Introduction
IDC has observed that customer buying habits and market trends that were apparent before the pandemic in 2020/2021 have been magnified in recent months. In fact, we have seen many industries compelled to make changes now instead of implementing them in a longer time window.

Crises tend to bring about change and accelerate innovation, driving people and businesses to punch through obstacles to achieve goals that were once not seen as priorities. After the pandemic struck, many companies had no choice but to quickly find ways to continue operations, initiate or extend remote work for their employees, evolve their online business, or start providing digital services to their customers.

It was suggested that three years of digital transformation occurred in the first three months of the pandemic, and this transformation has continued at an unprecedented pace, one propelled by the rapid shifting of circumstances.

Since the start of 2020, IDC has surveyed customers on a more regular basis to keep touch with their fast-changing needs. This feedback has helped us understand the impacts of the pandemic by industry and see how customers are navigating their own business challenges. Based on this data, IDC has developed a five-stage enterprise recovery model that shows how customers have responded to the pandemic and how their business is reacting.

The model illustrates how the economic situation related to the pandemic has evolved, starting with the initial crisis, moving through economic slowdown and potential recession impacts, and hopefully returning to growth and the next normal. The model maps the business reaction in parallel over those phases, moving from the initial business continuity phase through cost optimization, business resiliency, and targeted investments and then on to the future enterprise.

IDC has been tracking where customers say they are, and it's not all doom and gloom — many customers are pivoting fast in a uniquely challenging time. Our belief is that technology will help flatten the curve, and partners will play a significant role in helping their customers address their business issues.
**SaaS and the Customer Continuum**

The consumerization of IT has become real during the pandemic. Enterprises want technology solutions that fix business issues rather than products, and they also want to consume these solutions how they want. The move to cloud has been accelerated by this demand, and the technology is swiftly becoming mainstream.

The acceleration is happening broadly across cloud options, but it's occurring in infrastructure — and in SaaS solutions in particular — because people can make quicker decisions around these areas. Customers want their business solutions to provide the consumer experience they have been getting for years, and they want their solutions to be flexible and consumption based to enable them to react faster to potential market and economic changes.

For partners and vendors, this acceleration to SaaS is an important change to address. At the beginning of the pandemic, most vendors or partners would have wished they had more subscription or recurring revenue because it acts as a buffer for the business. Now, flexible consumption has become a must-have option to address customer needs, leading to closer customer relationships that should open more opportunity.

**Customer Life Cycle**

The focus on customer life cycle becomes paramount with the acceleration to cloud and subscription-based consumption models. Partners need to adjust their engagement models to consider customer life cycle, if they are not doing so already, and focus on continuously adding value.

With subscription-based models, customers are often buying a contract that they can walk away from at any time if they do not use the service or see the value it provides.

A focus on customer life cycle represents a huge opportunity for partners. Customer centricity not only helps the customer see the value provided by its partner but also allows feedback through ongoing actions. Some are driven by the customer, but many should be proactively driven by the partner to create more value. Proximity to customers is the key, as they will see, hear, and experience the value in multiple touch points.

**Consumption Buying Model**

The market acceleration toward consumption buying models is very much a part of the customer life cycle focus. This acceleration has continued into 2021 as more vendors adopt this approach.

IDC envisages that for partners, consumption buying options will quickly become a must in any customer situation. Not all customers will make the choice, but having the choice and flexibility is key.

Having flexible pricing options to address customer needs accelerated by market factors is a crucial part of the customer life cycle. The low switching costs on SaaS does push partners to have a closer value-based relationship with customers, and this is good for both customers and partners because they are focused on the same customer success.

There are many ways that partners can adapt and thrive as the market moves toward consumption pricing. For example, the model drives a need to show usage, which can provide further visibility into areas that can be optimized for customers. Although it's a switch from a deal-to-deal mentality, consumption buying should lead to more occasions to build trust with customers and find new ways to create value.
**Service Models**

IDC is also seeing a move toward customers needing more managed services, which creates a new business opening for partners. The expanding choices in technology mean that managing the environment is becoming more complex, requiring specialized skills. This window of opportunity for managed services feels in many ways similar to the outsourcing trend 10–15 years ago where customers articulated that they wanted to focus on their core areas of value and outsource other areas to be managed by their partners. The key difference is that the previous trend was purely cost driven, whereas the current trend is value driven.

In IDC's customer surveys, respondents have indicated that they want a partner to support their digital transformation — and some of what they seek is support in running their services. For partners, it is critical to have life-cycle services that complement the technology road map that customers are following to accelerate their digital transformation.

**Application Development**

The need for complete solutions for customers has driven growth in application development (AppDev) skills within both the customer ecosystem and the partner ecosystem. Some customers are building their own in-house skills, while partners are seeking to build upon existing platforms and create differentiated customer solutions.

For a partner, AppDev is a key that opens the door to customizing a solution based upon the customer's industry and needs, creating a "sticky" solution by adding personalized partner IP. With an AppDev focus, there should also be a strategy to create repeatable IP-based solutions that can scale across multiple customer opportunities.

Individuals within partners can also gain experience across vendor platforms or development technologies, which allows them to grow their skills and deliver more value to customers. Ultimately, this experience makes them more valuable and flexible resources.

**Vertical Focus**

Focusing on building insights at an industry level means taking the time to understand the conditions and issues that customers face in a particular industry and then tailoring solutions to help those customers specifically. During the pandemic, IDC has witnessed substantially different impacts across industries. Although we have developed a COVID-19 Impact Index by industry *(COVID-19: Factoring in the Impact on Industry, March 2020)* to illustrate which industries have been most impacted, the index shows that all industries have been impacted in some way, and meeting customers where they are is a great way to show customer centricity.

Developing depth in an industry is hard to do at scale, so partners should specialize in areas where they have experience and, potentially, a multiple customer footprint. They should also lean into their vendors’ industry knowledge and materials as the resources and investment there would be hard to replicate at scale. Partners should use vertical insights to increase their effectiveness across the sales cycle and life cycle of the customer.
**Partner to Partner**

Partner-to-partner (P2P) relationships are not a new trend, but given the current combination of customer needs, industry focus, complete solutions, and growth in complexity of hybrid cloud platforms, IDC sees these relationships as another focus area for partners. It’s unlikely that many partners will be able to be all things to all customers. Thus, developing a trusted network of complementary ecosystem partners can help enable the best customer outcomes.

IDC has observed partners developing these networks initially on a deal-by-deal basis and then growing into trusted members in the network. We have seen not only vendors supporting P2P activities as they experience the same trends but also independent industry groups and even specific P2P-focused platforms developing to meet this growing need.

From a skills perspective, some partners might view P2P as having an element of risk. However, for organizations with a strong strategic focus on their own areas of specialization and depth, P2P should facilitate building clear value and complementary partnerships.

**Skills Focus**

The ability to retain a skills focus on areas of value is becoming paramount, and it applies to both partners and individuals. Proven skills investments are part of what customers look for in the right partners, and the skills portfolio is something they will seek to understand as they choose their partners.

Skill sets are evolving with the move to a hybrid multicloud world, but IDC believes the skills are additive to existing expertise and that previous skills and experiences are foundational for partner credibility. The skill set does evolve in terms of positioning, selling, and delivering more consumption-based solutions, and partners should leverage as much of a vendor’s resources and enablement here as they can.

Changes in skills might seem to create uncertainty for individuals, but in reality, they create more opportunity to invest and build in flexible skill sets that can be utilized across multiple customer solutions and the customer life cycle. These life-cycle skills will stand the test of time because customer success is at the heart of them.

**Conclusion**

Technology is changing, and many trends have been magnified during the pandemic. The way customers want to consume solutions has also been magnified by the consumerization of IT. Complexity has increased significantly, and yet customers are looking for complete solutions to their business issues. The combination of these trends represents a significant opportunity for partners to evolve their business as we move toward recovery.

There should also be an additional focus on customer life-cycle skills as consumption models continue to trend toward subscription and everything as a service. Partners should develop their customer-centric approach to understand customers and their industries, to have customer success at the center of their value proposition, and to understand how to help customers build a technology road map to future success.

IDC research suggests customers are more open than ever to developing true partnerships to meet their goals, and the key for partners is to understand and meet those customers where they are at the moment.
About the Analyst

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Steve White is Program Vice President for the worldwide Channels and Alliances research team. He manages a group of channels and alliances analysts as well as their related research products, with extended teams in EMEA and APeJ.

MESSAGE FROM THE SPONSOR

When we sat down with IDC’s Steve White at VMware Empower 2021, our goal was bringing to light the best practices, solutions, and ideas to help our partners and customers successfully adopt profitable SaaS/subscription models. We believe the insights in this brief will empower our partners and customers as they make this transformation. VMware partners are leading with new service models, managed-services offerings, applications, and value-added IP. Our partners are modernizing the way to work, customizing the experience to the customer’s needs, and establishing trust at every touch point. VMware is proud to be there every step of the way, powering the world’s complex digital infrastructure with scalable cloud, networking, security, and digital workspace offerings to help deliver any application on any cloud across any device. VMware is committed to being a force for good, from its breakthrough technology innovations to its global impact. For more information, visit https://www.vmware.com/company.html

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