



TD SYNnex

Q4 2022

Technology Ecosystem Benchmark Report

All eyes on what's next.

Introducing the TD SYNEX Technology Ecosystem Benchmark Report

About this Report

Our work as a global IT distributor and solutions aggregator puts TD SYNEX at the center of a global ecosystem connecting technology producers, resellers, service providers, systems integrators and industry specialists to end-users.

For every business connected in the global technology ecosystem, the rapid rate of change has evolved to a state of constant transformation.

Researching the impact of transformation as a steady-state is the central mission of the TD SYNEX Technology Ecosystem Benchmark Report.

This report focuses on three fundamental factors for technology ecosystem businesses:

- Anticipating and meeting end-user technology expectations
- Effectively managing technology ecosystem business operations
- Technology ecosystem engagement, enrichment and enablement

Survey Methodology

TD SYNEX surveyed 300 mid-size technology ecosystem partners globally, using the Canalis Candefero platform. A global response rate over 250 is indicative of a market trend according to Canalis market research.

Mid-size technology ecosystem partner is defined as 1,000 seats and below.

Fieldwork for the North American Insights Report was conducted between July and October 2022. The pool of survey respondents is comprised of 81 TD SYNEX CommunitySolv and SMB IT businesses.

Getting the most out of the Technology Ecosystem Benchmark Report



End-Customer Conversation Starters

Throughout this report, we've included suggested questions to create conversations with end-customers about how to engage more deeply, better understand where value is added and anticipate approaches to help their businesses achieve great outcomes with technology.



Reseller Business Strategy Questions

Utilize the reseller business questions to create conversations in your business about strategic planning in partnerships, offerings, practice development and expansion.

Key
Takeaways

North American partners eye next-gen to unlock growth.

74%

STRATEGIC SOUNDING BOARDS

Of North American partners expect to sell more professional services in the next three years.

55%

BETTING ON HIGH-GROWTH TECHNOLOGIES

Partners are planning investments in next generation technology and new consumption models.

88%

AT YOUR XaaS

North American partners will offer as-a-service consumption models to customers by 2024.

12%

VIRTUAL INSANITY?

Of partners plan to offer AR/VR solutions within two years for a projected global market of \$800 BN (USD) in 2024.

01

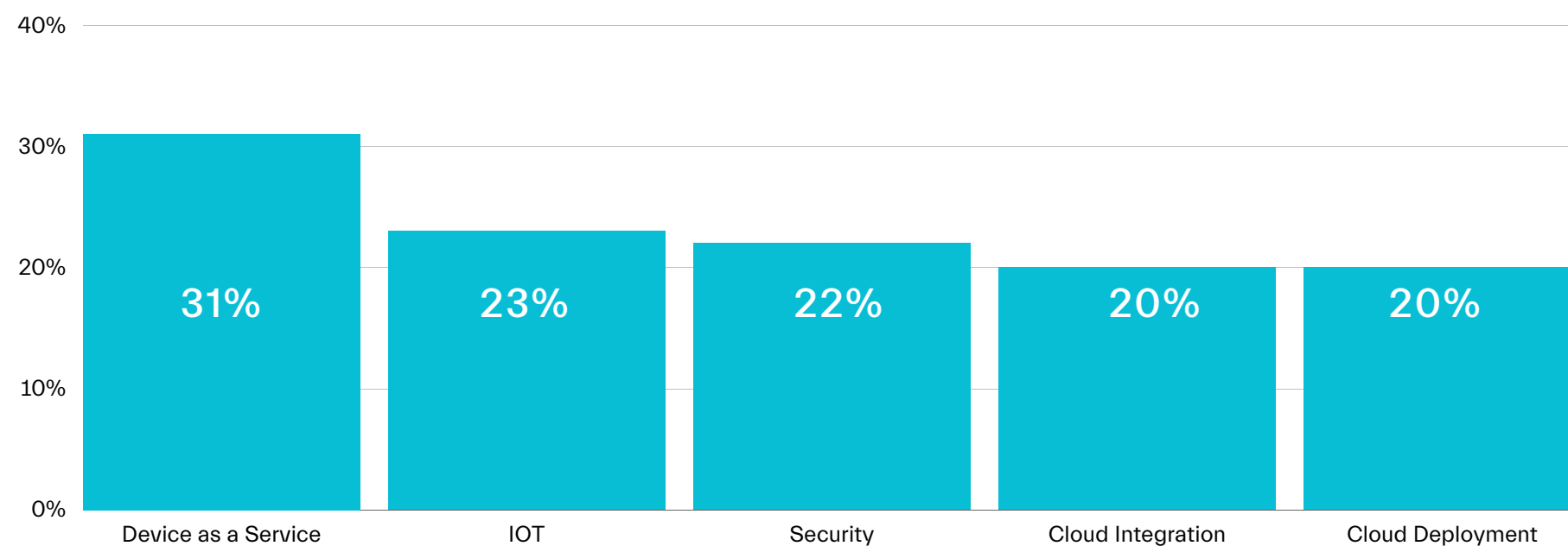
Cloud coverage is in the long-term forecast.

Cloud links all partners' technology solution expansion plans.

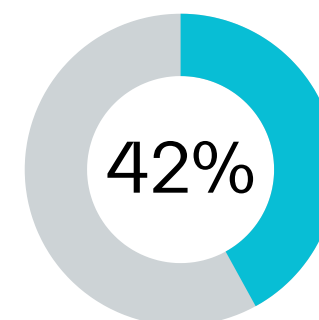
77% of North American partners say expanding technology solution offerings is important or very important. A closer look at the top five solutions partners are going to market with, and plan to within 24 months, have three important things in common:

- They are directly linked to cloud capabilities.
- Consumption-based models apply.
- They need to be secured.

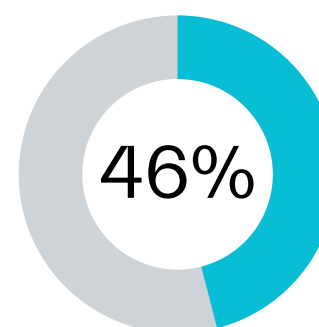
Q: Which technology solutions so you plan to offer within 24 months?



At your as-a-Service.



Of North American partners offer flexible consumption models (XaaS) currently.



Of North American partners plan to offer flexible consumption models (XaaS) in the next 24 months.

The Reseller Business Question:

How will we leverage ecosystem resources to configure, provision, secure, manage and service in XaaS offerings?

02

Services are the new black.

Q: What percentage of your business is derived from the following today?
How will this change in three years time as a percentage of your total business?



Services will be everywhere in the next three years. Hardware still goes with everything.

Partners are making room for professional and managed IT services in their future business mix, anticipating the most increase over 36 months.

And while partners see the largest decrease in reselling hardware in the next three years, it's a staple that's never truly out of style. Hardware represents the opportunity to attach services, and hardware-based programs, like device-as-a-service, creating a virtuous cycle of revenue partners are prioritizing as part of their portfolio offerings within the next two years.

Ultimately it's a straight forward explanation for the 78% of respondents who see the category holding steady or growing.

The End-Customer Question:

How can we support your business outcomes from consulting and design to deployment and management?

The Reseller Business Question:

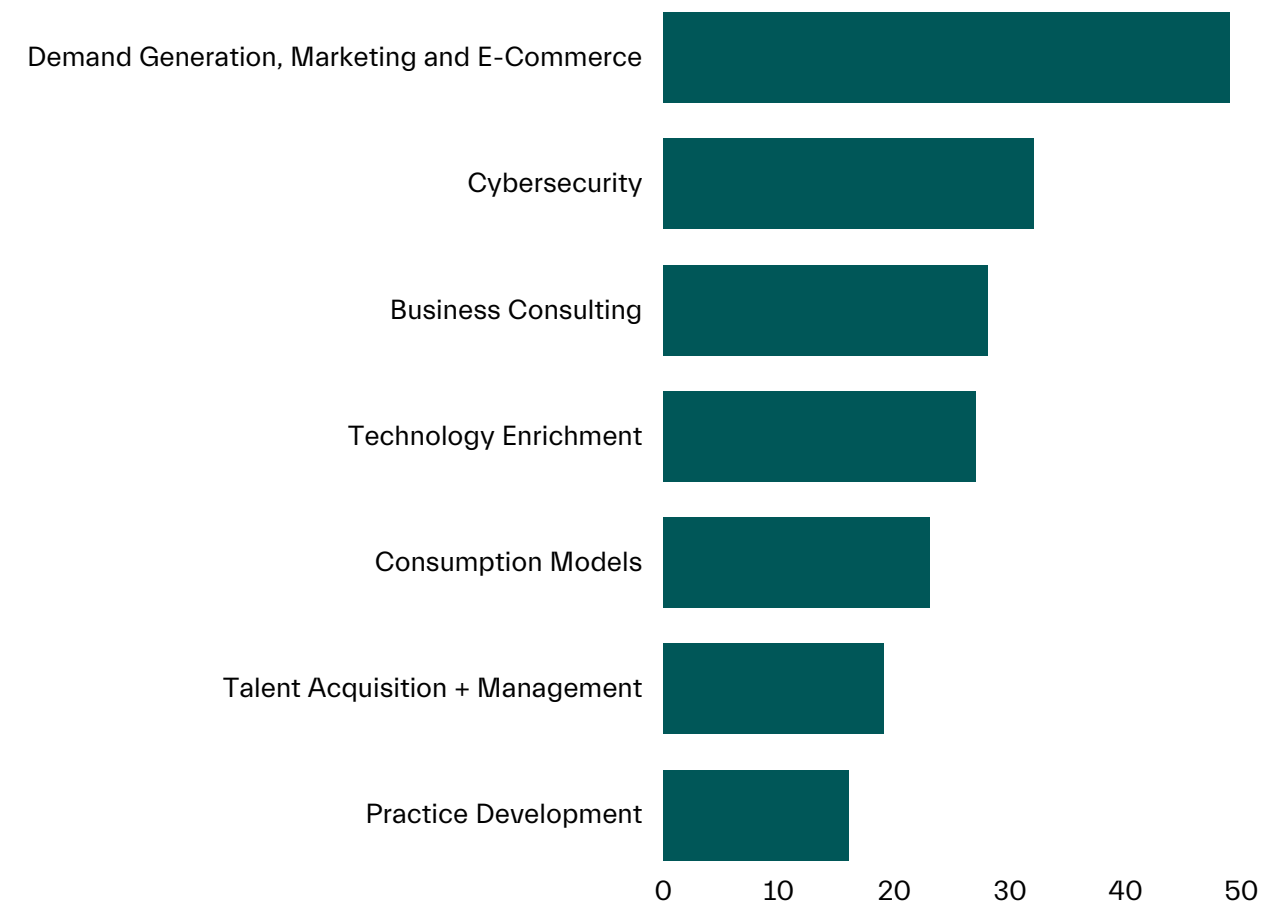
Which services are a natural extension of the revenue and profit drivers in our existing business? Who can help us scale services?

03

Partner business investments are about the journey.

Digitizing the customer journey is a partner priority with budget aligned to strategy.

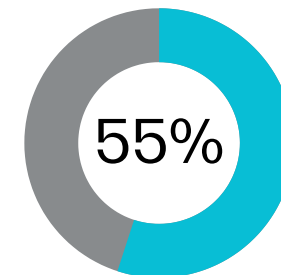
Q: What areas of your business are you investing in?
Please select the top three areas of investment within the next 24 months.



Four strategic investment themes.

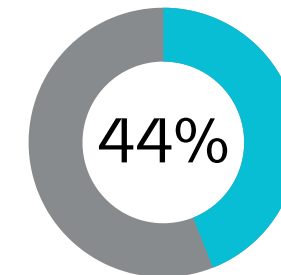
Investing in High-Growth Technologies

Cybersecurity and flexible IT consumption model investments together reinforce the trend around cloud and cloud-based solutions partners plan to bring to market within two years.



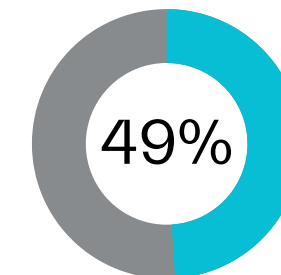
Strengthening Portfolios

Partners are investing in business consulting and practice development to expand go-to-market offerings.



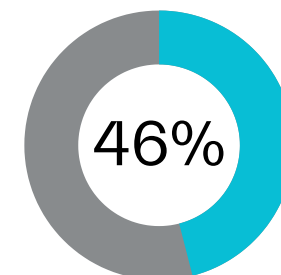
Digitally Transforming the Customer Experience

Investments in demand generation, digital marketing and e-commerce are a top-three priority because they help partners scale and give customers the experiences they want.



Expanding the Technology Partner Business Footprint

Technology enrichment and talent acquisition are key to expanding into new vertical markets, which 60% of partners see as an important growth strategy.

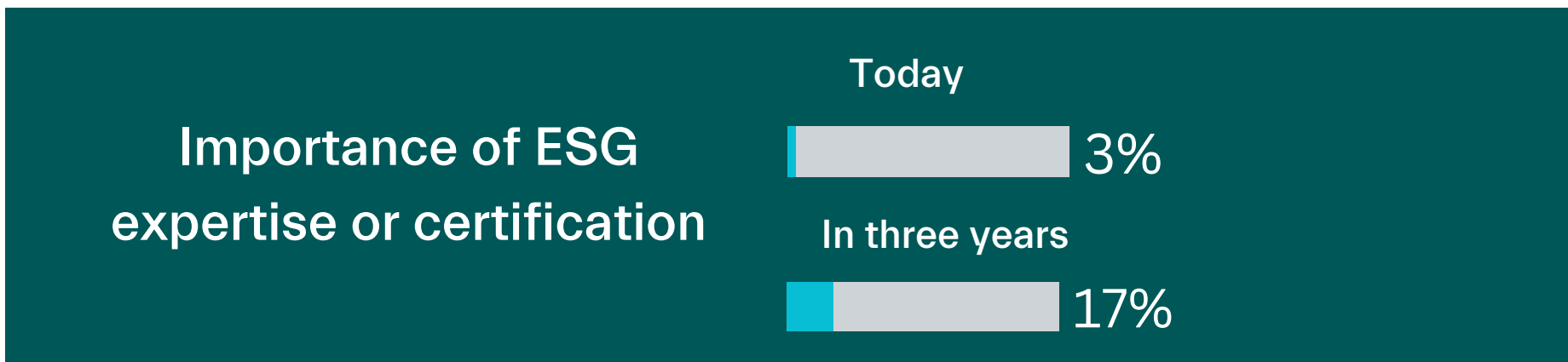


04

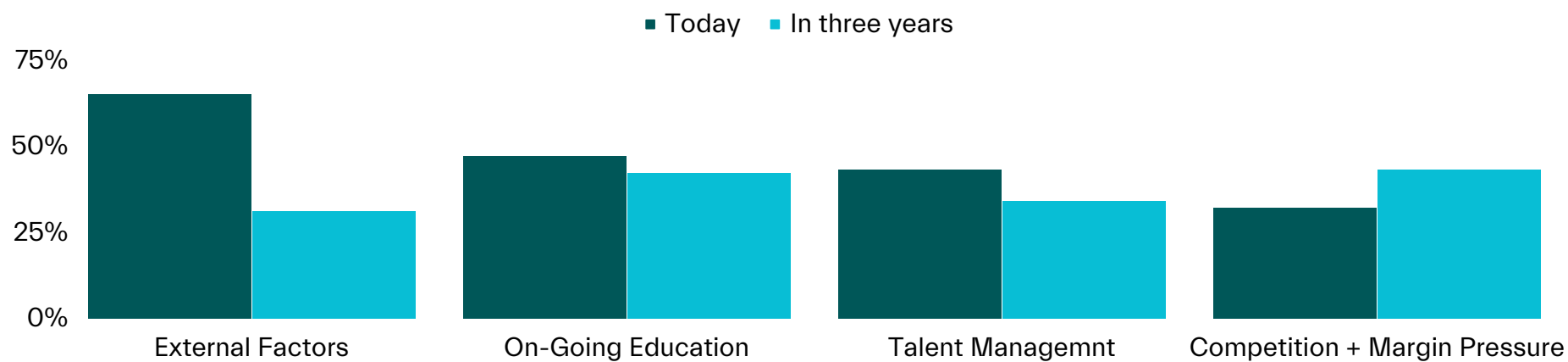
ESG can be a high-impact solution to partners' biggest business challenges, but...

42% of partners say ESG activities aren't applicable to their business.

Q: Which areas of regulatory expertise or certification are most important to your business today? Which areas will be most important to your business in 3 years?



Q: Consider the following business challenges, which a) currently impact your business and b) likely to impact your business in the next three years? Choose the top three for each time frame.



Adapting to External Factors

From macro economic uncertainty and geo-political tension to climate change and new U.S. regulatory proposals, businesses are adapting on many fronts. In the IT ecosystem, ESG can help partners adapt to the new standard of earning and keeping business. The RFP/RFI process increasingly includes required responses about ESG practices. And, if awarded the business, supplier code of conduct agreements commonly require business partners to meet standards supporting ESG and sustainability goals.

On-Going Technical Education

Multi-cloud management and cybersecurity training and certifications are top of mind for partners. These topics are specifically earmarked for investment, and the curriculum partners will encounter is very likely to include concepts like circular economy, supply chain transparency, sustainable procurement and regenerative practices. Understanding the assignment around ESG can mean partners gain greater relevance in professional services consulting.

Talent Recruiting and Retention

Sustainability is a theme that emerges time and again in reporting on the state of the workforce. As younger generations enter the business world, company leaders are discovering that sustainability initiatives are one way to attract and retain key talent with in-demand skills like security and high growth technologies.

Increased Competition and Margin Pressure

Reducing business costs can often lead to more sustainable options. A change in packaging or operational efficiencies can release some margin pressure. This work can unleash innovation to benefit people, planet and profit which is increasingly important to investors and stakeholders because of the business and financial value ESG programs return.

05

The metaverse: Ignore at your own risk?

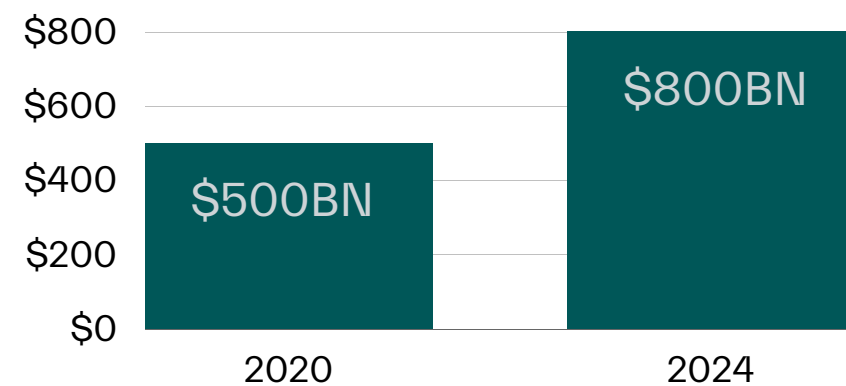


There's an opportunity gap between IT ecosystem partner readiness and analyst projections for the metaverse market.

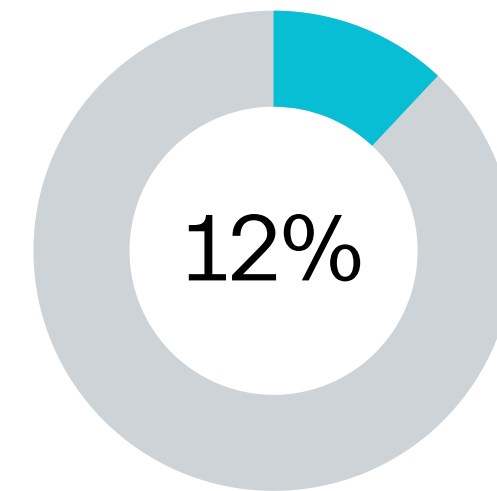
How will the technology ecosystem capture the metaverse market opportunity?



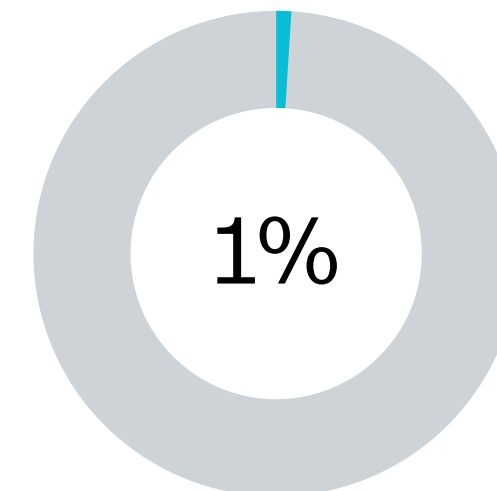
Headlines generally aren't optimistic about the global metaverse market, but a compilation of data and analysis from Bloomberg, Newzoo, IDC, PWC, Statista, Two Circles and Goldman Sachs projects a very different story.



Platforms and hardware are projected to represent 50% 2024 estimated metaverse revenues.



Of North American partners plan to offer AR/VR/metaverse solutions within the next 24 months.



Of North American partners currently offer AR/VR/metaverse solutions.

• Source: Bloomberg Verified Market Research, July 13, 2022

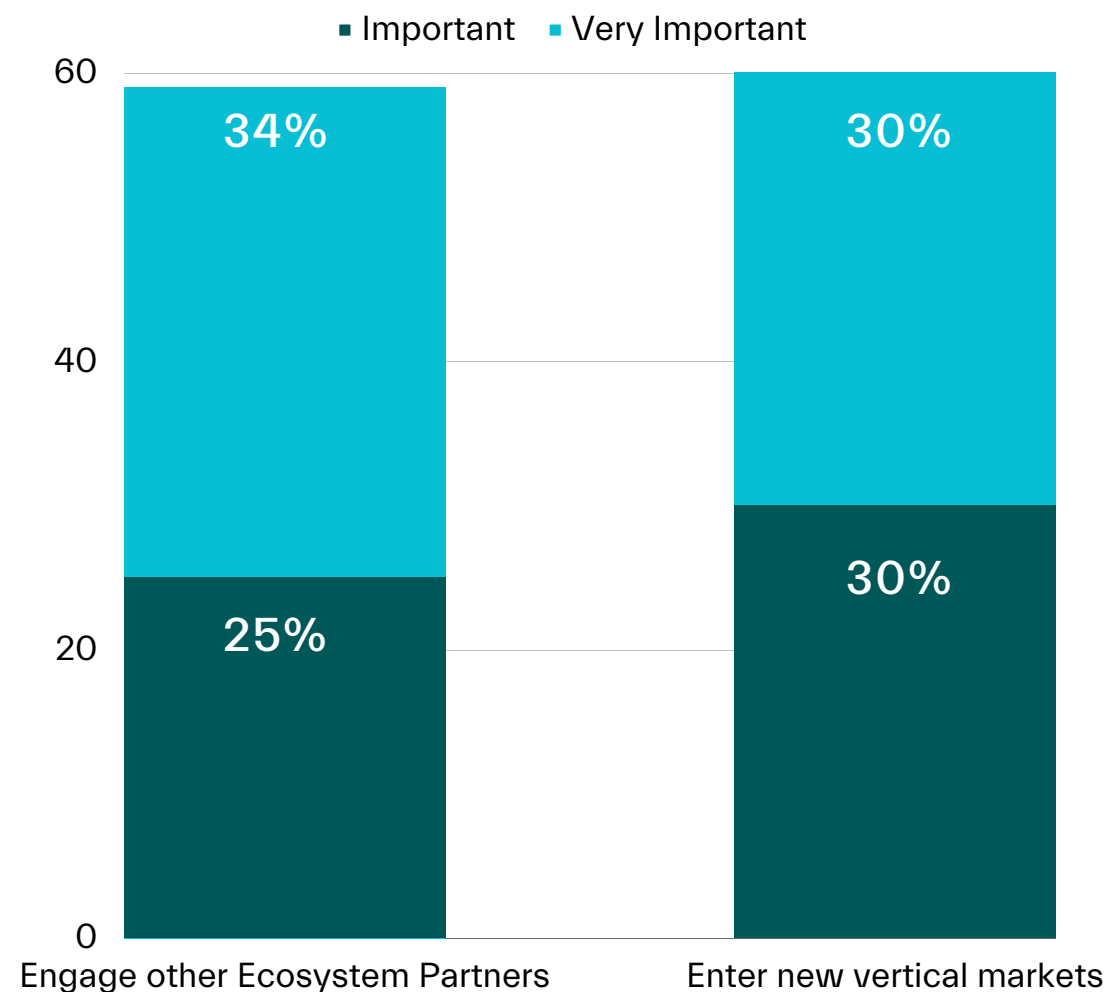
Source: Canals, Candefero TD SYNEX Technology Ecosystem Index Survey, 81 North American respondents, July-October 2022

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06

Don't go it alone when entering new vertical markets.

Q: Which of the following statements describe your organization's attitude toward growth strategy?



The proportional alignment between the desire to enter new vertical markets and engaging other ecosystem partners is a logical and efficient approach to growth.

Specialization pairs well with collaboration.

North American partners see an increasing need for expertise in government, healthcare, education and financial services over the next three years. Developing regulatory expertise or certification to deliver in these verticals is a strategic and significant undertaking.

At the same time, technology specializations, namely cybersecurity, data privacy and protection, professional and managed IT services and high growth technologies expertise is equally strategic and just as much of an undertaking.

Increasing ecosystem partnership is the natural win-win to get to market quickly with specialized capabilities and gain exposure in new verticals.

Critical to success is a global platform connecting IT ecosystem players -- from technology manufacturing, publishing and distribution to VARs, ISVs, MSPs SIs and an expanding landscape of solution providers -- exposing partner-creator solutions to other ecosystem partners. All of this will enable a true orchestration experience compounding growth opportunities through increased engagement.

The End-Customer Question:

Is there an opportunity to partner with other service providers supporting your business?

The Reseller Business Question:

Which IT ecosystem players can benefit from the strengths we offer? Who has strengths to complement our business?

07

Endpoint is being redefined.

22% of North American partners say reselling hardware will decrease over three years, but...

In the technology ecosystem we may need to evolve our vocabulary around the word "endpoint" in order to describe the many and varied kinds.

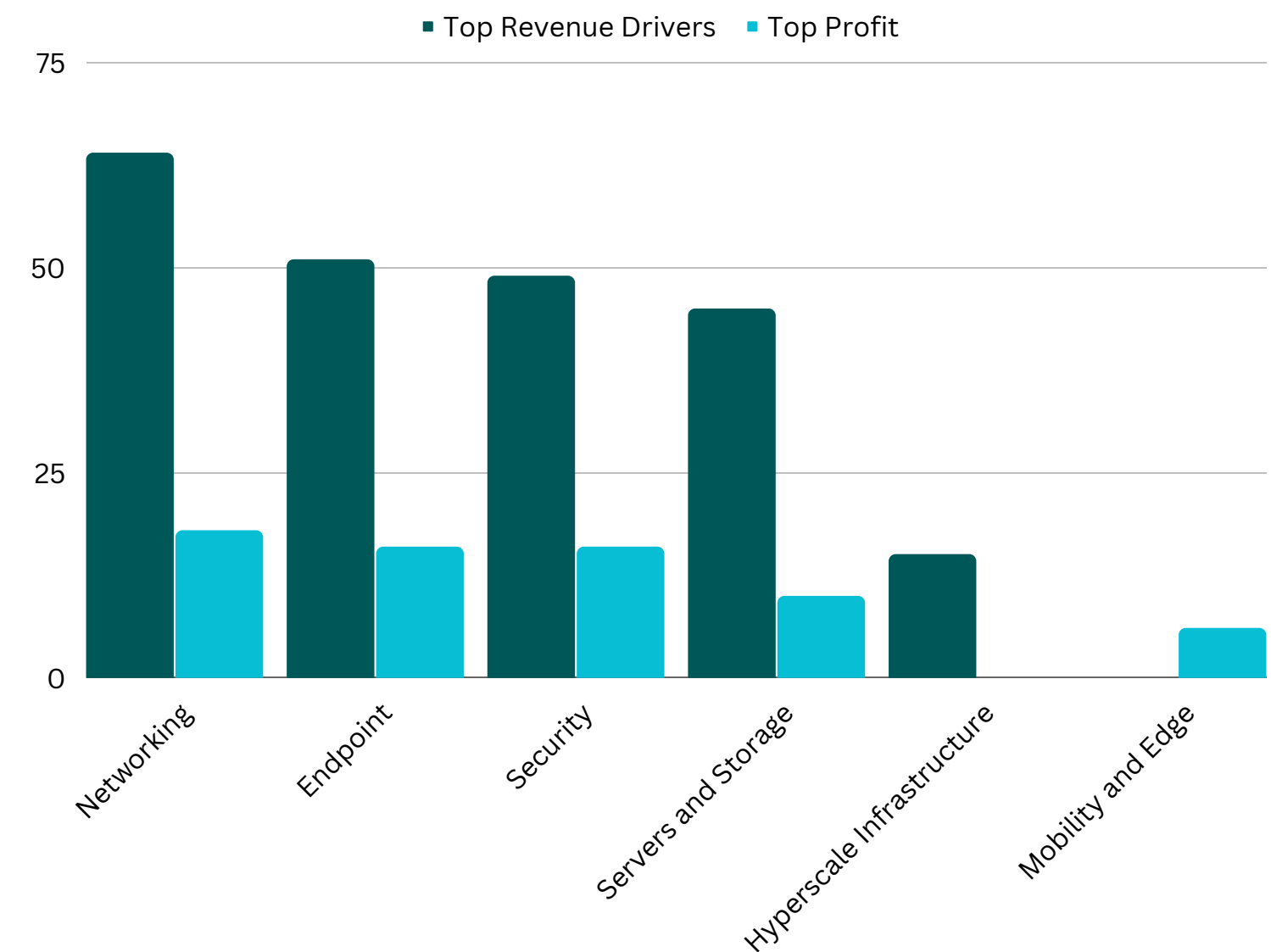
"Device-as-a-service" indicates consumption-based endpoints and subscription solutions.

"IoT" describes endpoints gathering data.

"Servers and storage" are the endpoint containers holding and securing data.

"Networking" speaks to every point connecting an endpoint.

Q: Considering your business during the last 12 months, from the list of technologies below, choose the top three revenue drivers, then select the technology that provided the most profit.



The Reseller Business Question:

What do our revenue and profitability numbers look like if we associate endpoint and hardware sales to the high-growth technologies that create whole solutions?

01	TECHNOLOGY SOLUTIONS	Cloud coverage is in the long-term forecast.
02	BUSINESS SOLUTIONS	Services are the new black.
03	BUSINESS INVESTMENTS	Partner business investments are about the journey.
04	BUSINESS CHALLENGES	ESG can be a high-impact solution to partners' biggest business challenges, but...
05	EMERGING TECHNOLOGY	The metaverse: Ignore at your own risk?
06	ECOSYSTEM COLLABORATION	Don't go it alone when entering new vertical markets.
07	ENDPOINT EVOLUTION	Endpoint is being redefined.

Achieve great outcomes: Leverage the TD SYNEX Technology Ecosystem Benchmark Report for relevant, data-informed technology and business discussions about new ways to serve.

The Reseller Business Strategy Questions

01 PORTFOLIO EXPANSION

What practice development, technology enrichment and service delivery partnerships do we need to scale to demand today and in the future?

02 XAAS

How will we leverage ecosystem resources to configure, provision, secure, manage and service in XaaS offerings?

03 SERVICES OFFERINGS

Which services are a natural extension of the revenue and profit drivers in our existing business?
Who can help us scale services?

04 ECOSYSTEM COLLABORATION

Which IT ecosystem players can benefit from the strengths we offer? Who has strengths to complement our business?

05 ENDPOINT EVOLUTION

What do our revenue and profitability numbers look like if we associate endpoint and hardware sales to the high growth technologies that create whole solutions?

We empower our partners to achieve great outcomes with technology.

Technology moves fast. We partner with the entire technology ecosystem to manage relentless transformation, execute confidently, and evolve to capture opportunities up ahead.

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About TD SYNnex

TD SYNnex (NYSE: SNX) is a leading global distributor and solutions aggregator for the IT ecosystem. We're an innovative partner helping more than 150,000 customers in 100+ countries to maximize the value of technology investments, demonstrate business outcomes and unlock growth opportunities. Headquartered in Clearwater, Florida, and Fremont, California, TD SYNnex' 22,000 co-workers are dedicated to uniting compelling IT products, services and solutions from 1,500+ best-in-class technology vendors. Our edge-to-cloud portfolio is anchored in some of the highest-growth technology segments including cloud, cybersecurity, big data/analytics, IoT, mobility and everything as a service. TD SYNnex is committed to serving customers and communities, and we believe we can have a positive impact on our people and our planet, intentionally acting as a respected corporate citizen. We aspire to be a diverse and inclusive employer of choice for talent across the IT ecosystem. For more information, visit www.TDSYNnex.com or follow us on LinkedIn, Twitter, Facebook and Instagram.

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