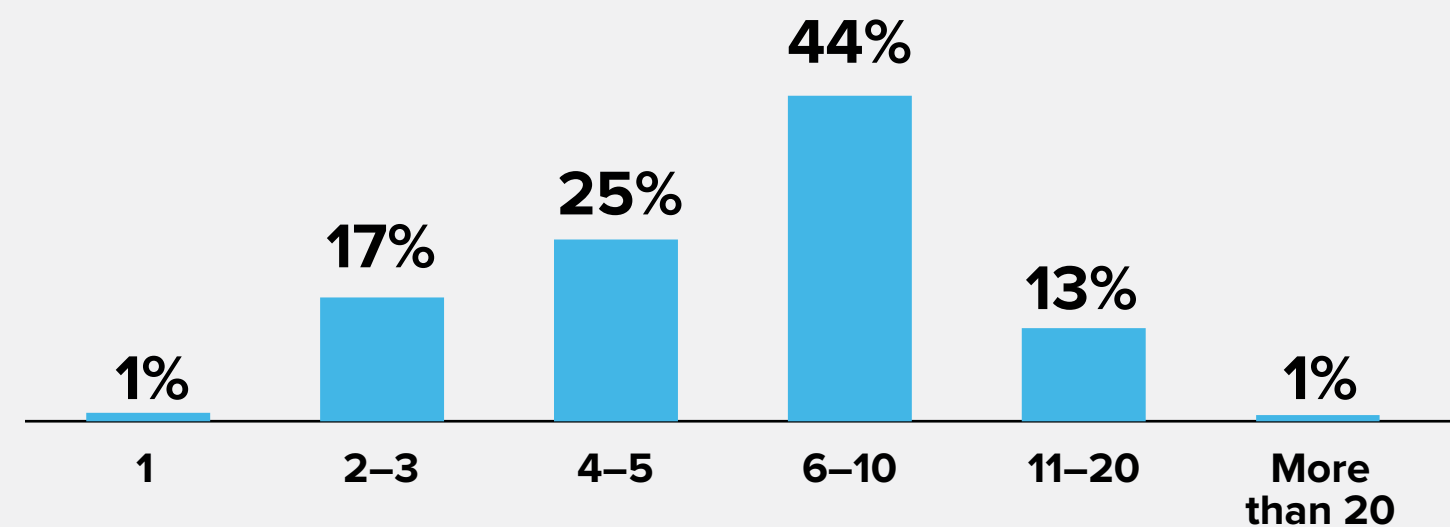
SUMMARY: Building deeper relationships with key vendors can provide partners with support and resources to address market challenges and capitalize on opportunities.



Commitment and trust are driving forces that now determine the strength of your relationships with key vendors. Focus on value and compatibility.

The quality of vendor relationships is starting to take priority over the quantity of vendors in your portfolio.

Q: How many active relationships with technology vendors does your company currently have in its portfolio?



86% of Dell partners have 10 or fewer vendors in their portfolios.

- Customers are increasingly consuming technology as a service; their link to strategic vendors is thus based on continuous ongoing engagement.
- Partners need to respond to this and build vendor portfolios that map to changes in customers' technology environments.
- Deeper commitment to key vendors not only enhances a partner's status within the partner ecosystem; it can also unlock additional vendor resources, as vendors will tend to invest more in partners that display greater commitment levels.

Q: Which of the following criteria are most important when you assess the value of vendor relationships? [Choose up to 3]

35%

Vendor technology value to existing customer base



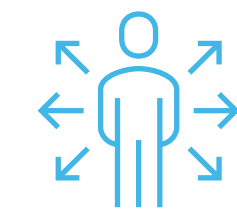
34%

Potential to **expand/diversify** customer base



27%

Size of partner service opportunity



Partners' TOP 3 criteria used to assess the value of their vendor relationships

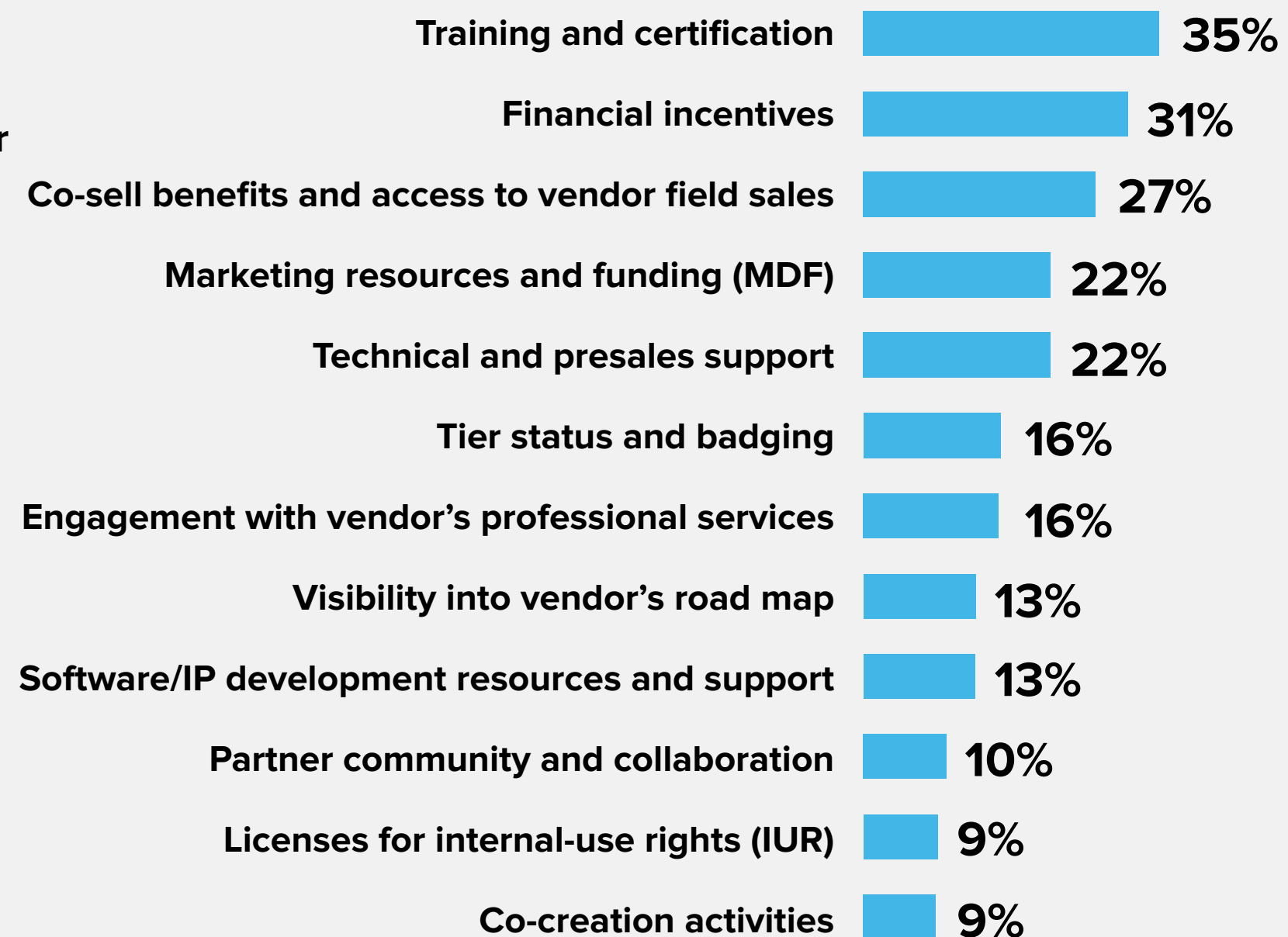
SUMMARY: Partners should remain focused on customer demand, technology road maps, ability to engage with net new customers, and the partner opportunity to determine the value of vendor relationships and shape their portfolios accordingly.



Making full use of partner programs unlocks valuable benefits for your business and ensures that your customer influence is rewarded.

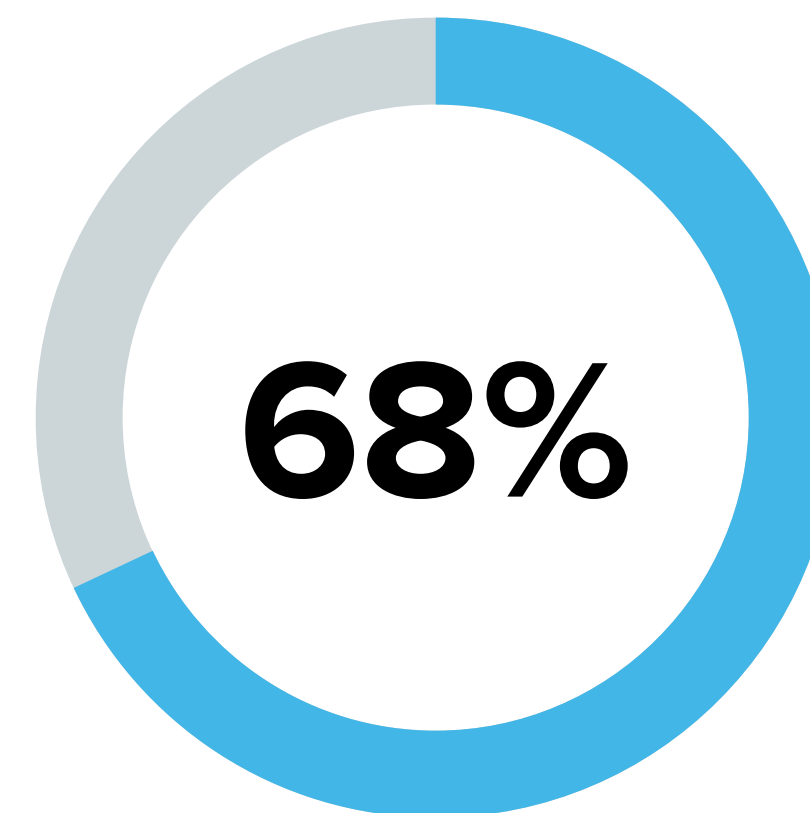
Partner programs ensure the alignment of partner strategies and vendor objectives to achieve mutually beneficial outcomes.

Q: Which of the following partner-program benefits are most important to your organization in terms of their business impact? [Choose up to 3]

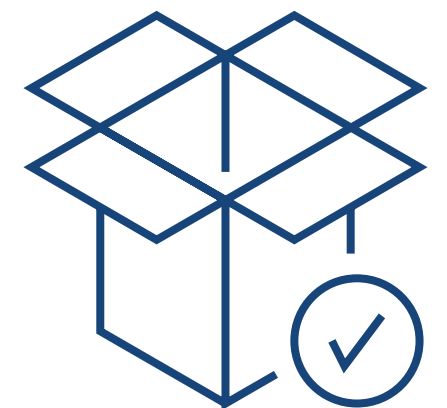


Training and certification, financial incentives, and co-sell benefits are highly valued partner program benefits.

Q: Please indicate which of the following is true? We are fairly rewarded by vendors for the influence we have on customer purchase decisions.



Two out of three Dell partners feel they are fairly rewarded by vendors for their influence on customer purchase decisions.



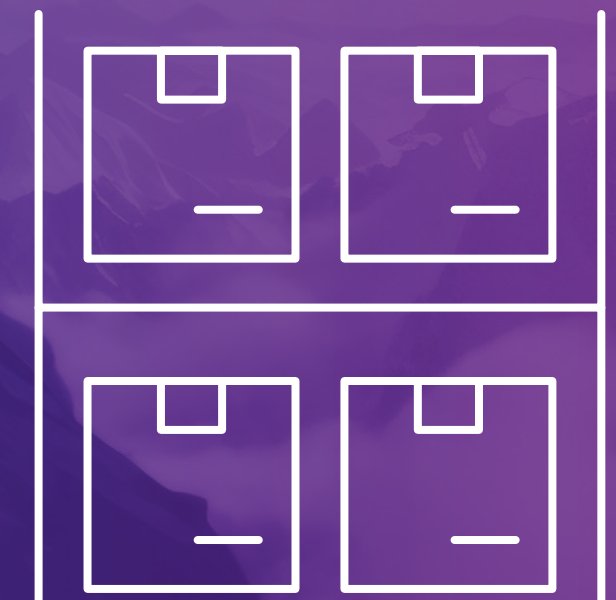
SUMMARY: Making full use of the range of benefits available within a vendor's program can help to create a stronger business model. Deeper engagement with a vendor demonstrates commitment and can result in access to an enhanced range of incentives and benefits.



3.

Optimize your portfolio

Build a clear vision of the vendor partners that will enable you to achieve your goals and ambitions and make a strategic commitment to them. In an as-a-service world, it is vendors and partners working in harmony that delivers better customer outcomes and enhanced customer experience.

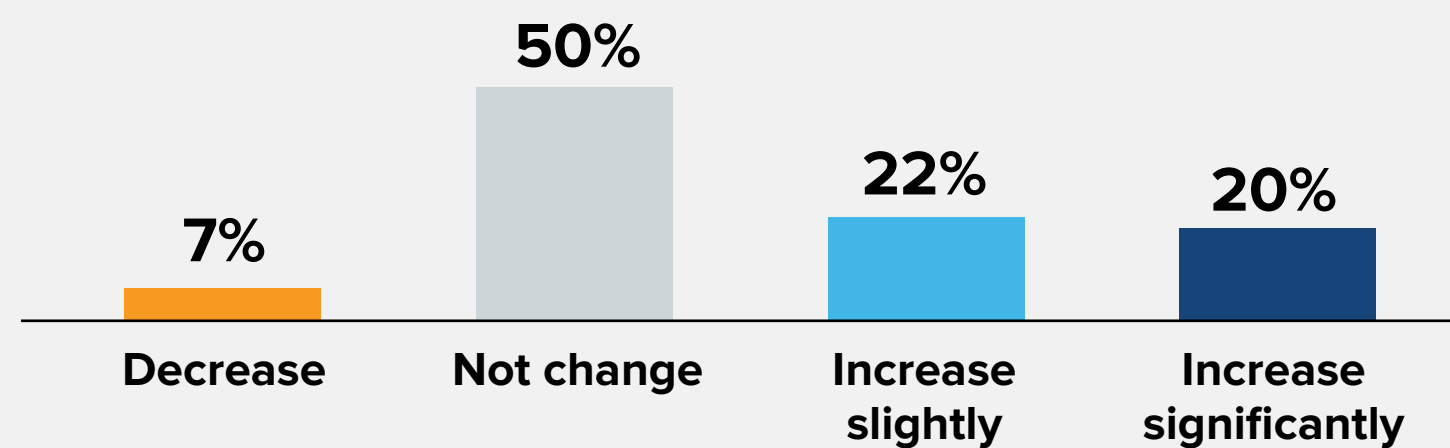


Continuous business assessment, strategic planning ability, and a willingness to respond to changing conditions in a fast-moving technology landscape are the ingredients for sustained partner success. This is one of the four focus areas IDC recommends partners concentrate on to position themselves for long-term business success.

Commitment to a strategic vendor is growing in importance. Participating within that vendor's ecosystem can drive a significant proportion of your overall revenue.

Partners have multiple sources of income and need to work on ecosystem relationships as well as customer relationships.

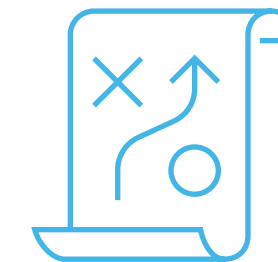
Q: Which of the following is the most likely scenario regarding your most strategic vendor relationship? Over the next 12 months, the share of revenue connected to our most strategic vendor partner will ...



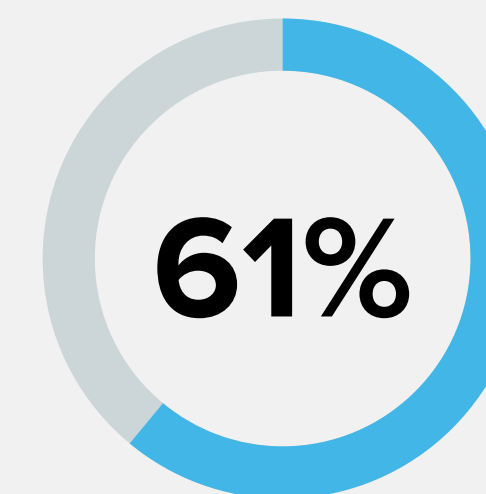
42% of Dell partners expect the share of revenue linked to their most strategic vendor partner to increase.

STRATEGIC ENGAGEMENT

- Partners are moving toward greater levels of commitment and deeper relationships with a limited number of vendors.
- 39%** of Dell partners' revenue now comes from other ecosystem entities, as opposed to directly from customers. Partners need to embrace indirect and multi-party revenue streams within ecosystems.



Q: What share of your total revenue do you receive as direct payments from end-user organizations (as opposed to revenues and payments received from third parties such as vendors, other partners, and marketplaces)?



Share of direct payments Dell partners receive from end-user organizations



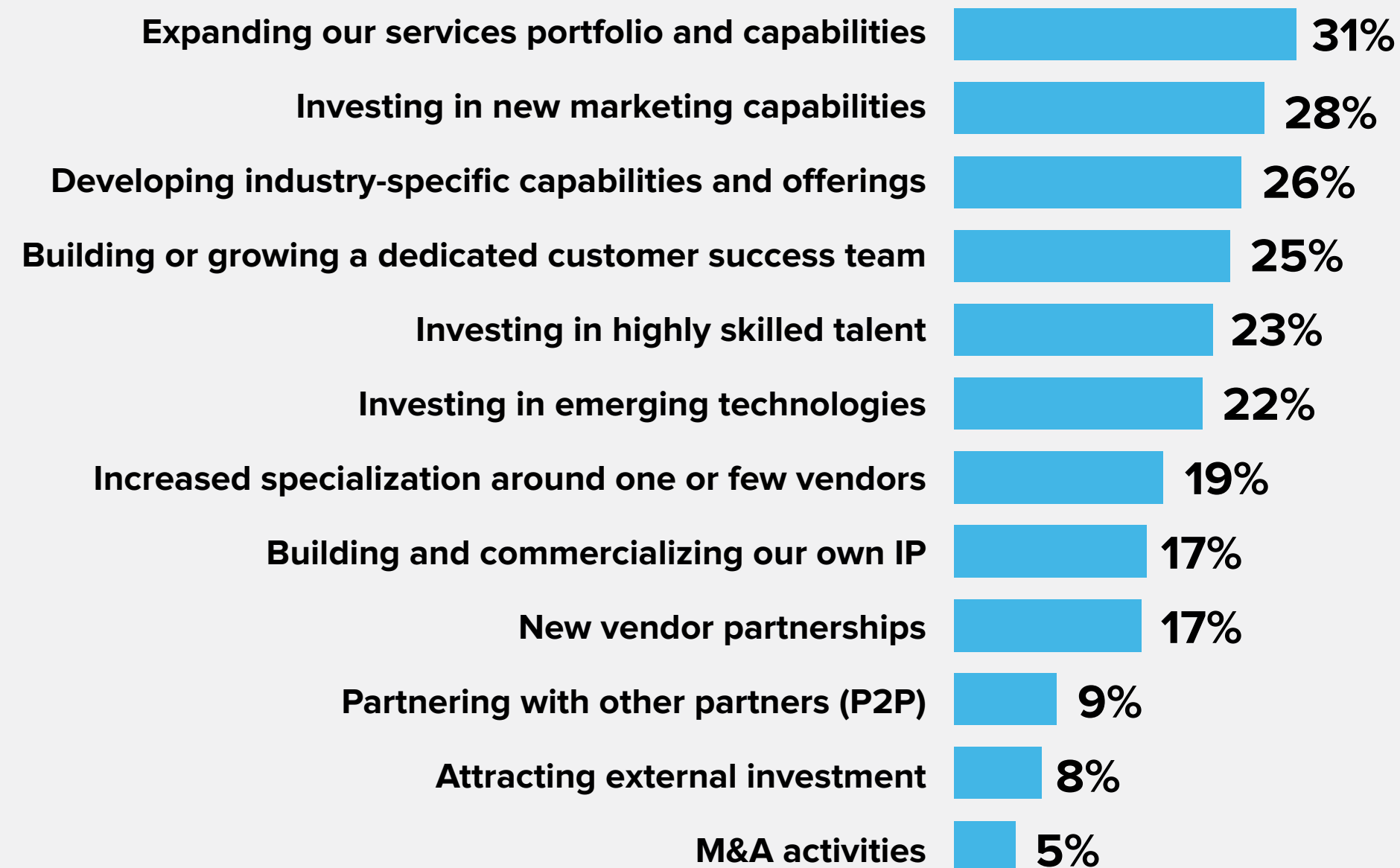
SUMMARY: Commitment to a strategic vendor creates increased levels of trust in the vendor-partner relationship. It also allows the partner to focus on opportunities within that vendor's ecosystem. In addition, partners with a clear strategic vendor relationship can engage more deeply with that vendor's partner program and justify greater investment in relevant skills and certifications.



Your partner transformation process should focus on accessing new revenue streams, demonstrating domain expertise, and becoming more customer centric.

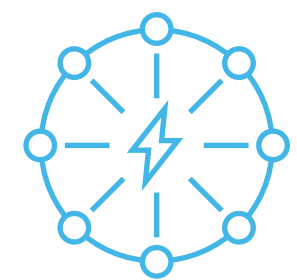
Partners should also focus on how the evolution of their business positions them within the wider partner ecosystem.

Q: Which of the following are top investment or transformation priorities for your company to remain competitive? [Choose up to 3]



Capitalizing on service-attach opportunities and building industry-specific capabilities are high internal transformation priorities for partners.

MULTIPLE TRANSFORMATION PATHS



- Partners are pursuing a range of options available to them to transform their businesses.
- Successful ecosystems allow partners to pursue different transformation paths and work together to bring different strengths to customers.
- 28%** of Dell partners identify new marketing capabilities as a TOP 3 investment priority. This highlights the importance of customer acquisition and promoting new offerings to existing customers.

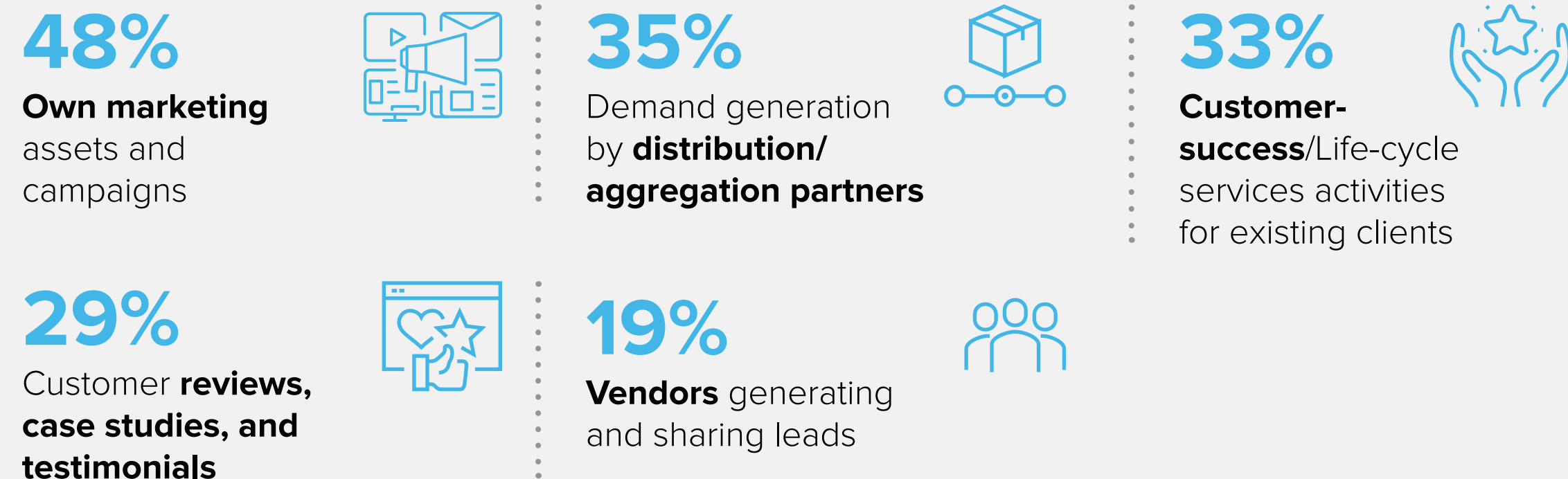
SUMMARY: Strategic planning with key vendors and a clear road map are the foundation of successful partner transformation. Maintain flexibility in the process so that the plan can be adjusted in response to changing customer requirements and market conditions.



Multiple mechanisms and activities can be harnessed to optimize lead-generation and business-development activities within your business.

Engagement across the ecosystem — including with distributors and vendor partners — is essential for business growth.

Q: Which lead-generation tools or mechanisms are most important for generating new business for your company? [Choose up to 3]

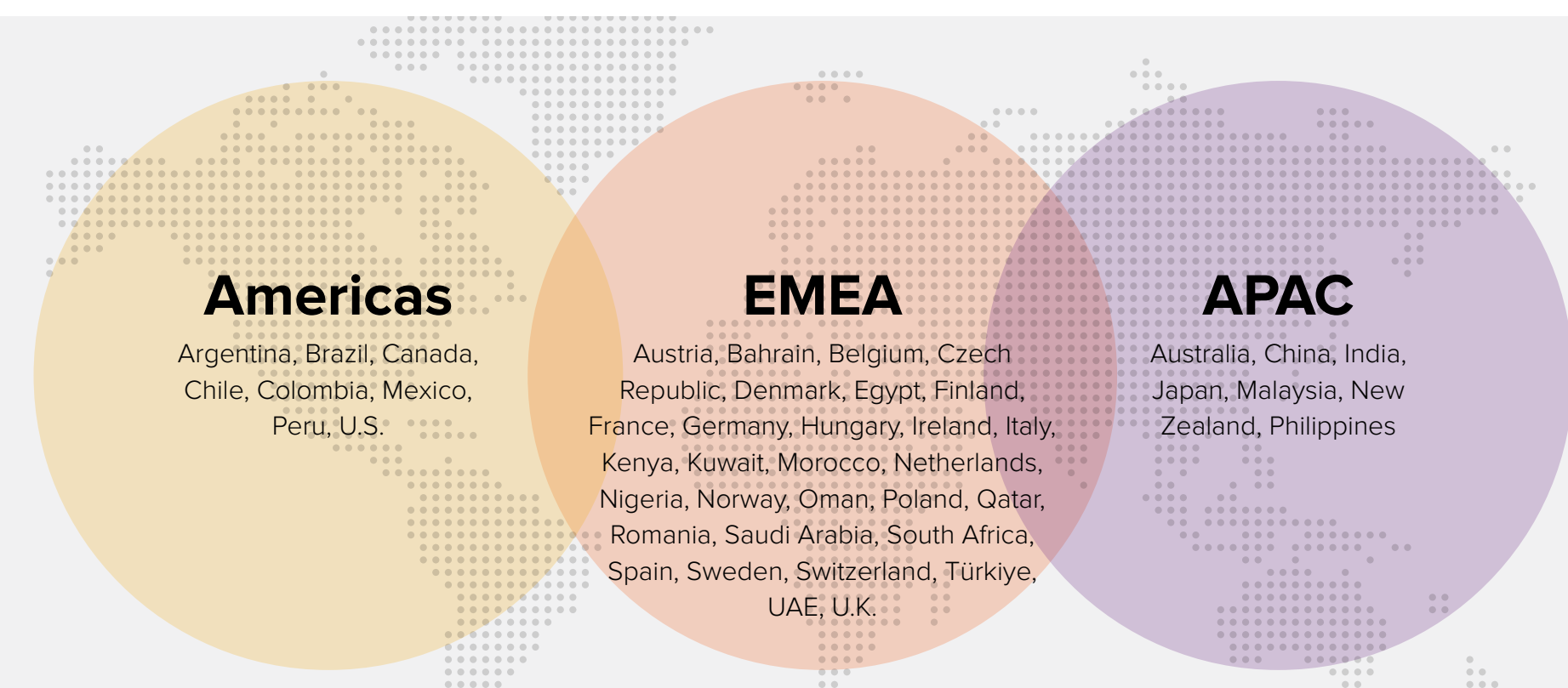


Dell partners' TOP 5 lead-generation tools and business development mechanisms

RESEARCH METHODOLOGY



- This report is based on an IDC survey of **713** senior stakeholders at technology organizations around the world that partner with Dell Technologies.
- Data collection took place between **July and September 2023**.
- The interviewed respondents represent a total of **45 countries** in all global regions. (See below for further details.)



SUMMARY: The value of distribution encompasses not just demand generation, but also financing and training services to support and enable partner transformation.



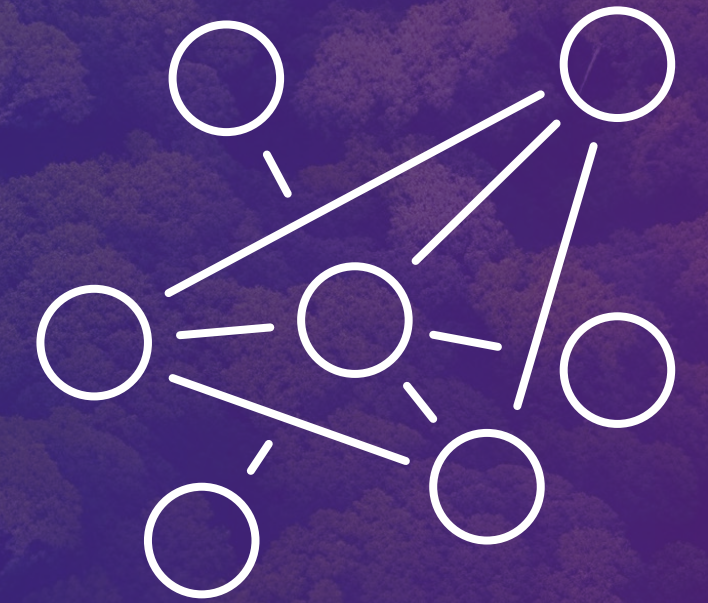
Optimizing the Evolution of Your Partner Business

STEP 4

4.

Enhance your ecosystem awareness

Different partners can play different roles in vibrant ecosystems and serve the same customer in different ways. Vendors with strong and diverse partner ecosystems provide a powerful platform on which to present and market your areas of expertise to both customers and other complementary partners.



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Message from the Sponsor

Everybody needs a partner. Someone who is flexible, collaborative and can help drive innovation. No matter what your organization's size or business model, Dell Technologies can help you take the next steps in your business's growth.

IDC states that 82% of Dell partners increased their net profits last year. Join us and, together, we can help deliver the same advantage to your business.

Dell Technologies

Our story began with a belief and a passion: that everybody should have easy access to the best technology anywhere in the world. That was in 1984, in Michael Dell's University of Texas dorm room. Today, Dell Technologies is instrumental in changing the digital landscape the world over.

We are among the world's leading technology companies helping to transform people's lives with extraordinary capabilities. From hybrid cloud solutions to high-performance computing to ambitious social impact and sustainability initiatives, what we do impacts everyone, everywhere.

Dell & Intel Partnership

From Client to Data Center to Cloud to the Edge, Dell Technologies and Intel are driving next-generation capabilities with a comprehensive portfolio of trusted solutions. Join us, to drive awareness and enablement on Dell Technologies end to end portfolio to discover endless possibilities for innovation.

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IDC UK

5th Floor, Ealing Cross, 85 Uxbridge Road, London, W5 5TH, United Kingdom
T 44.208.987.7100



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