The Transformation Imperative: Evolving Customer IT Needs

A Special Report by Pax8 and sponsored by Microsoft, Veeam, & Wasabi

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Changing World, Changing Tech

Rare is the business today that, at least in part, doesn't describe itself in terms of its growing technology prowess. From auto body shops to zip-line adventure parks and most endeavors in between, the emphasis today is increasingly on streamlined online services, robust mobile apps, data-driven responsiveness, and personalized digital experiences.

Behind the curtain, there's even more technology transformation afoot. Powerful business analytics, once the purview of elite digital enterprises, now provide insights that shape the strategies of even the most technologically modest SMBs. Robust collaboration tools, meanwhile, have rapidly turned capabilities like remote work, distance learning, and telemedicine from curiosity to commonplace.

At the heart of all of this change is digital transformation (DX), an umbrella term for the adoption and integration of a broad swath of digital tools designed to alter the way businesses operate, serve customers, and achieve value. Leveraging emerging technologies such as cloud, advanced analytics, Internet of Things (IoT), artificial intelligence (AI), 5G mobile communications, and more, the digital transformers find themselves at once more agile, more responsive, faster to market, and a step ahead of less tech-savvy competitors.

In step with the fortunes of companies that embrace DX, global spending on transformation initiatives is enjoying impressive growth. According to IDC, businesses are expected to make nearly $1.8 trillion in DX investments next year, a commitment that will climb to some $2.4 trillion annually by 2024. By then, digitally transformed organizations will be responsible for more than half of the gross world product, analysts predict.

Digital transformers are more agile, more responsive, faster to market, and a step ahead of less tech-savvy competitors.

Today's top DX spenders include discrete and process manufacturing, state and local governments, utilities, and transportation, but a broader look at new technology adoption and implementation efforts shows few verticals untouched by some degree of transformation. That's been especially true over the past 18 months.

In early 2020, the already dynamic digital transformation landscape turned darker and more chaotic under the weight of the massively disruptive COVID-19 pandemic. In every industry and in every corner of the globe, businesses scrambled to address unprecedented calls for capabilities like remote access, distributed work, collaboration, and touchless transactions – to name but a few. The prolonged COVID crisis radically shifted the trajectory of digital transformation for many businesses, accelerating the pace of change and piling previously unforeseen priorities onto a growing list of technology imperatives.

At a macro level, it's easy to see digital transformation as a powerful disruptive force, a rising tide that lifts — and rocks — all boats. Viewing DX from the perspective of the individual SMBs wending their way through this technology metamorphosis, however, offers much more nuance and visibility into the experiences, goals, and aspirations of business users on the transformation journey.

For our research, we surveyed more than 400 senior leaders at SMB organizations across North America to find out where they stood in their transformation journey and what makes — and breaks — DX initiatives. These business owners and executives all have technology purchasing authority and experience and were responsible for major IT purchases in the past 12 months, so their views were hardly academic. These are folks with rolled-up sleeves, clearing a path for emerging tech in pursuit of their business goals. The result is a collection of high-resolution snapshots of real-world digital transformation campaigns shot from the trenches.

Here we find SMB decision-makers boldly strategizing ways to update legacy systems, improve customer experiences, boost productivity, turbocharge operational efficiency, and win in competitive markets. And they understand this is a marathon, not a sprint; DX initiatives are an investment in the long game of organizational growth and success.

At their side are IT solution and service providers, called upon to deliver and manage the complex, multi-vendor solutions at the heart of most transformation strategies. Professional deployment services, in particular, are key to the success of DX initiatives, and a majority of SMB business leaders say channel partners are the first choice to provide that expert support.

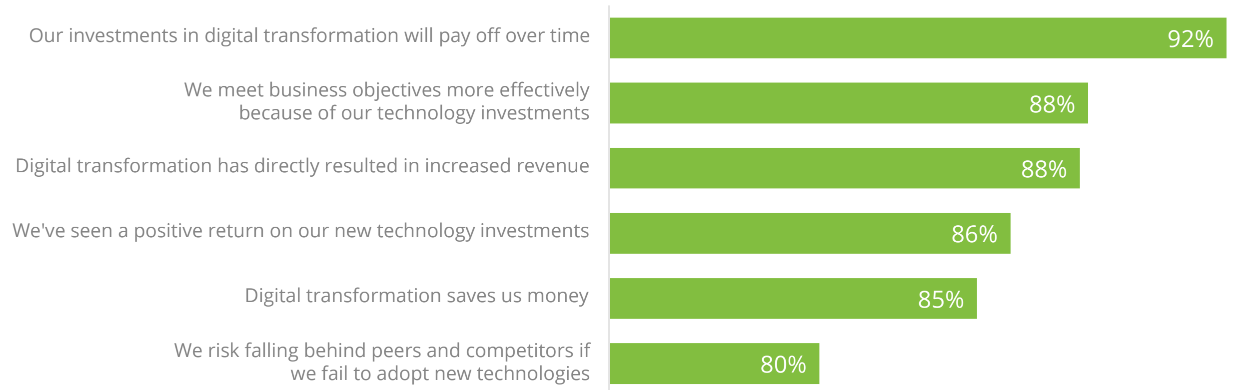
Together, these client-partner tandems are making big bets on radical changes to core business models, processes, and value propositions. These changes are bound to visit inexorable alterations upon the SMB landscape for the foreseeable future.

Digitization, though, isn't all sunshine and rainbows. It's important to note: Technology transformation is a two-way street where businesses frequently find themselves bogged down in neutral or, even worse, stuck in reverse. When businesses find themselves wrestling with lack of skills, poor communication, and organizational inertia, it's more important than ever for IT channel partners to take up the DX mantle and help lead the transformation charge on behalf of their clients.

Finding Their Transformation Footing

It may be the early days of digital transformation – it's been recognized as a force in modern business for only the past four or five years, and slightly less for SMB organizations – but it's clear from the research that most organizations consider themselves in some state of DX trajectory, with many reporting early successes tied to their technology investments.

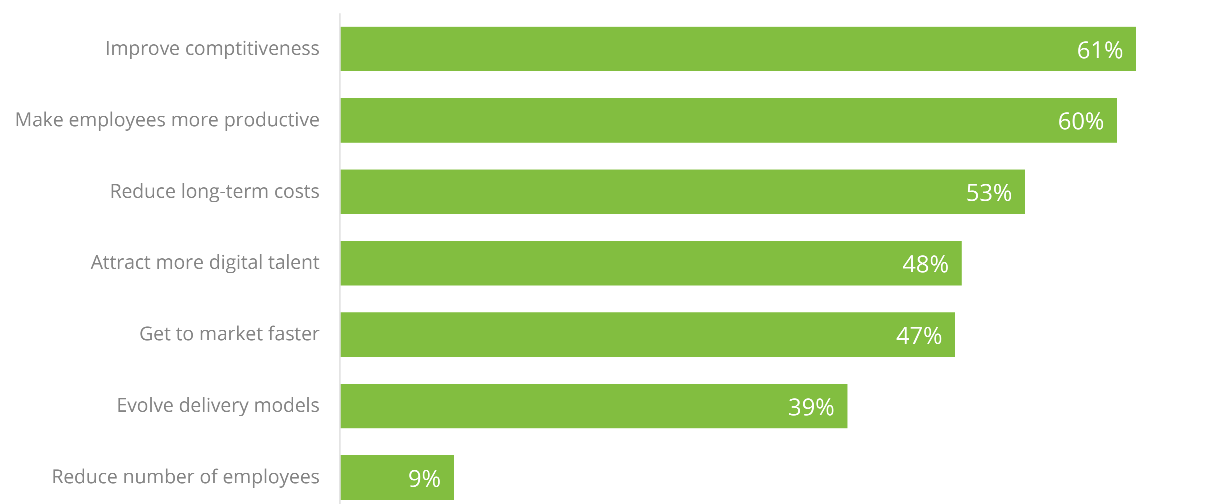
FIGURE 1: Digital Transformation Outlook (Top 2 Box)



Better than eight out of 10 SMB leaders polled said they "somewhat agree" or "strongly agree" that technology is demonstrating positive ROI, improving both their business processes and their bottom lines (*see FIGURE 1: Digital Transformation Outlook (Top 2 Box)*). More important, the vast majority (92%) agree that digital transformation investments are focused on the long run and expected to pay off over time.

That realistic outlook bodes well for digital initiatives, as it may stave off the disillusionment resulting from many business-technology trends that arrive with much fanfare but fail to deliver quick returns. (Blockchain and poorly defined Big Data initiatives come to mind.)

FIGURE 2: Motivations for Considering Digital Transformation Projects

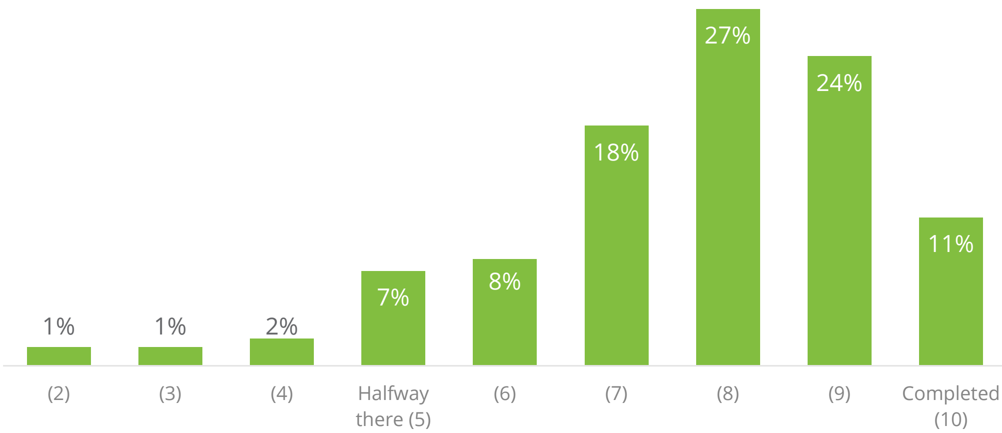


The prudent dose of reality remains evident in business leaders' incentives for embarking on DX projects in the first place. Strategic motives such as improved competitiveness and employee productivity trump more tactical concerns around costs and staffing levels (*see FIGURE 2: Motivations for Considering Digital Transformation Projects*).

Here, SMBs are aiming high, looking to recast their businesses with meaningful, evolutionary changes rather than nibbling around the edges seeking incremental improvements. Most notably, while emerging technologies often come saddled with a reputation as workforce disruptors, very few respondents (9%) saw DX as a means of reducing the number of employees.

While DX is demonstrating its effectiveness with early organizational and financial benefits, it's worth noting that transformation is in many ways a race being judged while it's still being run. Only about one out of 10 SMB leaders surveyed say they've reached the transformation finish line (*see FIGURE 3: Progress on Transformation Journey, 10-Point Scale*). The vast majority are somewhere in the later laps, with the average progress landing around 7.7 on a 10-point, start-to-finish scale.

FIGURE 3: Progress on Transformation Journey, 10-Point Scale



To navigate that final one-half to one-quarter of the DX journey that remains, SMBs have their short-term sights set on technologies that address the need for agility. Nearly two-thirds of those polled said adapting to change and speeding up operations are the top goals in the next year or so (*see FIGURE 4: Goals for Digital Transformation Initiatives, Next 12 to 18 Months*).

Developing new business models and sorting out an increasingly dispersed, remote workforce are also priorities for about half of respondents.

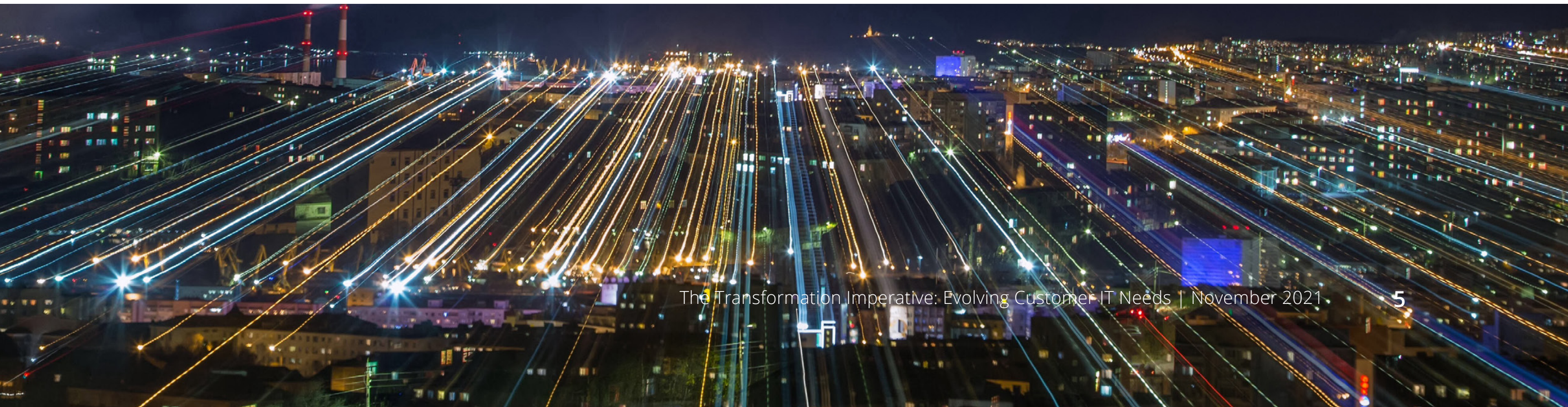
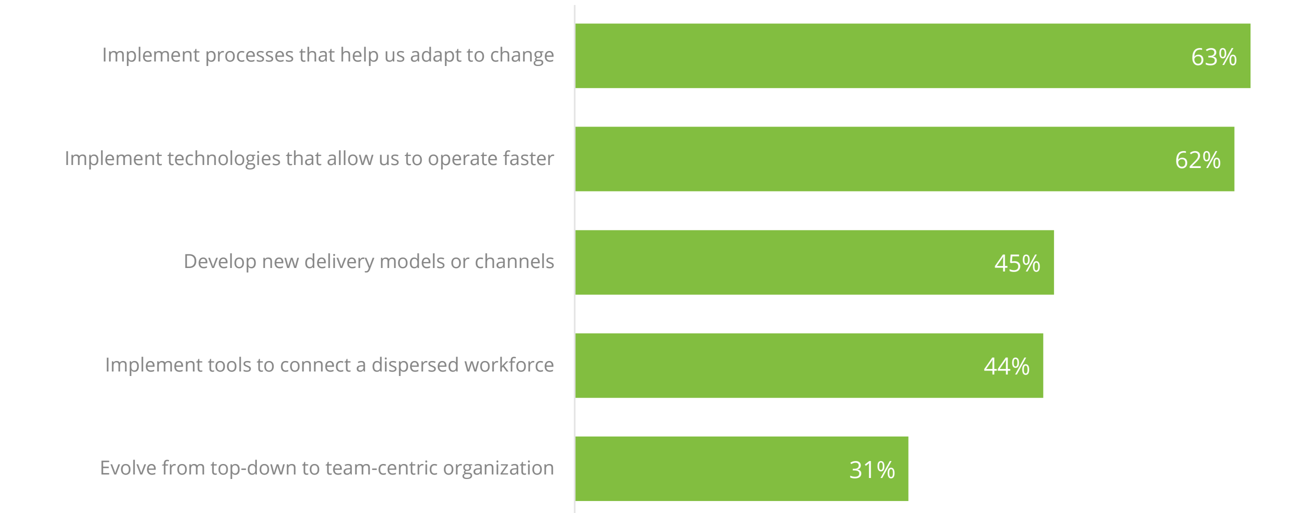


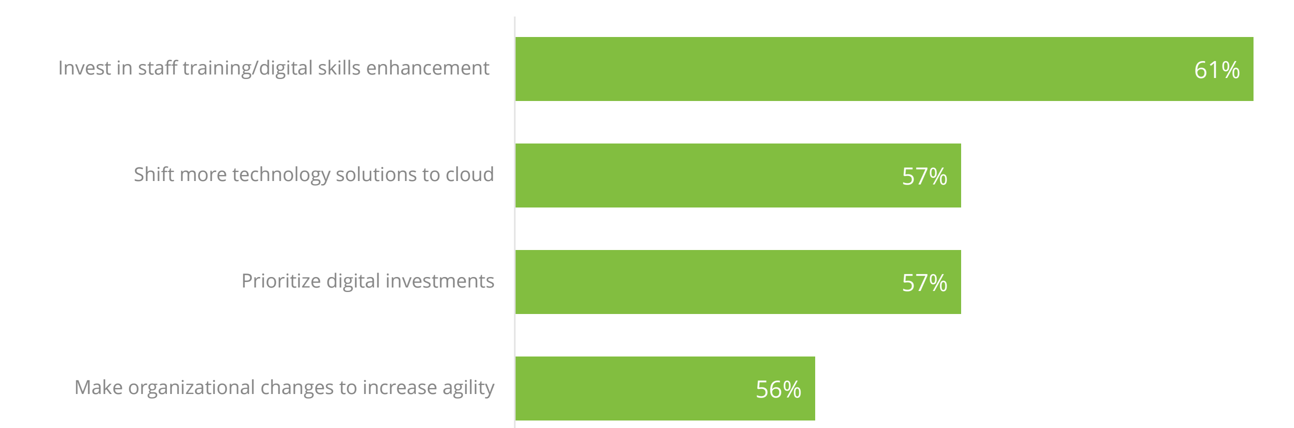
FIGURE 4: Goals for Digital Transformation Initiatives, Next 12 to 18 Months



What immediate, concrete steps are these SMB decision-makers willing to take to make their DX dreams a reality? In the same 12- to 18-month period, more than half of those surveyed (61%) said they're committed to increased investment in staff training (*see FIGURE 5: Steps to Accelerate Digital Transformation, Next 12 to 18 Months*). This is a critical acknowledgment that even the most cutting-edge technologies are rendered powerless unless wielded by a skilled and capable cadre of workers.

As we'll find out, that realization comes not from intuition but from hard-earned experience with earlier, failed DX endeavors. The skills gap exposes both a challenge and an opportunity for IT channel partners that can augment client staff with their expertise while also serving as a conduit for ongoing user training. Many cybersecurity partners, for example, build successful user-focused security awareness training programs into their managed security service practices. That same approach to training and nurturing end-user skills can be applied to many of the tech disciplines that underpin digital transformation implementations.

FIGURE 5: Steps to Accelerate Digital Transformation, Next 12 to 18 Months

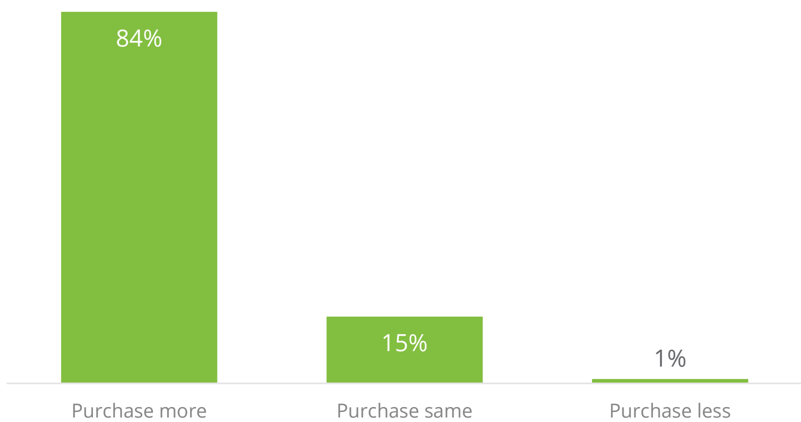


Beyond the need for skills enhancement, a similar majority (57%) will focus on transitioning more business IT solutions to cloud-based offerings and prioritizing digital investments that support their overall DX goals of getting bigger, better, and faster.

The Buck Starts Here

Understanding business leaders' motivations and strategies is one thing; assessing how they'll turn those desires into action is quite another. Yet it's key to understanding where the opportunity lies for IT solution and service partners that deliver and support the foundational elements of digital transformation to the vast majority of SMB organizations.

FIGURE 6: Transformative Technology Purchasing Plans, Next 12 Months

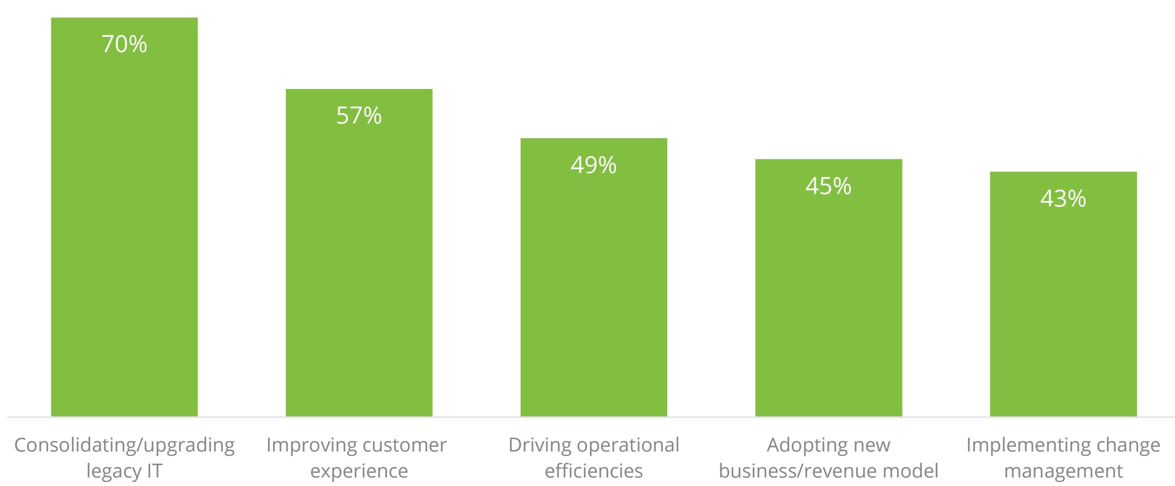


What's abundantly evident are the bright, near-term prospects for both sellers and integrators of transformative technologies. A whopping 84% of the SMB decision-makers polled said they plan to buy more IT solutions related to their DX initiatives in the coming 12 months (*see FIGURE 6: Transformative Technology Purchasing Plans, Next 12 Months*).

Only about one in six (15%) said they'll keep IT purchasing level, while virtually none expect to reduce their transformation-related technology spending.

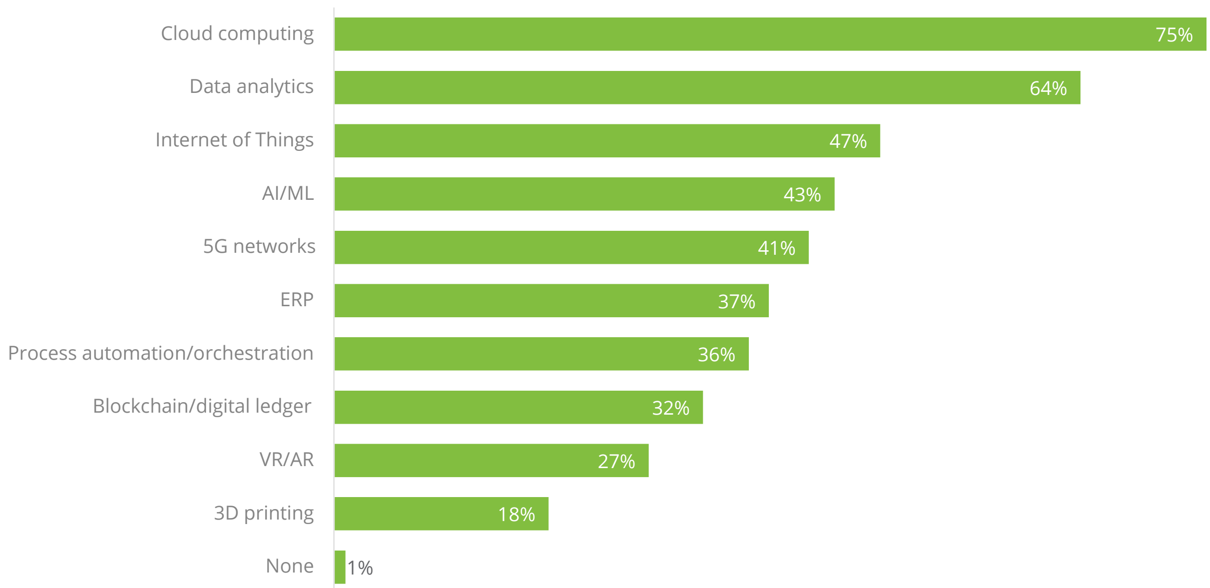
Like the more abstract goals discussed earlier, these concrete purchases largely focus on technology that helps SMB organizations consolidate and update legacy systems, improve customer experiences, and drive new operational efficiencies (*see FIGURE 7: Priorities When Investing in Digital Transformation*).

FIGURE 7: Priorities When Investing in Digital Transformation



What kinds of technology purchases best satisfy those priorities through 2022? The far-and-away winners will be cloud computing and data analytics platforms, two linchpins of any legitimate digital transformation effort (*see FIGURE 8: Top Transformative Technology Initiatives, Next 12 to 18 Months*). Three-quarters of SMB leaders surveyed put cloud at the top of their DX shopping list; 64% tapped analytics.

FIGURE 8: Top Transformative Technology Initiatives, Next 12 to 18 Months



Other technologies capturing the attention — and wallets — of SMB buyers include IoT, AI and machine learning, and 5G mobile communications. That trio of emerging technologies constitutes the integral parts of most cutting-edge customer service and experience platforms today and demonstrates how seriously SMBs are taking the challenge to improve and expand the way they interact with partners and buyers alike.

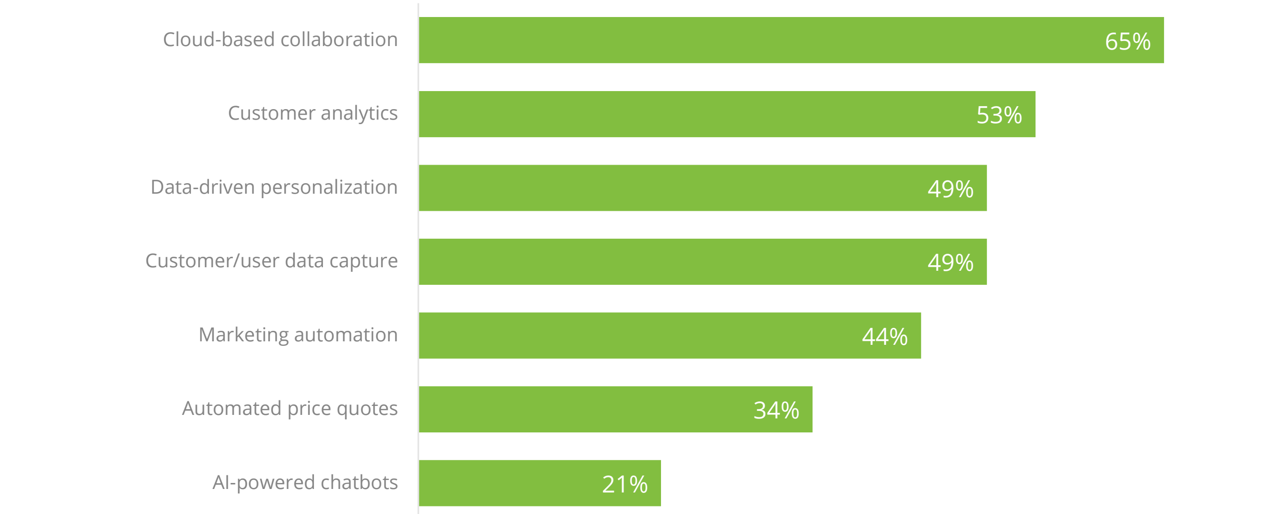
These advanced solutions don't exist in a technology vacuum, however. What users are describing with these goals and aspirations are tightly integrated combinations of tools that deliver a sum of benefits greater than their parts. While the focus may be on emerging technologies, vendors and partners must be ready to augment these transformative initiatives with IT staples such as security, enterprise-grade storage, and business-ready backup and recovery capabilities.

Drilling down into customer experience priorities finds the majority of SMBs focused on bolstering their collaboration, analytics, and personalization chops by leveraging the cloud and implementing advanced tools and platforms (*see FIGURE 9: Top Tech Initiatives to Improve CX*).

This effort to improve the way businesses build and nurture relationships with their clientele is hardly new. What's changed is the availability of robust, full-featured platforms. Once the purview of the well-heeled, digitally elite enterprises, these powerful tools — and the infrastructure to run them — are now within the budgetary reach of nearly all who seek them.

But while more affordable and readily available, many of these solutions retain steep learning curves. Getting full value from such complex tools demands a level of deployment, implementation, and management expertise unavailable to most smaller organizations. A majority of SMBs will be wholly dependent on the IT channel's cadre of solution and service providers to fill that gap if they're ever to realize their goals for radical CX improvement.

FIGURE 9: Top Tech Initiatives to Improve CX



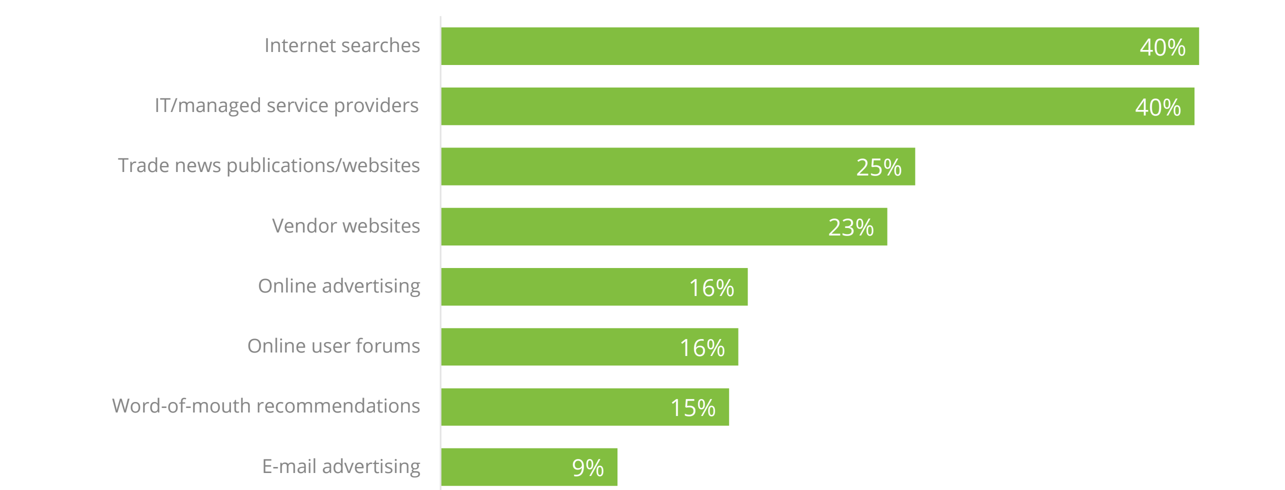
And once again, there's ample opportunity to address the need for attached solutions like additional storage and BCDR (business continuity and disaster recovery) to power these bold new initiatives.

Examining Purchasing Habits

Much has been written about the first tentative-yet-crucial steps in a buyer's purchasing journey. To varying degrees, technology purveyors have been told that word-of-mouth is king, that recommendations from trusted peers dominate decision-making, or that traditional advertising and vendor marketing collateral continue to be vital to the seller's cause.

The research sets most of these hypotheses to rest.

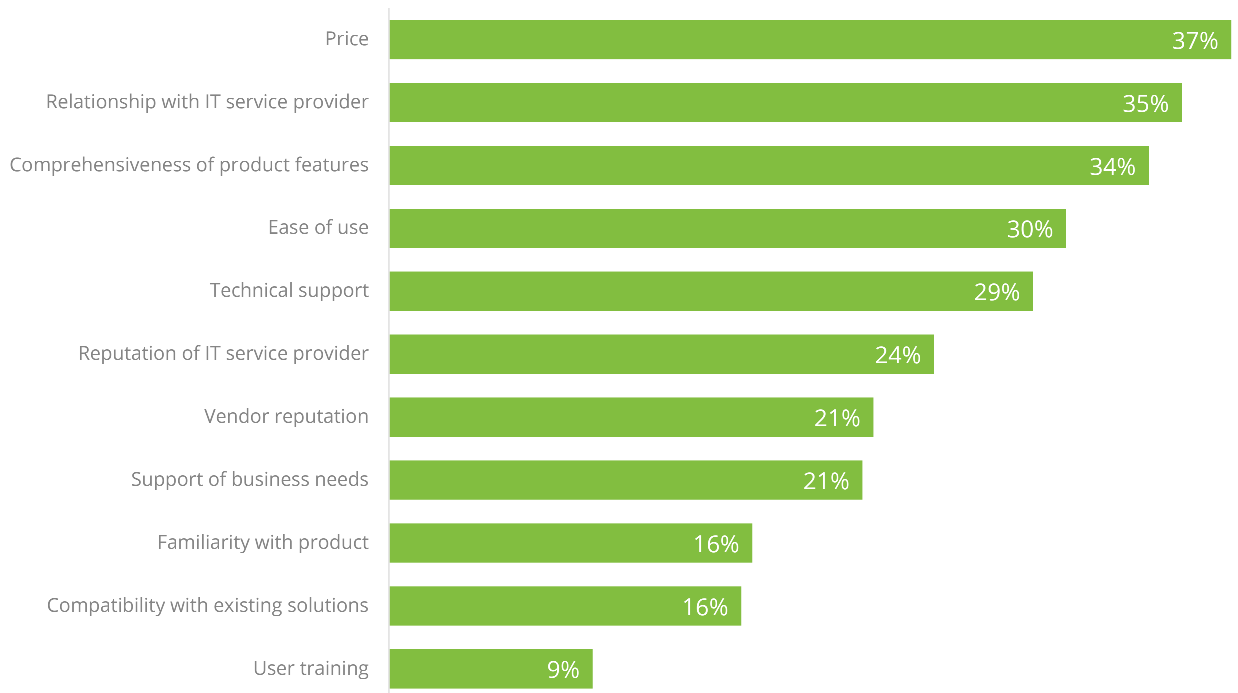
FIGURE 10: Top Sources of Info When Purchasing IT



With few exceptions, getting information on which to base a technology purchase is a two-act play: Google and the channel. Among respondents, 40% tapped Internet searches and recommendations from their own IT or managed service provider as the primary source of information used to figure out which solutions to invest in (*see FIGURE 10: Top Sources of Info When Purchasing IT*).

The good news for IT channel partners doesn't end there: Ignoring for the moment the universal question — "How much does it cost?" — the quality of the ongoing relationship with those same IT service partners tops the list of criteria SMB buyers use when making the decision to buy (*see FIGURE 11: Business Technology Selection Criteria*).

FIGURE 11: Business Technology Selection Criteria



At 35%, channel relationships come in slightly ahead of product features (34%), ease of use (30%), and even technical support (29%). This is a powerful endorsement of the influence of channel partners and a clarion call for providers to employ that leverage to the benefit of all parties concerned. But as it turns out, being a trusted advisor doesn't always equate to winning the business – though it should.

There's another curiosity in this selection criteria data as well. As noted earlier, at several points in the research, SMB leaders spotlighted the need for training and digital skills enhancement and bemoaned poorly trained users as a contributing factor in failed DX initiatives. It's notable, therefore, that the availability and quality of training for users ranks lowest in the selection criteria when new products are being considered.

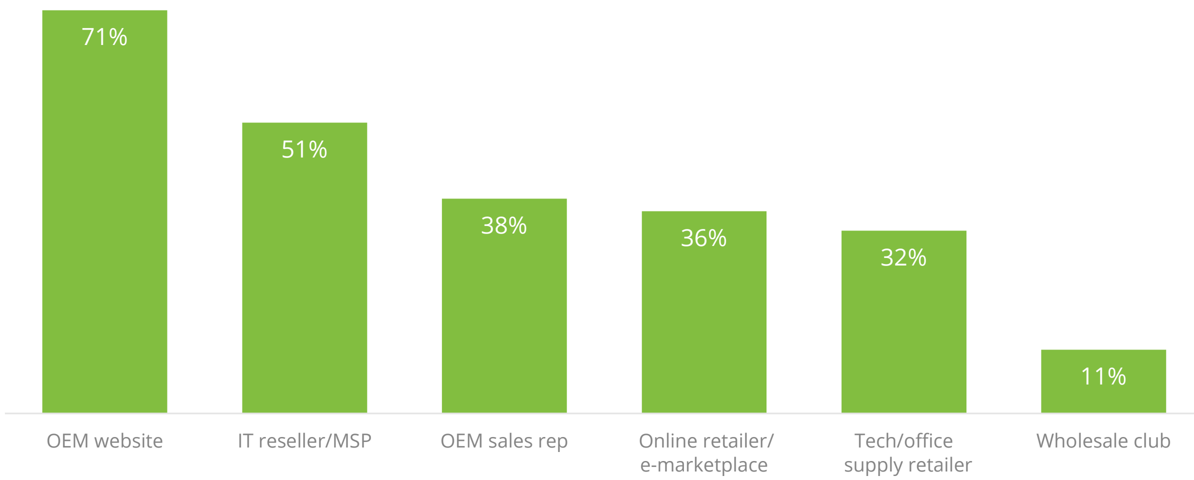
Communicating that skills and training disconnect to buyers early in the purchasing decision cycle would go a long way toward solving one of the more vexing problems facing SMB digital transformation projects further down the road. DX technologies are optimized primarily by highly skilled users.

Targeting the Channel Sweet Spot

There's a cautionary tale for IT partners embedded in the examination of the way SMB decision-makers acquire transformative technologies. Being a trusted source of information about DX solutions doesn't always make the cash register ring.

As noted above, vendor reputation and website collateral pale in comparison to partner influence when it comes to sorting through DX technology choices. But armed with sufficient information about a product or service, SMB buyers are far more likely to skip directly to the OEM website to consummate the deal (*see FIGURE 12: Business Technology Purchase Sources*). It's the B2B equivalent of eye-shopping at the mall but buying from Amazon, and it's the preferred method of 71% of SMB technology buyers polled. Ignoring the small number of partners engaged in referral programs to any meaningful extent, this is a problem for an IT channel increasingly dependent on maintaining a presence in subscription-style, recurring-revenue engagements.

FIGURE 12: Business Technology Purchase Sources

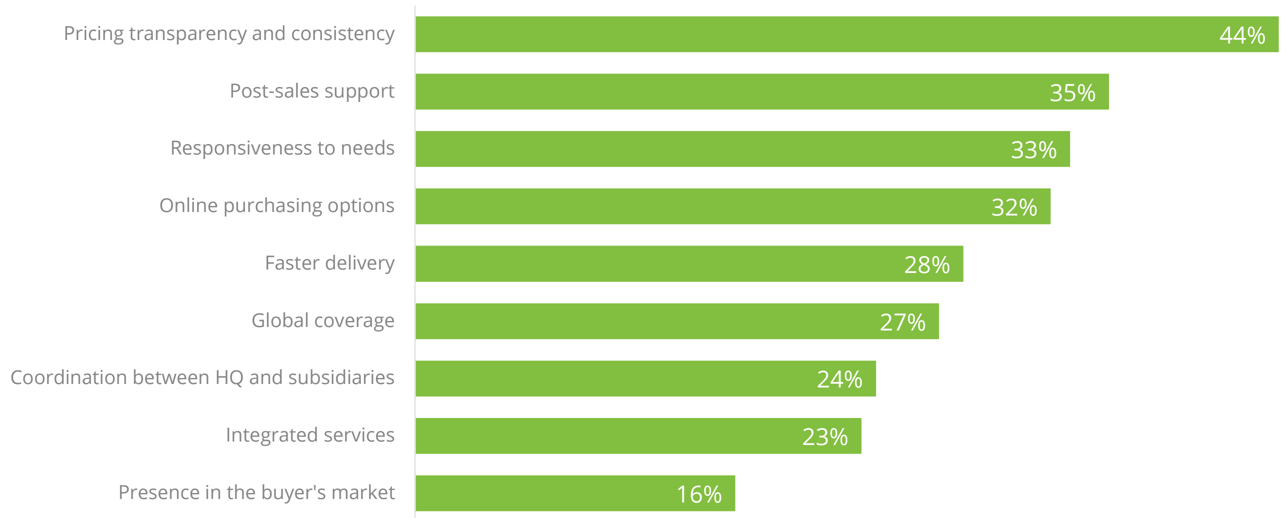


The channel still gets support from better than half of the respondents (51%), but the math remains inverted. A trusted information source as powerful as the channel partner should remain the focal point for the entire lifecycle of the deal. Where do partners come up short? The simple answer appears to be price. The more complicated reality involves communication and positioning in the decision cycle.

Vendor reputation and website collateral pale in comparison to partner influence when it comes to sorting through DX technology choices.

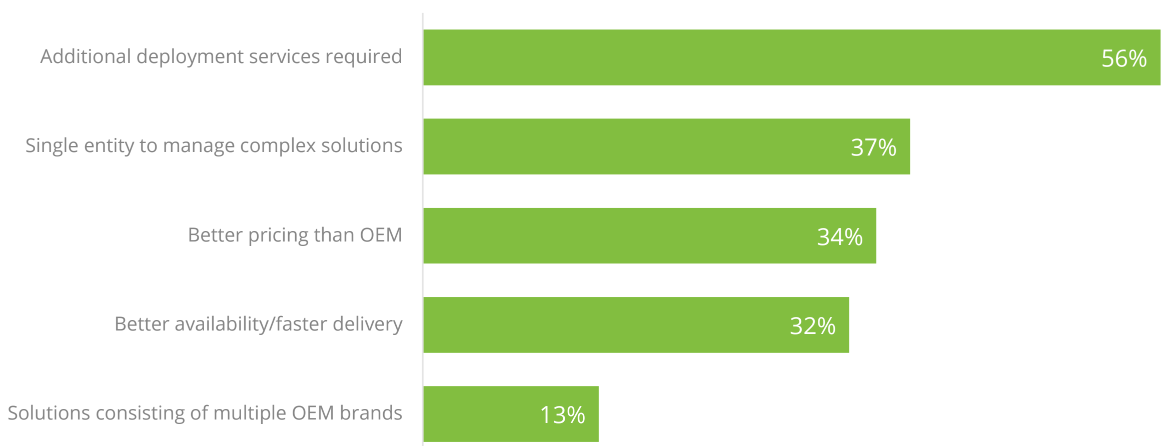
A look at the survey data reveals that SMB leaders, who already profess to lean heavily on IT partners for guidance on technology investments, said they prefer to deal directly with the vendor mostly because the process is more transparent and consistent (*see FIGURE 13: Reasons Why Buyers Deal Directly With OEM*). Also, the prospects for post-sales support, general responsiveness, and, perhaps most important, online buying options strongly influence the decision.

FIGURE 13: Reasons Why Buyers Deal Directly With OEM



The OEM purchase is all about speed and price — or at least the perception that the vendor can fulfill solutions faster and cheaper than trusted advisors can. The channel-focused purchase, meanwhile, is all about capabilities (*see FIGURE 14: Reasons Why Buyers Purchase From Channel Partner*). When additional deployment services are required to implement complex solutions, partners top the list for 56% of buyers. Price and availability are far less relevant when complexity is a factor, a sure indicator that vendors struggle to deliver the kinds of positive outcomes that are the hallmark of successful channel engagements.

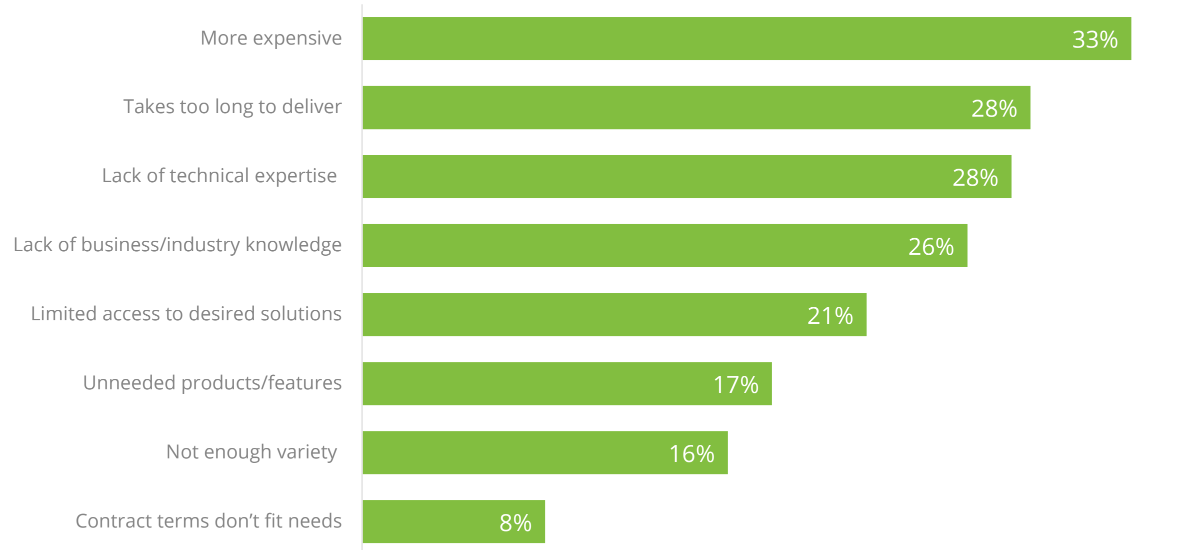
FIGURE 14: Reasons Why Buyers Purchase From Channel Partner



In fact, the perceptions that DX solutions bought through channel partners are more expensive and take longer to deliver dominate the list of reasons SMB buyers avoid such purchases (*see FIGURE 15: Downside of Buying Through Channel Partners*).

Particularly in cases where partners haven't established their technical expertise and knowledge of the client's unique industry requirements, the channel is hard-pressed to lure buyers away from purchasing transformative digital products and services directly from the vendor.

FIGURE 15: Downside of Buying Through Channel Partners



This conundrum exists, paradoxically, because IT solution and service providers have done an excellent job heeding the long-established advice of channel experts that partners should emphasize their value as expert tamers of unruly, complicated platforms and processes, while simultaneously downplaying their role in simple, transactional sales. The reality of today's recurring-revenue, as-a-service economy demands otherwise.

So while the good news is that partners are perfectly positioned in the buying cycle as trusted sources and skilled implementors, that's no longer enough. Early in their clients' decision-making, channel providers also need to demonstrate their ability to deliver quick, cost-effective fulfillment with availability, a diverse product portfolio, and online options that rival the direct-from-OEM alternatives.

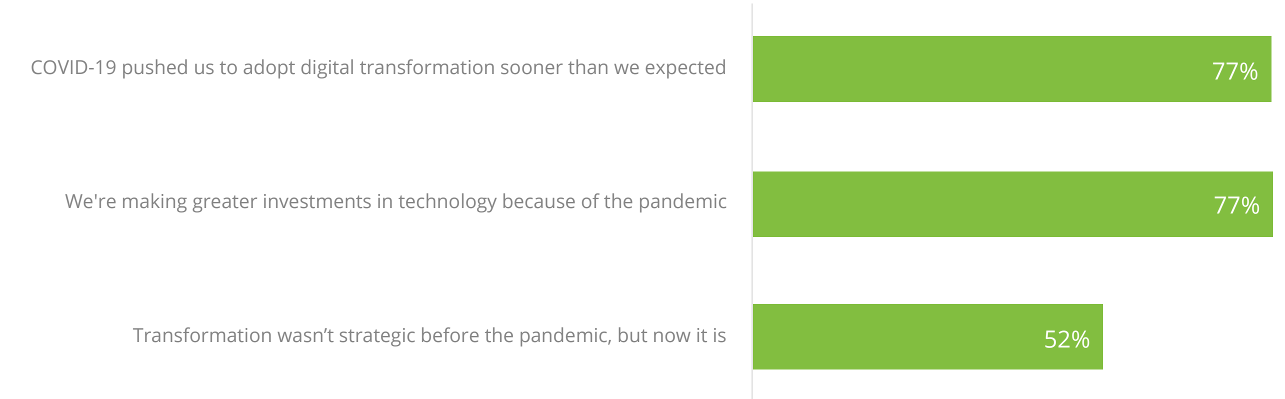
Weathering the COVID Crisis

No analysis of the state of digital transformation in 2021 would be complete without a look at how a crushing global pandemic altered the DX landscape. The COVID-19 crisis roiled lives and businesses in every part of the world in ways most living humans have never witnessed.

The term "unprecedented" is used a lot in relation to the pandemic; in fact, viral epidemics have been around as long as life on earth. What's novel about the coronavirus pandemic is that it arrived at a time when the world has access to as much digitally transformative computing and communications technology as it's ever known. In fact, cutting-edge technology continues to play a key role in helping the world cope with – and ultimately triumph over – COVID-19.

At the SMB level, the health crisis pushed businesses to adjust their high-level digital transformation plans in a variety of ways. The key for most was acceleration. A vast majority of SMBs (77%) said the pandemic pushed them to embrace transformation sooner than they'd expected (*see FIGURE 16: COVID-19's Effects on Digital Transformation (Top 2 Box)*). An equal share said they increased their financial commitment to DX initiatives in the wake of COVID-19.

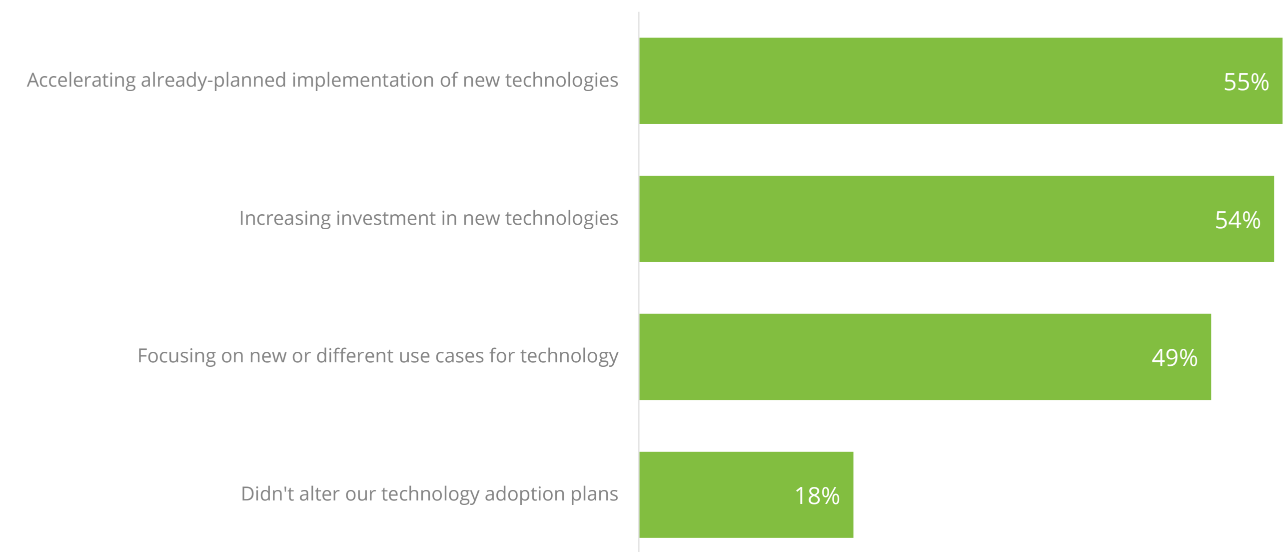
FIGURE 16: COVID-19's Effects on Digital Transformation (Top 2 Box)



Roughly half (52%) report the pandemic as the impetus for digital transformation strategies that weren't even on the docket prior to 2020.

As for COVID-19's impact on specific, tactical technology adoption efforts among SMBs with DX initiatives already in flight, the story is similar. The pandemic moved up the deployment and investment timelines for more than half of SMBs (*see FIGURE 17: Impact of the COVID-19 Pandemic on Technology Adoption*). A similar share (49%) has altered use cases for DX technologies in COVID-19's wake. Meanwhile, fewer than one out of five (18%) said the pandemic had no effect on their DX rollout plans.

FIGURE 17: Impact of the COVID-19 Pandemic on Technology Adoption



As has been noted across the IT industry since the onset of the COVID-19 crisis in early 2020, IT solution and service partners have continually shown themselves to be a major part of the pandemic response and recovery effort. That remains true in the context of digital transformation as well.

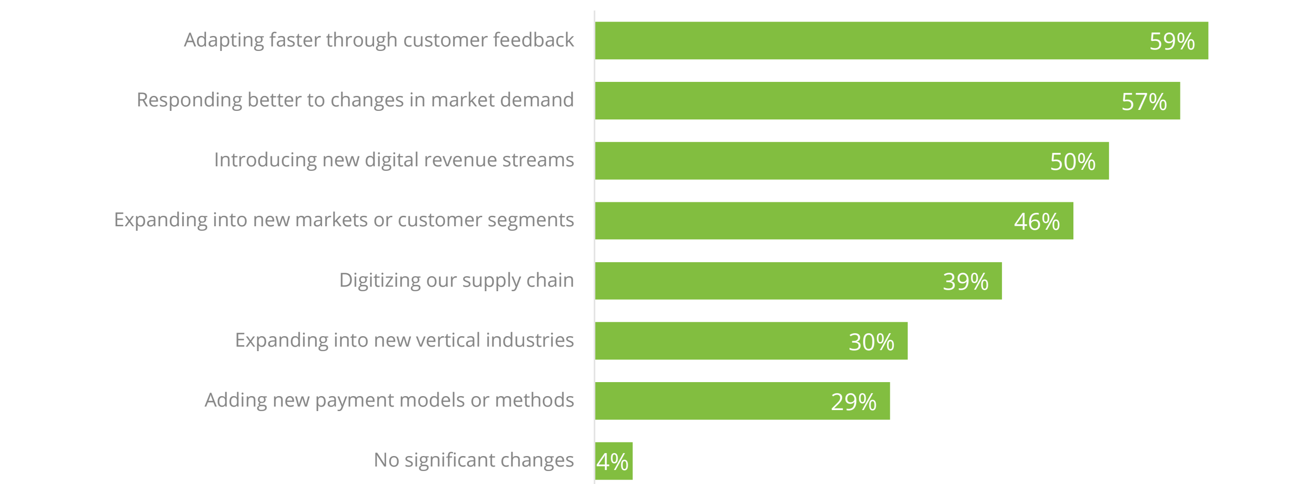
IT partners are now delivering the remote access, networking, communications, collaboration, and security capabilities clients need to support transformative remote work, remote learning, e-commerce, analytics, process optimization, CX, and more in a COVID and post-COVID world.

Looking Ahead: The Transformation Long View

SMB leaders have short-term milestones in mind as they measure the value and success of their ongoing DX efforts. But as noted earlier in this report, the long view is a far more influential driver of digital transformation initiatives. From the perspective of IT solution and service providers, this is at once the most pressing and most actionable finding in the digital transformation research.

Peering into the future of their transformation initiatives, SMBs anticipate a host of beneficial — often radical — changes to their organizations. When it comes to altering the business itself, SMB leaders expect DX technologies to provide advantages such as faster response to customer feedback, improved agility in the face of shifting market demands, and the formation of entirely new revenue streams (*see FIGURE 18: Anticipated Changes to Business Through Digital Transformation*).

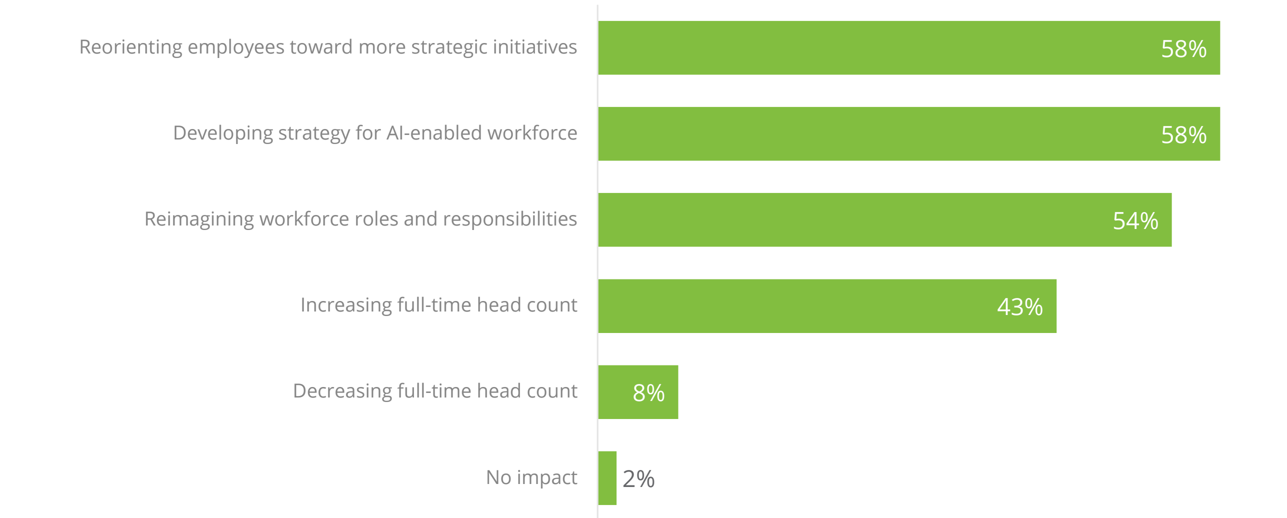
FIGURE 18: Anticipated Changes to Business Through Digital Transformation



SMB leaders also have high hopes for DX to open entry into new markets, verticals, and customer segments, and to deliver a platform for a more reliable and sustainable digitized supply chain. Taken in the aggregate, these aren't trivial expectations. Many businesses mistake basic IT modernization — the use of technology to incrementally improve existing systems and processes — for true digital transformation.

The SMBs polled recognize that to be truly transformative, their technology investments need to be big and bold enough to effect fundamental changes to the way business is done. These changes impact not only value propositions, business models, and organizational processes. Done right, they have a profound effect on people, including both customers and workers. Topping the list of anticipated, transformative workforce changes are an ability to shift human resources from lower-level tasks to more strategic work and the use of emerging technologies to develop a workforce augmented by artificial intelligence (*see FIGURE 19: Anticipated Impact of Digital Transformation on Workforce*).

FIGURE 19: Anticipated Impact of Digital Transformation on Workforce

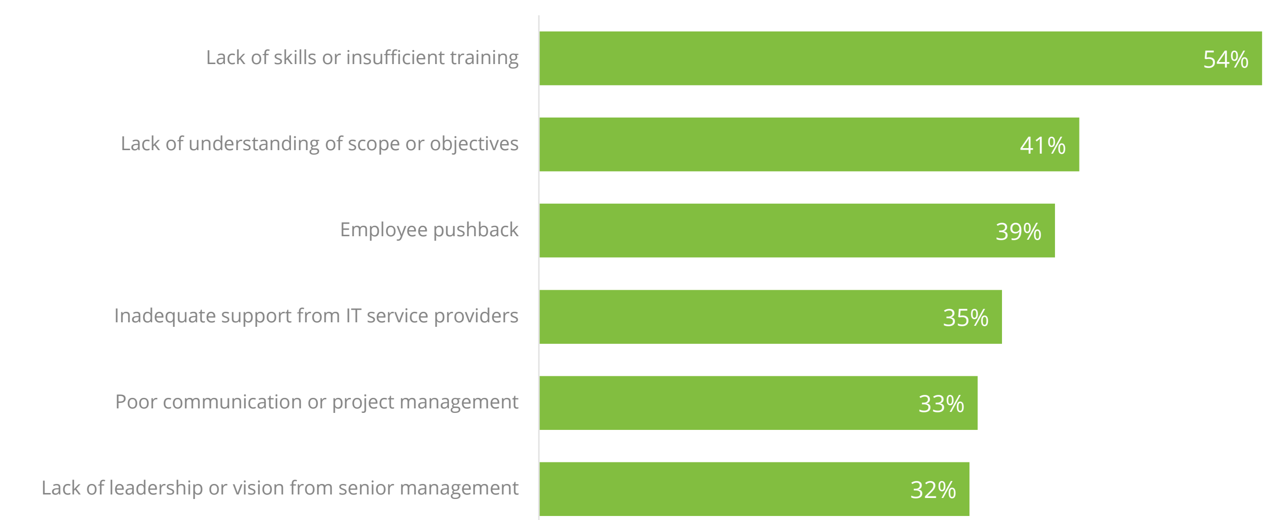


An overall reimagining of worker roles and responsibilities and an increase in total head count are also expected as a result of digital transformation investments and implementations, according to respondents.

While cutting-edge technologies, particularly AI- and machine learning-powered platforms, often come with a checkered reputation for displacing traditional workforces, it's notable that very few SMB leaders surveyed saw decreased head count as a realistic or desirable outcome of digital transformation. Virtually no respondents (2%, which is below the survey's margin of error) saw DX as having no impact at all.

As DX initiatives wend their way along a protracted implementation path, organizations are also learning valuable lessons about what makes them work and, equally important, what trips them up. As noted at the outset, not every step in the transformation journey is a skip or a jump. Such initiatives can occasionally become a slog simply to keep pace. Those organizations with digital transformation efforts in flight attest to the inherent challenges and provide a worthy road map of pitfalls to avoid.

FIGURE 20: Reasons Digital Transformation Efforts Fail



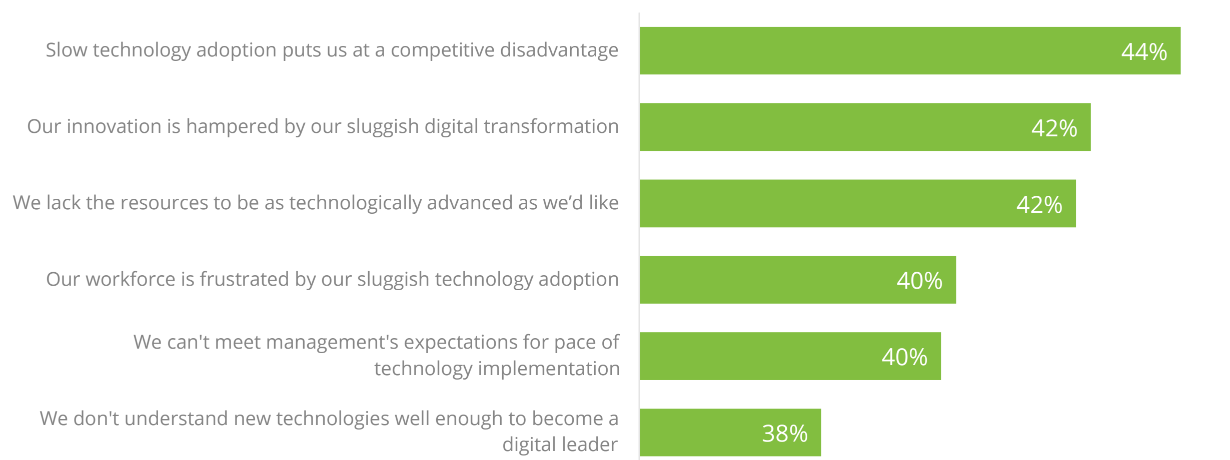
Here again, we see a lack of staff skills and insufficient training as a top threat to DX success (*see FIGURE 20: Reasons Digital Transformation Efforts Fail*).

Failing to understand the scope or objectives of the initiatives and pushback from employees — two sides of the same coin — rank high on the failure list as well. Poorly defined and insufficiently planned DX projects are fertile ground for cultural problems within an organization. And the more radical the transformation plan, the more likely the resistance. Such concerns are also reflected to varying degrees elsewhere in the findings in the guise of poor communication and project management, as well as a lack of leadership and executive vision.

Apparently, an aggressive DX plan can function smoothly only if leaders first acknowledge and document where the organization is trying to go and how it will get there. It's vital at the earliest stages of transformation to be fully transparent with stakeholders and employees about the anticipated changes to processes, roles, responsibilities, and skills requirements.

One notable outlier on the list is the 35% of respondents that pin DX failures on inadequate support from IT service providers. Reasons for such perceptions can vary from poorly communicated project objectives on the part of the client to solution providers overreaching their capabilities or capacity when expanding their practices. (Managed security service providers, for example, are infamous for this kind of shortcoming.)

FIGURE 21: Digital Transformation Obstacles (Top 2 Box)



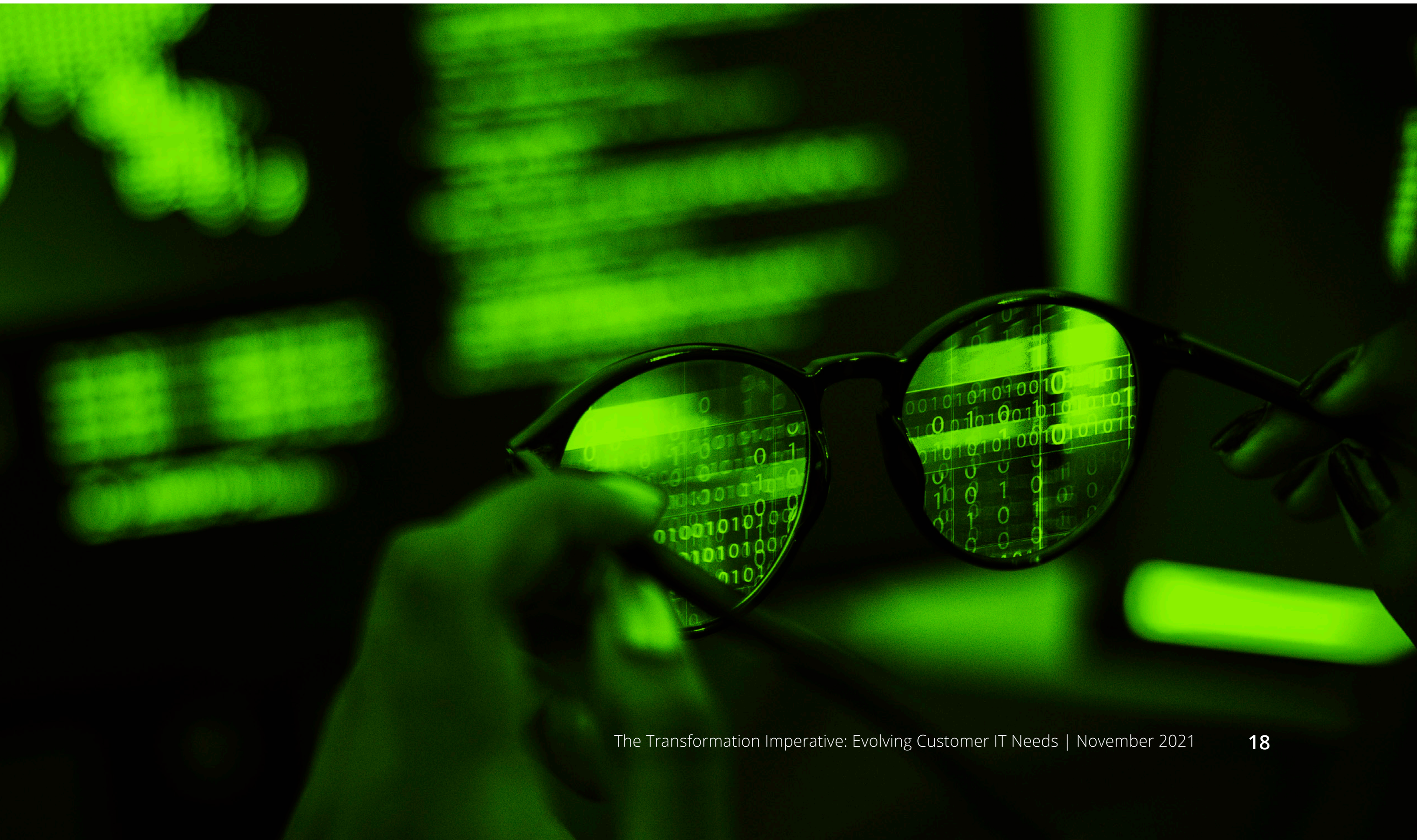
Regardless of their origins, missteps on the road toward digital transformation come at a significant cost to those involved (*see FIGURE 21: Digital Transformation Obstacles (Top 2 Box)*). Nearly half of SMB technology decision-makers (44%) agree that sluggish technology adoption makes it harder for them to succeed in a highly competitive marketplace; 42% say slow-rolling transformative technology quells innovation and keeps them from recognizing their vision for technology prowess.

Meanwhile, 40% feel strongly that a slow pace of transformation frustrates a company's employees and disappoints its leadership, both groups with bolder aspirations for technology-driven change in the business.

Looking ahead, it's clear these are the prime areas where IT solution and service providers can and must show their support. Every one of the stated DX goals, challenges, and obstacles represents a prime opportunity for the trusted IT advisor to shine. Heading off known roadblocks and smoothing the path to DX success not only improves the fortunes of an SMB ecosystem eager to thrive but also provides a ready formula for establishing value and ensuring longevity in the partner-client relationship.

For the IT partner, key steps include these:

- **Being ready to advise** on and deliver complex, cutting-edge solutions such as buyer behavioral analytics and AI-driven decision-making. SMBs are making it clear they want enterprise-grade power to supercharge their approach to serving their customers and growing their businesses.
- **Understanding the customer's industry** and market pressures in order to fit targeted technology solutions to real-world business objectives in the most effective way. This requires not only business acumen but also a deep understanding of business processes unique to the client's business.
- **Taking a holistic approach** to transformative technology initiatives by proactively discussing foundational IT requirements for cutting-edge solutions. Nearly every approach on the customer's wish list depends on a roster of supporting offerings such as additional enterprise-grade storage, robust data backup and recovery, and strong cybersecurity capabilities.
- **Finding ways to empower the client's workforce** using technology as a force multiplier. This includes leveraging the newest collaboration and remote access tools, as well as automating existing processes and streamlining workflows with the help of industry-specific digital tools. With staffing challenges at near-record levels, it's vital for SMBs to get the most from their skilled workers and allow them to focus on tasks that truly drive the business toward growth and greater value.



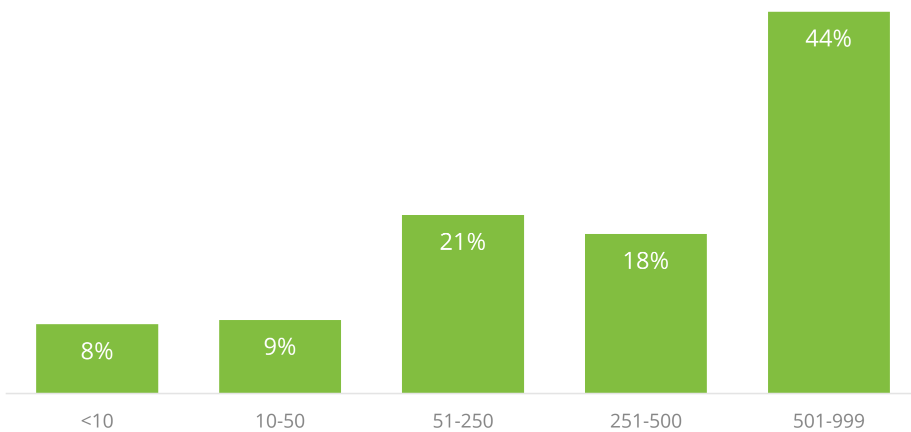
Methodology & Firmographics

This Pax8 report was produced with the support of Channelnomics and sponsored by Microsoft, Veeam, and Wasabi. The program aims to give channel solution and service providers visibility into the ways business IT decision-makers are navigating their digital transformation journeys; the challenges they face; and the solutions, services, and support they need to reach technology-driven success.

Channelnomics conducted the research, surveying 414 North American SMB business leaders who make IT purchasing decisions for companies across a variety of industries. The data has a margin of error of +/-5% with a 95% confidence level.

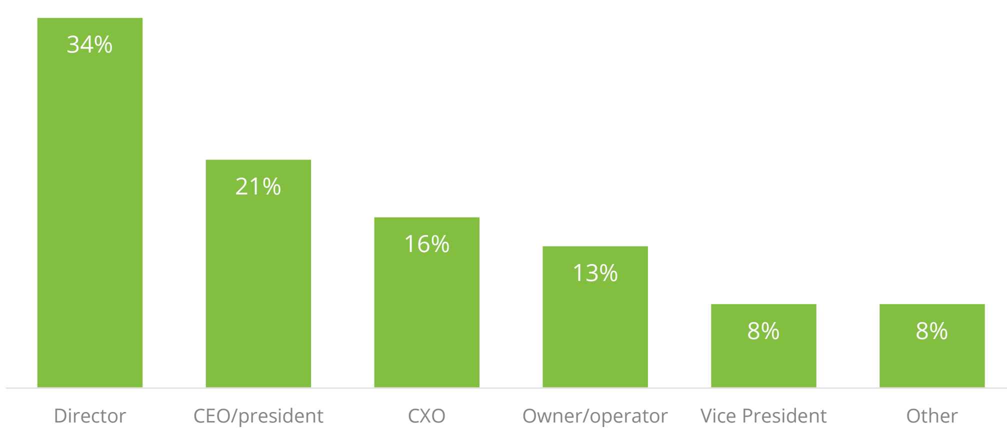
Nearly half of respondents represent the upper echelon of the SMB/SME space with between 500 and 999 full-time employees (*see FIGURE 22: Firmographics – Respondents by Size (Full-Time Employees)*).

FIGURE 22: Firmographics – Respondents by Size (Full-Time Employees)



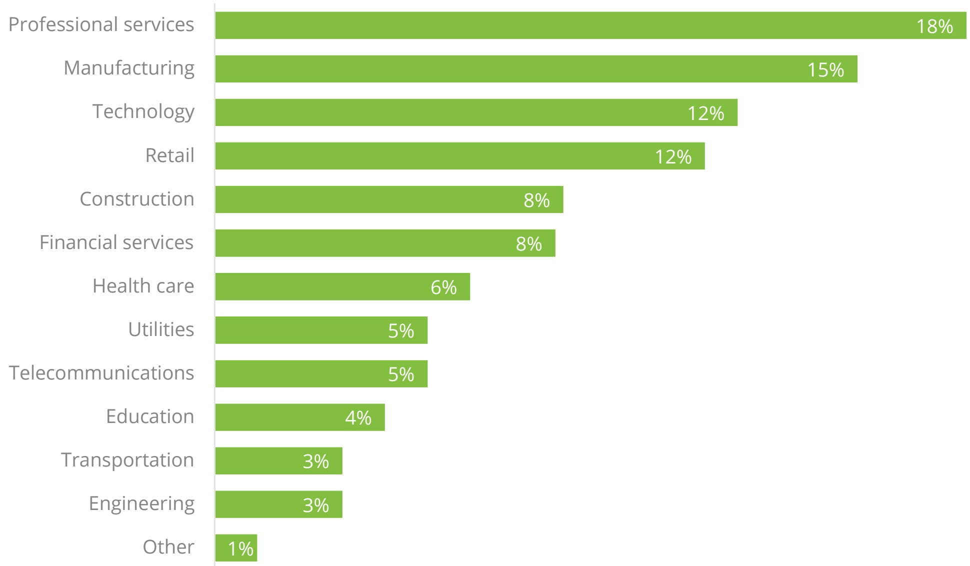
Respondents were screened to ensure they had technology purchasing authority and had exercised that authority within the past 12 months. The resulting sample strongly represents core SMB leadership, with 37% of respondents holding president or C-level executive titles (*see FIGURE 23: Firmographics – Respondents by Title*).

FIGURE 23: Firmographics – Respondents by Title



The sample covers the gamut of verticals, including solid representation from industries most likely to be engaged in DX initiatives, such as manufacturing, technology, retail, financial services, and health care (*see FIGURE 24: Firmographics – Respondents by Vertical Industry*).

FIGURE 24: Firmographics – Respondents by Vertical Industry



About Us

A Technology Partnership You Can Rely On

As a service provider, you need technology partners with best-in-class offerings that will meet and exceed your ongoing data management needs. Offered by Pax8, Veeam and Wasabi provide comprehensive backup and recovery tools for workstations, physical servers, and cloud instances – solutions that allow service providers to offer Backup-as-a-Service end-to-end across an environment.

You can't recover data and applications you haven't kept. That's why maintaining current copies of data and applications is a must for ensuring business continuity. Fortunately, you now have a modern cloud storage option for simple, affordable backup and recovery. You get the infinite scalability of the cloud with Wasabi hot cloud storage, the comprehensive reliability of Veeam, and the peace of mind in knowing that you can securely back up your assets for less than what you'd pay for on-premises storage and a fraction of the price offered by other cloud storage providers.

That makes the combination of Veeam and Wasabi ideal for backing up everything, from mission-critical databases and applications, including Microsoft's, to all of your high-resolution images and media.

PAX8

Pax8 is modernizing how partners buy, sell, and manage cloud. As a born-in-the-cloud company, Pax8 simplifies the buying journey, empowering its partners to achieve more with cloud technology. The company's technology displaces legacy distribution by connecting the channel ecosystem to its award-winning transactional cloud marketplace. Through billing, provisioning, automation, industry-leading PSA integrations, and pre- and post-sales support, and education, Pax8 is a proven disruptor in the market. Pax8 has ranked in the Inc. 5000 for four consecutive years — #68 in 2018, #60 in 2019, #111 in 2020, and #164 in 2021 — as one of the fastest-growing private companies in the US. If you want to be successful with cloud, you want to work with Pax8. Get started today at www.pax8.com.

MICROSOFT

Microsoft is a leader in modern business technology, empowering teams in the evolving workplace. Microsoft enables users to work from anywhere, with increased productivity, while maintaining the highest level of security. Microsoft's integrated cloud services assist in the construction, deployment, and management of business applications. Additionally, Microsoft tools allow users to improve overall service while accelerating sales and increasing team productivity. Microsoft has multiple focus area with security as the foundation for all. Microsoft enables companies to achieve more while keeping security at the forefront with unmatched security tools to protect organizations from threats across devices, identities, apps, email, data, cloud workloads and more.

Veeam

Veeam® is the leader in backup, recovery and data management solutions that deliver Modern Data Protection. We provides a single platform for Cloud, Virtual, Physical, SaaS and Kubernetes environments. Our customers are confident their apps and data are protected and always available with the most simple, flexible, reliable and powerful platform in the industry. Veeam protects over 400,000 customers worldwide, including 82% of the Fortune 500 and 69% of the Global 2,000. Veeam's global ecosystem includes 35,000+ technology partners, resellers and service providers, and alliance partners and has offices in more than 30 countries. To learn more, visit www.veeam.com or follow Veeam on LinkedIn @veeam-software and Twitter @veeam.

WASABI

Wasabi provides simple, predictable and affordable hot cloud storage for businesses all over the world. It enables organizations to store and instantly access an unlimited amount of data at 1/5th the price of the competition with no complex tiers or unpredictable egress fees. Trusted by tens of thousands of customers worldwide, Wasabi has been recognized as one of technology's fastest-growing and most visionary companies. Created by Carbonite co-founders and cloud storage pioneers David Friend and Jeff Flowers, Wasabi has secured nearly $275 million in funding to date and is a privately held company based in Boston. Follow and connect with Wasabi on Twitter, Facebook, Instagram, and our blog.