Introduction

The idea come from an IDC report published in November titled, "-Partner of the Future: 10 Transformations IT Solution Providers Must Make." The report lays out why and how IT services companies have to think about the industry going forward. The report states, "The fact is, maintaining the status quo will be a failing strategy for IT solution providers. These business partners of some of the world's top IT vendors are going to have to make multiple changes, and soon. The hard part is that the market conditions that are forcing all of these transformations are happening all at once..

Credit: Mike Harvath

Past

Conditions that Define Partners of the Past

■ Companies continuing to occupy the low ground of generalist, best defined as doing anything for anybody, worst defined as doing anything for a buck. Not the best place to be.

■ Incremental growth, not growing with the market, losing out to specialists or better-positioned competitors.

■ Downward pressure on profits; 10 percent or less EBIDTA contri-bution.

■ Continued boots-on-the-ground, on-premises business philos-ophy, with no or little remote capability.

■ Continued reliance on time and material, and fixed-bid project work.

■ Selling exclusively to the technology buyer, and either forgetting or not knowing that this audience, while important, is not always the way in or the decision maker.

■ Struggling to attract new leads.

■ Inefficient sales and marketing, with too heavy a reliance on vendor-supplied leads.

■ Poor valuations of your business in the market, owing in large part to all of these points.

Steps to Becoming a 'Partner of the Future'

What all of the aforementioned transition strategies will eventually do is further consolidate the industry, which is not only inevitable, but actually a good thing. Those doing the consolidating will be the Partners of the Future; those being consolidated will be the Partners of the Past. While the industry's firms will consolidate, the industry itself will fragment into more and more vertically oriented segments. For small firms looking to survive, they'll have to become specialized in one of these narrowly defined market segments. Mid-market firms looking to increase value will specialize in three to five verticals, and enterprise companies looking to grow will specialize in six or more vertical markets.

Transformations Providers of the Future

■ **Technology:** Must have transitioned most, if not all, of their technology focus from what IDC calls the 2nd Platform to the 3rd Platform, which includes the 4 key pillars of **cloud, analytics, mobile and social**.

■ **Focus:** Must move from a broad "all things to all people" focus to being specialized in a certain industry or business process.

■ **Customer:** Must transition from exclusively selling to the IT department to selling to the line-of-business (LOB) buye.

■ **Sales Motion:** Need to move away from an all-encompassing focus on the up-front "deal" to a focus on long-term customer "relati-onships."

■ **Time Horizon:** Must forgo certain short-term gains to be able to win in the long term.

■ **Marketing:** With buyers doing their homework online now, partners must move from a limited amount of traditional marketing to a much greater investment in digital marketing.

■ **Activities:** Need to move up the profit stack by shifting from resale to professional services to managed services to building intell-ectual property.

■ **Competition:** Need to look out less for traditional IT-focused competitors and more for nontraditional competitors such as born-in-the-cloud companies, customers turned partners, developers, referral agents and more.

■ **Alliances:** Need to move from a "do it ourselves" mentality to forming alliances with other partners to deliver complete solutions.

■ **Competitive Advantage:** Can no longer take comfort in long-standing, sustainable, competitive advantages. Short-lived or transient advantages might be the new normal.