

Report

SMBs demand for digital advisory services fuels IT channel growth

Channel companies can help SMBs boost growth by harnessing AI technology and becoming more digitally agile, according to new international research by Sage.

Sage



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Foreword by Eduardo Rosini, Chief Growth Officer, Sage

Technology resellers continue to **innovate** and **invest** in the future

Last year, the IT industry faced significant challenges, with high inflation and economic uncertainty. Yet, technology resellers continued to innovate and invest in the future, driving growth across the channel and business sectors.

This year, the outlook is even more promising. Despite some ongoing economic uncertainties, the tech market is on the rebound. Global IT spending is projected to reach \$5 trillion in 2024, an 8% increase from 2023, according to [Gartner](#). This positive trend highlights the resilience and forward-thinking nature of the industry, paving the way for continued growth and innovation.

The surge in artificial intelligence technology is driving IT investment, as companies continue large-scale digital transformation projects to boost efficiency, reduce costs, and foster innovation. Despite ongoing issues including cyber security



threats and meeting diverse business needs, the IT market is evolving.

To understand these shifts, Sage conducted a global study of 2,800 technology resellers from eight countries. One of the key findings is a shift towards more advisory services in the IT and SMB sectors. By responding to this change, channel companies can become trusted advisors and help SMBs tackle long-term strategic challenges.

More than half (55%) of IT resellers in our research reported an increased role in providing strategic advice over the past year.

The study also highlights a focus on 'digital agility' - referring to the ability of businesses to use technologies such as artificial intelligence, cloud computing, and data analytics to swiftly adapt to market changes, customer demands, and technological advances. This adaptability is crucial for maintaining competitiveness in a dynamic market.

Sage continues to support partners in transitioning from vendors to trusted advisors, enhancing the SMB growth cycle through innovative solutions and insights, thus promoting sustainable success for channel partners and SMBs alike.

Executive summary

This global report, sheds light on the evolving role of technology resellers and channel partners. It underscores a pronounced shift towards strategic advisory roles aimed at enhancing digital agility among SMBs.



Digital agility

This study found that digital agility is highly valued by channel companies and their business customers. More than half of channel companies surveyed (54%) are prioritising the latest technologies to increase agility.

SMBs value digital agility for its potential to increase growth and scalability (29%), increase market competitiveness (24%), and improve cost efficiency (23%). To support this, resellers are expanding their services to optimise business processes (51%), conducting regular reviews to align tech solutions with business goals (51%), and offering insights on industry trends and competitive strategies (50%).

90%
of channel leaders are confident in SMBs' ability to achieve digital agility within the next year

54%
are prioritising the latest technologies to increase digital agility



Opportunities and challenges

Over half (54%) of resellers rate their SMB customers as 'fairly digitally agile' - suggesting significant potential for improvement.

However, within SMBs, digital agility varies. About six in ten (57%) of channel executives note that their clients are only 'somewhat prepared' for future market disruptions.

Seventy-three percent of technology resellers believe SMBs see the importance of investing in digital agility to stay competitive and adaptable in the fast-evolving digital landscape, according to the channel companies surveyed.

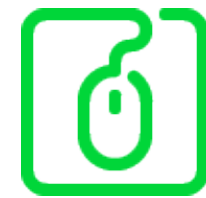
Challenges persist in providing advisory services to SMB customers, however. Nearly half (46%) of resellers are struggling to keep pace with technological advancements. And 44% face resistance from SMBs, preferring traditional sales methods over advisory services.

Yet 90% of channel leaders are confident in SMBs' ability to achieve digital agility within the next year, reflecting strong optimism for their potential to effectively adopt digital solutions and increase growth opportunities for channel partners and SMBs.



Rising demand for automation and AI

Demand among channel companies for AI and automation has increased since last year. The biggest challenges resellers face when implementing AI technology for SMB customers are data privacy and security concerns (49%) and limited understanding of AI technology (46%).



What support do SMBs want from their channel providers?

Help with cyber security and data protection (49%) were the top needs. These were followed by navigating digital transformation and technology adoption, and optimising operations and improving efficiency, both at 45%.





The rise of advisory services

Technology resellers need to look at their overall customer needs and help and guide them beyond just the simple sell-and-buy transaction.

Technology resellers should advise their customers on the best products and services for their needs to drive growth and make them more resilient.

Over half (55%) of resellers questioned say they've transitioned to a more advisory role over the past year. And almost the same percentage (54%) say they are focused on encouraging their SMB customers to use more innovative technologies.

This shift towards an advisory role is motivated by resellers becoming more adept at using technology and data analytics to provide technology and services that are more tailored to the industry of each customer (58%).

Changing your customer approach is a big undertaking, though.

Nearly half (46%) of resellers say they find it challenging to keep up with technology. And 44% say they struggle to deal with resistance from SMB customers who may not see the value of advisory services over a more traditional and transactional buy-and-install sales approach.

The channel market's shift to a more advisory role is one of the most pronounced trends in our research.

“We see the channel growing at an accelerated pace due to its pivotal role in digital transformation, which involves integrating technologies such as AI and cloud computing. This is driving significant opportunities for channel partners to evolve into advisory roles, where they foster innovation and enhance efficiencies. For SMBs, the benefit is easier access to advanced solutions, practical applications, and expert guidance on handling digital challenges. By adopting this strategy, channel partners will continue to meet current demands but also start to shape the future of businesses in a meaningful way, ensuring sustained growth and development in the global economy.”

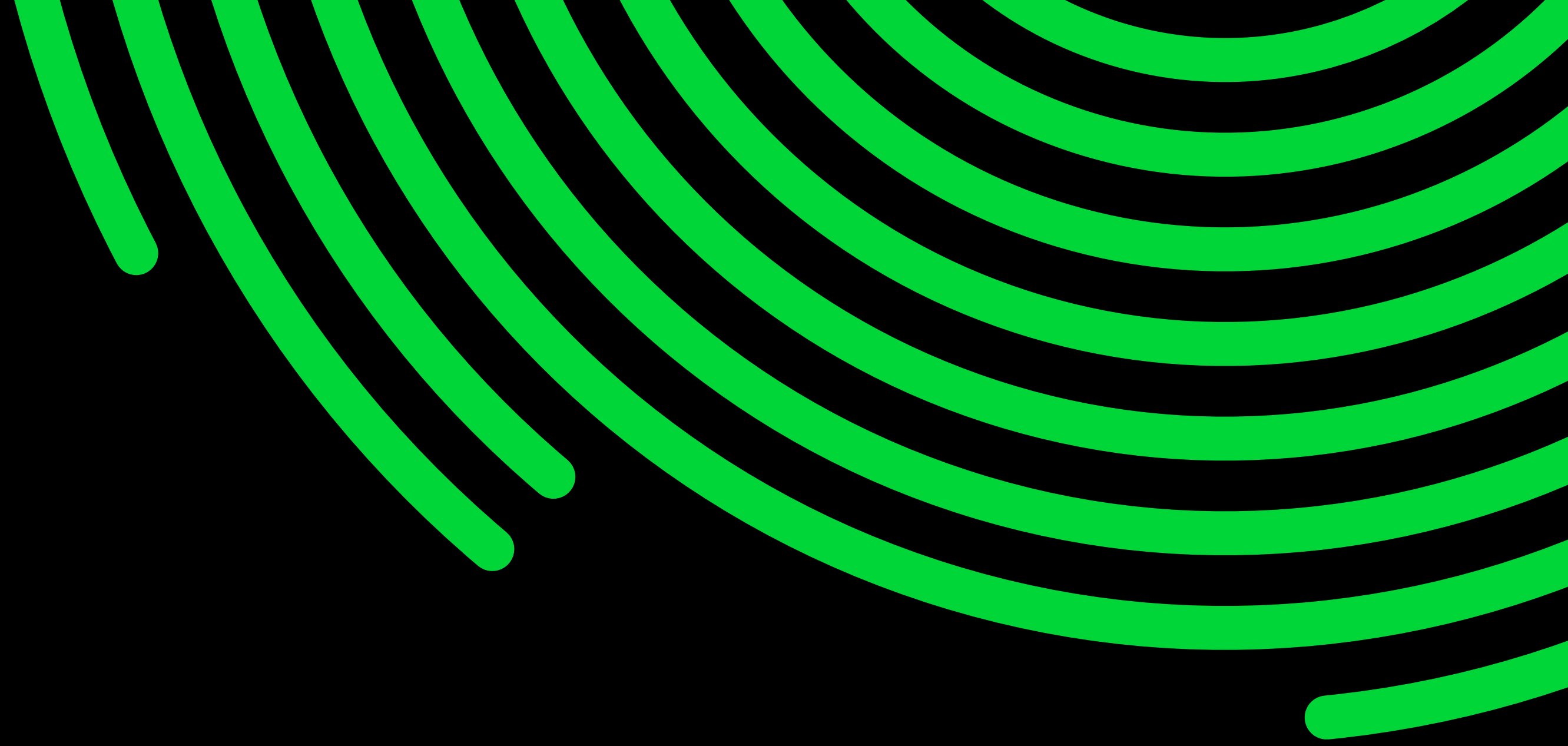
Sippora Veen
VP Global Partner Marketing, Sage



Resellers who say their SMB customers prefer technology and services that has been tailored to meet specific industry needs



Resellers who say financial data analytics and reporting tools are 'very useful' for providing advisory services to SMBs



Digital agility: Building a nimble and resilient IT infrastructure

How can the channel help their SMB customers become more digitally agile?

Resellers can help their SMB customers become more digitally agile by including business process optimisation and efficiency improvements in their services (51%), or by regular business reviews to assess and align technology solutions with business goals (both at 51%), according to our research.

Half of resellers also provide insights and recommendations on industry trends and competitive strategies (50%).

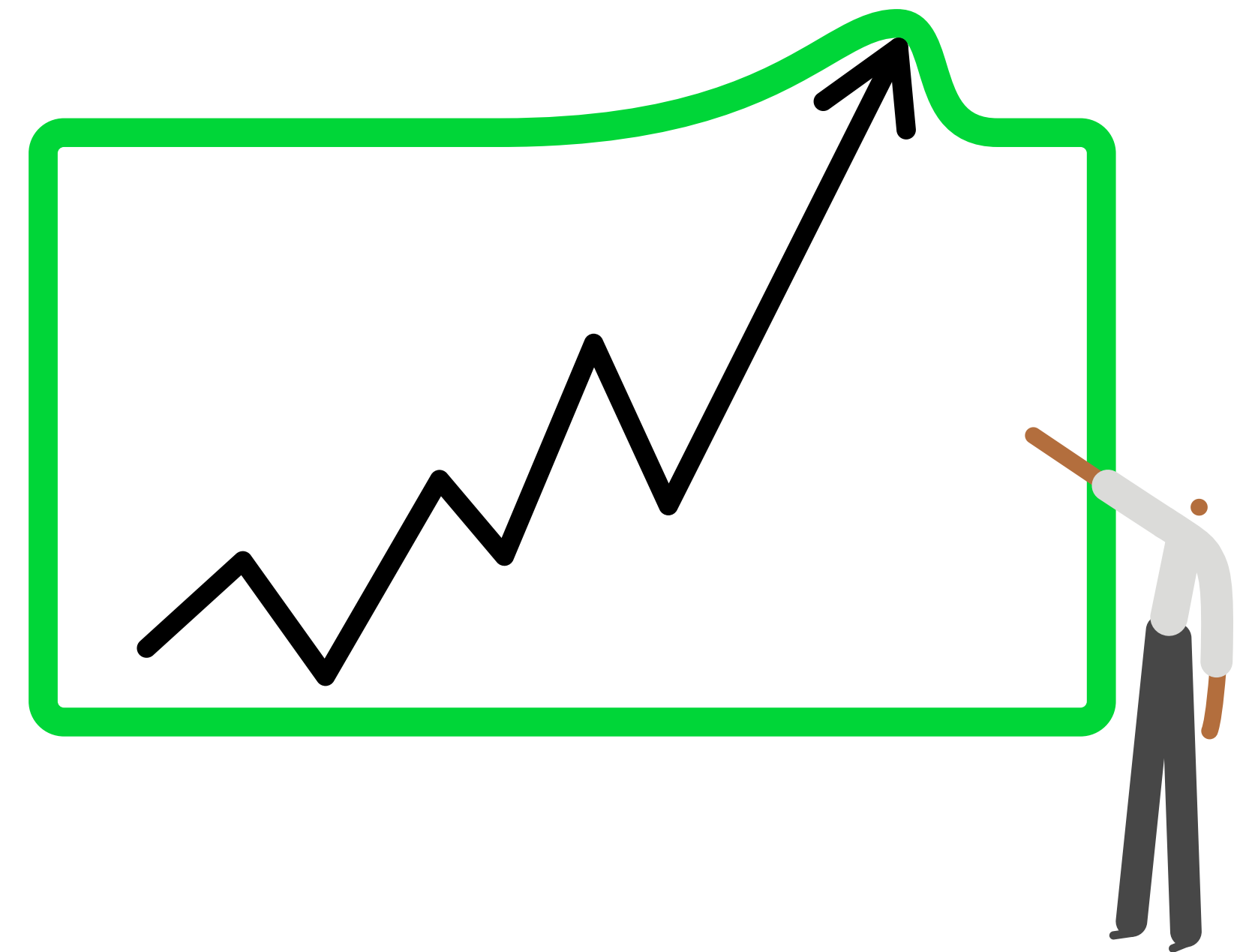
Six in ten (59%) say their approach to solving SMBs' challenges over the past 12-18 months has included more specialised services for different industries.

Four in ten (41%) say SMB customers prefer tailored solutions to meet specific industry needs and would benefit from strategic guidance on cyber security risks and data protection (49%), digital transformation and technology adoption (45%), and optimising operations and improving efficiency (45%).

“Digital agility is the new currency for SMBs, and channel partners play a critical role in enabling businesses to leverage innovative solutions that optimise operations, improve efficiency, and enhance profitability. With technology evolving so quickly, it’s crucial for us to stay ahead of the curve and adopt the correct tools as soon as possible. AI and cyber security are key in driving our digital agility and we rely on our IT suppliers to help us identify and deploy the right solutions that are tailored and adaptable to our growth strategy. With their support and invaluable advice, we will be able to navigate the challenges of digital transformation much easier and increase our ability to pivot as necessary in a challenging economic landscape.”

Robert Colelli

Managing Principal, Operations, Cresa Toronto





“We have noticed over the past few months that a very large volume and diversity of customers want to integrate AI into their business, which shows a strong interest in these solutions, whatever their business and size. To provide them with the best possible support, we’ve shifted our expertise to advising, helping our customers digitise their businesses, not only in terms of AI, but also in areas such as migration to the cloud.”

Menad Lamini
CEO at Arcanes, Sage partner

50%

of resellers say they want their vendors to provide them with training in cyber security, cloud computing, and data analytics to help them provide advisory services to customers

91%

of channel companies flagged cloud-based accounting software as important when providing strategic advice to SMBs on how to become more digitally agile

93%

of respondents see integrated financial management solutions as important to achieving digital agility for SMBs



A smarter approach to AI

Rapid advances in AI technology have the potential to help SMBs make major improvements in efficiency and accelerate growth.

With so many AI products on the market, SMBs often need guidance on what to pick, how to use them, and how to get full value from them. This is where the role of channel partners becomes not just significant, but transformative.

Helping SMBs harness the power of AI brings challenges as well as opportunities, channel leaders say in our research.

The biggest challenges resellers face when implementing AI technology for SMB customers are data privacy and security concerns (49%), limited understanding of AI technology (46%), integrating AI with existing systems (45%), and limited budgets (44%).



58%

of resellers predict that AI and automated services will be the most influential technology in fostering digital agility for businesses of all sizes within the channel industry over the next 12-18 months



“As AI reshapes SMB operations and growth, it’s critical that decision-makers receive proper guidance and support. This not only builds trust in the technology, but also maximises its benefits for businesses and employees. Channel partners, with their deep experience, are best positioned to provide this support and guide businesses through this new terrain. To offer effective advice, partners need to stay updated with evolving technology. By collaborating, we ensure AI is fully leveraged, elevating human work, and driving SMB growth.”

Aaron Harris
Chief Technology Officer, Sage



Cyber security: challenges and opportunities



Cyber security is a perennial challenge for SMBs with limited IT budgets.

Cyber challenges faced by technology resellers and their SMB customers include a global shortage of skills and expertise in cyber security. Yet cyber security also creates business opportunities for the IT channel.

Our research asked what IT support and consulting services SMBs need from their resellers when trying to become more digital agile. The top answer (49%) was help with cyber security and data protection.

Our research also asked which technology will be most instrumental in increasing digital agility for businesses of all sizes within the channel industry over the next 12-18 months. The top answer from resellers – unsurprisingly – was AI and automated services (58%). This was closely followed by cyber security services (57%).

One in three (36%) technology resellers say that a challenge they face when providing advisory services is a lack of employees with the right skills. In the context of providing advisory services, half (50%) of channel leaders surveyed say they look to tech vendors for training and education in digital agility, including specialised areas such as cyber security, cloud computing, and data analytics.

49%

of technology resellers believe that their SMB customers need cyber security and data protection support to become more digitally agile

“SMBs’ cyber security concerns underscore the urgent need for clear, actionable guidance during their digital transformation. We are committed to empowering our partners to provide SMBs with products which are ‘secure by design’ and reduce the cyber security burden on customers. This is not just about the advanced security measures in our products; it’s also about equipping SMBs with the knowledge they need to take ownership and enhance their cyber security resilience to thrive in the digital economy.”

Ben Aung

Chief Risk Officer, Sage



Measuring success in the channel

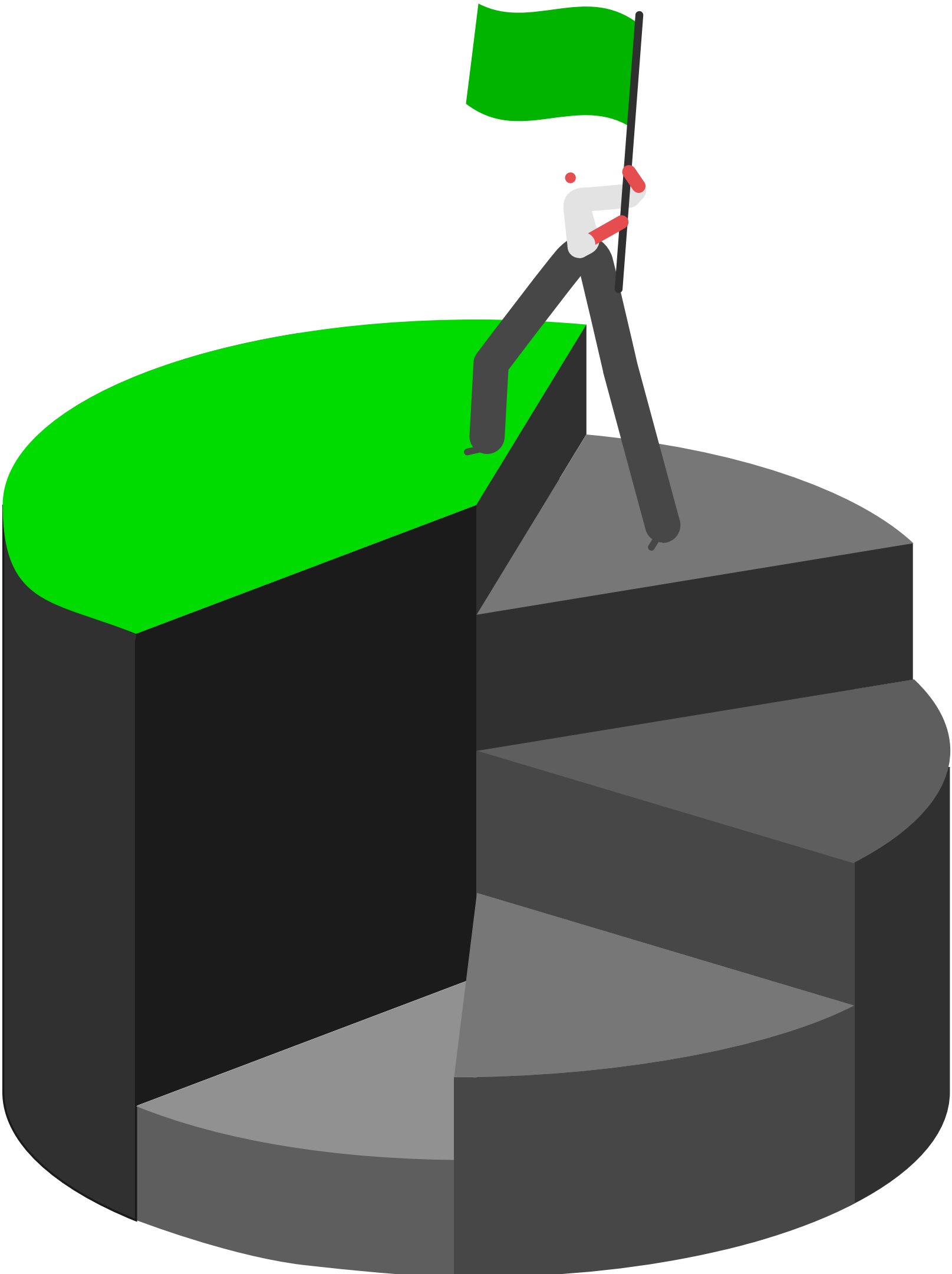
Customer feedback and satisfaction, deeper relationships, loyalty, and retention are the key measures of success for channel leaders.

Around six in ten (57%) technology resellers say customer satisfaction and feedback is one of the main ways they measure success. However, the percentages vary for deeper relationships (50%), and loyalty and retention (47%).

As technology channel services become more advisory-focused, these findings underscore the age-old importance of building and maintaining a strong relationship with customers.

“These findings highlight a significant growth opportunity for the channel industry. By leveraging technology and data analytics to offer personalised solutions and strengthen customer relationships, we can help SMBs make smarter decisions and drive their growth and efficiency. The future of our industry lies in continuously evolving to meet the needs of SMBs, embracing new technologies like AI, and ensuring our teams have the right skills. This strategic approach not only benefits SMBs by enhancing their digital agility but also positions us to lead in the digital economy, fostering a robust ecosystem where both channel partners and SMBs can thrive.”

Susan Vincent
Managing Director, Baker Tilly, Sage partner



Report Conclusion

This research underscores the critical need for technology resellers to strengthen their collaboration with SMBs and help them to leverage new technologies and build resilience against market volatility. By actively implementing innovative technology and helping their customers to overcome challenges like budget limits and expertise shortages, IT resellers will not only boost their own growth, but also empower SMBs to navigate these complexities effectively.

Technology resellers play a key role in helping SMBs improve efficiency and profitability. They assist with digital transformation, boost operational efficiency, and provide valuable advisory services.

With 90% of channel companies confident in the digital agility of their SMB customers over the next year, a clear trend emerges toward adopting digital tools to enhance responsiveness and operational agility. This confidence signals SMBs' readiness to use new technologies, driving their success and competitiveness.

Whatever surprises the tech industry or global economy will spring, one thing is certain: technology resellers will remain essential in driving innovation and business growth for SMBs worldwide.

“At PwC, we recognise that a balanced approach, combining human-centered delivery with technological advancements, is essential for effective technology transformation. We believe that nurturing strong relationships and acting as strategic advisors are vital in establishing trust and facilitating enduring client outcomes. Merely implementing technology is no longer enough; it is crucial to partner with customers throughout their journey, providing support well beyond project completion.”

Lauren Cottier

Partner Technology Transformation, PwC





Unveiling Regional Perspectives

Views from Canada, France, Germany, Portugal, South Africa, Spain, United Kingdom, United States



Wanted: Vendor training and tailored tech

Nearly half of Canadian channel partners (47%) believe the top obstacle hindering the digital agility of SMBs is the complexity of technology and integration processes.

This means that technology vendors should simplify their products and enable a smoother integration process to help channel partners become more digitally agile.

Almost three-quarters of Canadian channel partners (71%) believe there is room for improvement for SMBs to enhance their digital agility in order to adapt to future market disruptions. Channel partners can play a central role in advising and enabling SMBs to become more digitally agile and adapt better to changes in their market or technology.

Technology vendors should help channel partners understand the benefits of becoming more digitally agile - from reducing operational costs to growing a business.

More than one in four (26%) Canadian channel partners see digital agility as a means to reducing costs in their SMB customers' business and helping them become more efficient. And 30% believe it will help them grow and scale their SMB customers' business.

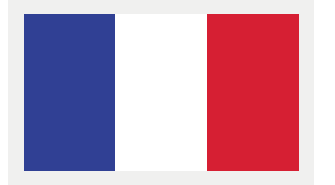
The top challenges that Canadian channel partners face when implementing AI solutions include data privacy and security concerns (51%), integration with existing systems (45%), and a limited understanding of AI technology (44%).

Technology vendors should educate channel partners on the tangible benefits of AI and its impact on empowering humans in business. Additionally, building trust among channel partners and their customers regarding AI is crucial to help minimise fear around data privacy and security.



73%

of Canadian channel partners believe SMBs need to improve their digital agility



Fast track: Flexible software and vendor support will unlock digital dividends

Most French SMBs are struggling to keep pace with rapid technological changes and unforeseen challenges, according to French channel resellers.

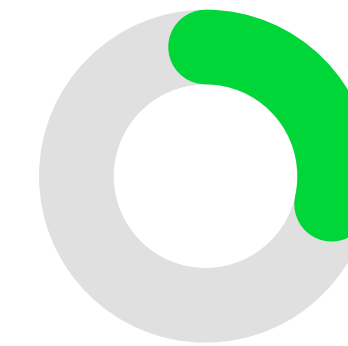
As a result, they need to focus on providing more robust digital products and services and support to help SMBs improve their digital capabilities and preparedness.

Less than three in ten (28%) French channel partners say their SMB customers are digitally advanced enough to handle and adapt to potential future market disruptions effectively.

Vendors play a crucial role in supporting channel partners by providing regular market insights, continuous investments in cutting-edge product innovation, and flexible solution frameworks.

This support is essential for channel partners to enhance their advisory role and help SMB customers become more digitally agile and enhance overall market competitiveness.

Nearly half (47%) of French resellers would like vendors to provide regular insights into tech and industry trends, followed by continuous investment in product innovation (45%) and access to more modular technology that is easy to adapt to SMBs' industry requirements (38%).



28%

of French channel partners say their SMB customers are digitally advanced enough



Vendor support, specialist software and SMB workshops

German resellers say they need more modular software – tailored to customers’ industry needs – from their technology vendors to help them better meet customer needs (48%).

Demand for support from tech vendors was also pronounced among German resellers. More than half (55%) say they want their technology suppliers to provide training and education in digital agility, including in cyber security, cloud computing, and data analytics.

How could German resellers improve the digital agility of their customers?

German resellers say they would focus on three specific areas: expand their services to include business process optimisation and efficiency improvements (49%), engage in regular business reviews to align technology and business goals (48%), and offer tailored training and workshops for SMBs (47%).

The top three challenges German resellers face when providing advisory services are: a lack of employees, keeping up with technology, and balancing advisory services with other priorities.



55%

of German SMB customers need training and education in digital agility



AI potential and advisory pushback

Over half (53%) of Portuguese resellers say keeping up with technology was their biggest challenge when providing advisory services to SMB customers, followed by resistance from SMB customers who may not see the value in advisory services or prefer a transactional sales approach (50%).

When asked about the most common challenges they face when implementing AI for SMB customers, Portuguese resellers cite limited understanding of AI technology (55%) and limited budget/resources to adopt and maintain AI solutions effectively (44%).

When asked about what support Portuguese resellers want from their IT vendors, the top requests are training and education in digital agility including specialised areas such as cyber security, cloud computing, and data analytics, and regular insights into market intelligence and emerging trends. These can help channel companies anticipate market and technological changes and leverage opportunities.



55%

of Portuguese SMB customers have a limited understanding of AI technology



Financial analytics will boost advisory work

South African resellers find financial data analytics technologies and reporting tools particularly useful when providing advisory services to customers (77%).

Nearly all (99%) of South African resellers say cloud-based accounting software will encourage digital agility and advisory services among their SMB customers.

Seven in 10 (68%) say cyber security technology is the most important technology for building digital agility in businesses of all sizes in the channel industry within next 18 months, followed by AI and automated services (63%), and databases and CRM systems (57%).



68%

of South African resellers say cyber security is the most important technology for building digital agility



AI challenges – and opportunities

The market for AI technology and related services is growing fast, but tapping into it can be difficult.

Half (51%) of Spanish resellers say limited understanding of AI is a challenge when implementing the technology for SMB customers.

Six in ten (61%) of Spanish channel leaders say AI will be the most important technology to increase the digital agility of businesses of all sizes in the channel industry within the next 18 months, followed by cyber security technology (56%), and cloud and software as a service (SaaS) applications (46%).

Over half (54%) of Spanish resellers believe their SMB customers are fairly digitally agile, in line with the global average (54%) in our research.

However, our research showed that Spanish channel partners are the most pessimistic about their SMB customers' ability to be digitally agile – 24% say they are not very agile. In fact, of the countries surveyed, Spanish resellers are the least confident (17%) that their SMB customers' digital agility will improve in the next 12 months.

This highlights a need for enhanced support from channel partners to SMB customers, indicating opportunities for market development through innovative solutions that increase digital capabilities.

It also suggests that Spanish channel partners need to reevaluate their strategies to provide more effective guidance to SMBs and build confidence among SMBs. Addressing these issues is essential for improving the competitiveness of Spanish SMBs and fostering long-term growth in the region.



61%

of Spanish channel leaders say AI will increase digital agility



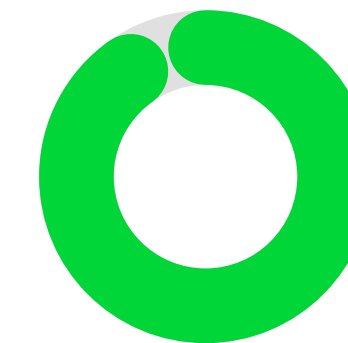
High demand for digital agility and business resilience

UK SMBs rank above the global average in digital proficiency and readiness for market disruptions. Sixty percent of UK channel partners prioritise the adoption of innovative technology, slightly ahead of the global average of 54%.

This trend is similar to the US and France, where resellers are increasingly adopting advisory roles. The reasons for this trend may be that SMBs in these markets are either more technologically advanced or more receptive to advisory services.

For UK resellers' SMB customers, the top reason to enhance digital agility is to boost business growth and scalability (36%). This is followed by cost reduction and efficiency improvement (22%), and increasing market competitiveness (19%).

To support SMBs in becoming more digitally agile, UK resellers frequently conduct regular business reviews to align technology products and services with business goals (51%). They also expand services to include business process optimisation and efficiency improvements, and actively participate in digital transformation initiatives (both 50%). Additionally, 97% of UK channel companies highlight the importance of financial data analytics and reporting tools in providing effective advisory services.



97%

of UK resellers found financial data analytics and reporting tools useful for the advisory services they provide to SMBs



Growth potential: digital agility and modular industry software

Although US channel partners say that their SMB customers are digitally agile, they caution that there is plenty of room for improvement.

In the opinion of channel executives we surveyed, 51% of their SMB customers are fairly digitally agile (below the global average of 54%) and only 39% are considered to be prepared to handle and adapt to potential market disruptions.

This highlights a potential gap between current capabilities and future needs. Channel partners have an opportunity to position themselves as digital guides, helping SMBs bridge this gap through strategic advice and technology that can adapt to changing business and technology requirements.

Top challenges for channel partners when providing advisory services to SMB customers include keeping up with evolving tech (48%) and balancing priorities (48%).

Channel partners face a split in SMB preferences, with nearly equal demand for industry-tailored solutions and generic solutions that can be used across industries.

Four in ten (38%) channel partners believe SMB customers prefer to invest in tailored solutions that meet specific industry needs, while 31% believe they prefer to invest in generic solutions that offer flexibility across different industries.

This implies that channel partners must diversify their offerings to cater to both specialised and broad needs, balancing customisation with versatility. It also means they must be adept at understanding the unique requirements of various industries while providing scalable, adaptable solutions that appeal to a wider market.



51%

of US SMB customers are fairly digitally agile

Summary of methodology

The research questioned 2,800 decision-makers in the tech industry whose company resells tech and technology supplies/services for various businesses in Canada, France, Germany, Portugal, South Africa, Spain, the United Kingdom, and the United States. The interviews were conducted in April and May 2024.

This online survey was conducted by market research company OnePoll, in accordance with the Market Research Society's code of conduct.

Data was collected between 18 April and 9 May 2024. All participants were double-opted in to take part in the research and were paid an amount depending on the length and complexity of the survey. This survey was overseen and edited by the OnePoll research team. OnePoll are MRS Company Partners, corporate membership to ESOMAR and members of the British Polling Council.

Country	Sample size
Canada	250
France	250
Germany	250
Portugal	150
South Africa	150
Spain	250
UK	500
U.S.	1,000



About Sage

Sage exists to knock down barriers so everyone can thrive, starting with the millions of SMBs served by us, our partners, and accountants. Customers trust our finance, HR, and payroll software to make work and money flow. By digitising business processes and relationships with customers, suppliers, employees, banks, and governments, our digital network connects SMBs, removing friction, and delivering insights.

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