



Light at the end of the channel

White Paper

in association with



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Executive Summary

This report looks to uncover the mood of the UK channel in response to the ongoing pandemic. With a mixture of quantitative and qualitative research, the paper analyses current sentiment and, importantly, future outlook. In the face of an ever-changing environment, business requirements continue to evolve, and channel partners have a critical role to play in keeping organisations connected, resilient and building for tomorrow.

Key findings:

1. The importance of digital capabilities for business resilience and continuity is now widely recognised, with 82% of channel partners agreeing that business leading in digital transformation made businesses significantly less vulnerable to the economic impacts of the pandemic.

2. The channel believes that not only is digital transformation critical to resilience and continuity, it is vital to future success. The main benefits of digitalisation are seen as agility, flexibility and customer experience, and the cost savings enabled by automation.

3. The vast majority of the channel's end-customers (96%) are now taking a more strategic, long-term approach to their digital needs. This comes after the first national lockdown which saw an initial explosion of reactive demand for collaboration enhancing tools and capabilities for suddenly remote workforces.

4. Decentralised workforces are causing cyber security concerns. Channel partners believe that engaging managed service providers (70%) is the most effective way for businesses to protect themselves from cyber threats, and prioritising relationships with suppliers which have strong cyber security ecosystems (44%) is second.

5. The environment has resulted in evolving customer needs. More than two-thirds of respondents have seen increased demand for network bandwidth from customers; 62% increased demand for collaboration tools. A third have seen businesses demand shorter procurement times as they look to adopt tools far faster, in response to the changing situation.

6. Strong partnerships have been critical to survival during the pandemic as 96% of respondents claim partners kept them operational during the first wave. 84% state that partners provided additional support above and beyond expectations. Moving forward, greater technical and commercial support will be key.

7. Nearly half (49%) expect a flexible, hybrid, home and office working model to prevail for the long term amid optimism that it can create better, more inclusive, workplaces. 84% anticipate that the pandemic experience will transform company cultures.

8. Faced with uncertainty, 73% of channel partners believe that customers' first priority will be to manage costs rather than accelerate digital transformation. This reveals a need for partners to show commercial flexibility in order to establish lasting relationships.

9. There is a good level of awareness about the 2025 switch off of the Public Switched Telephone Network (PSTN), but partners reveal that only 8% of businesses are ready for the move to all-IP – there is some way to go.

Methodology

This project benefited from a number of structured, one-hour, in-depth interviews with senior personnel from BT Wholesale, Cisco UK and Gamma Group. We are hugely grateful to all participants for their time and for sharing their experiences and thoughts so generously.

We also benefited from a proprietary online survey, conducted in October 2020, via Coleman Parkes Research, that reached 100 senior decision makers at 100 different UK telecom resellers, spanning SMEs through to enterprise level organisations of 1,000+ employees.

The primary research was complemented by an extensive literature review covering all aspects of the UK pandemic experience in 2020.

Introduction

In this paper, we will share some of the lessons and thinking to emerge from the pandemic experience, while looking ahead to channel prospects beyond the immediate crisis.

Whether you believe life has changed forever or that we will soon revert to business as usual, the communications market will never be the same.

This report focuses specifically on the channel and reseller market, while also introducing some of the wider commentary and research surrounding the UK business experience.

After around eight months of the crisis, we have adapted to our new reality, and a picture of the future is starting to emerge – but we should be wary of reaching premature conclusions.

There is significant hope invested in a better future, and for every perceived negative there are potential positives.

But the decisions we make now will define our futures. Central to the near future of the channel will be the balance struck between risk, investment, and innovation.

We can be confident that hybrid, flexible, working models will endure to a greater or lesser extent across many segments and business types. Equally we can be quietly confident that the office has a future, but it will need to be reimaged, and for many, downsized.





What we know for certain is that digital technologies have risen to the challenge of the pandemic and that technology has never been more important. Just as consumers have moved online in record numbers, so have business buyers; not only have we got used to communicating with family and friends through digital channels, but also doing business digitally.

You could argue the pandemic-driven acceleration of digital adoption is well timed relative to wider technological developments including the 2025 PSTN switch off and the roll-out of FTTP and 5G.

But to take advantage of the opportunities emerging from the crisis, it is vital that the channel itself undertakes its own transformation. If we are to effectively support and enable UK PLC on its digital journey, then we must ourselves walk the walk.

Despite the challenges of these extraordinary times – and we don't underestimate the downsides – the mood within the channel is positive and optimism for the future runs high.

Do note that all interviews took place between September and October 2020, ahead of the second English lockdown, and reflect views at that time. The pandemic situation still contains many uncertainties that could not be factored into these discussions.

Finally, by way of introduction, we should highlight the vital importance of collaboration and partnerships in this fast moving and challenging operating environment. The pandemic has highlighted the interdependencies across the digital ecosystem. Openness and trust are essential ingredients for success in this new way of working.

We hope you enjoy the paper.

The network is critical to business continuity

The business experience of the pandemic has been hugely varied, with winners and losers across industrial segments and business types. But those businesses that were more advanced in their digital capabilities have largely navigated the crisis more easily than their less digitally sophisticated peers. Our survey respondents were certainly in little doubt as to the benefits of digital capabilities, with 82% agreeing that digital leadership made businesses significantly less vulnerable to the economic impacts of the pandemic.

“Our aim is to provide the best infrastructure and connectivity wherever you are”

Gavin Jones, Channel Sales Director, BT Wholesale

Little wonder when the benefits can be seen within the channel itself. As Daria Sokolova, Commercial Director, BT Wholesale told us, those partners with a digital presence, including online portals, have been able to reach new prospects, rapidly launch new offers, and diversify their customer base successfully.

This is as true of smaller businesses as it is of larger operations, potentially enabling SMEs to convert B2B buyers willing to switch suppliers according to the quality of digital experience¹.

A key aspect of the digital proposition are the advantages of a digital, as-a-service, revenue model meaning that digitally advanced businesses benefit from a continuous flow of income rather than awaiting the next big deal or contract – with all the uncertainty that scenario involves.

Mass remote working is perhaps the highest profile consequence of the pandemic. With the announcement of the 23rd March UK lockdown, businesses were forced to pivot to remote working at scale in a matter of days.

The scale of the shift is reflected in the dramatic increases in the use of key digital platforms including Teams, Zoom, Cisco Webex and Slack. Cisco Webex, for example, reported that they were supporting 25 billion meeting minutes in April this year, triple their usual volumes. In October 2020, Webex had nearly 600 million participants, almost double the number in March, aiding a wide range of different organisations, from schools and hospitals through to global enterprises.

For Gavin Jones, Channel Sales Director, BT Wholesale, the positive impacts of digitalisation in this period are a powerful signal for the future. There is a new recognition of the value and importance of digitalisation and a realisation that, as Gavin says: *‘not just to survive, but to do well, you*

have absolutely got to be on that (digital) journey’.

But the channel needs to approach the opportunities for digital in the right way, as Justin Coombes, Group Marketing Director, Gamma, emphasised *‘many UK business are struggling and we very much see ourselves as being a supporting arm for those who may need assistance’.*

Yet there is a powerful and immediate argument to be made in favour of digitalisation, one that emphasises resilience and business continuity – something that too few organisations prioritised in the past. Gartner, for example, reported that only 12% of businesses were *‘highly prepared for the impacts of coronavirus’*².

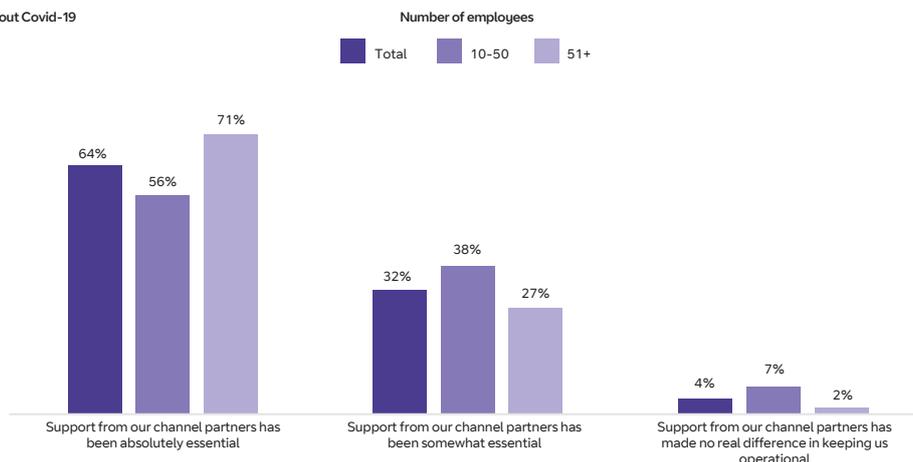
In making that argument we must emphasise the importance of the network, the critical foundation for all digital strategies, platforms, and services. Now, more than ever, the network is the critical enabler of business resilience, survival and future success.

Expect the unexpected may not be the most original advice but it is a welcome antidote to the complacency that predated the pandemic and can provide a rich context for prospect and client discussions in a volatile and uncertain world.

Q13. To what extent has support from your channel partners enabled you to keep operational during the past few months, throughout the Covid-19 crisis?

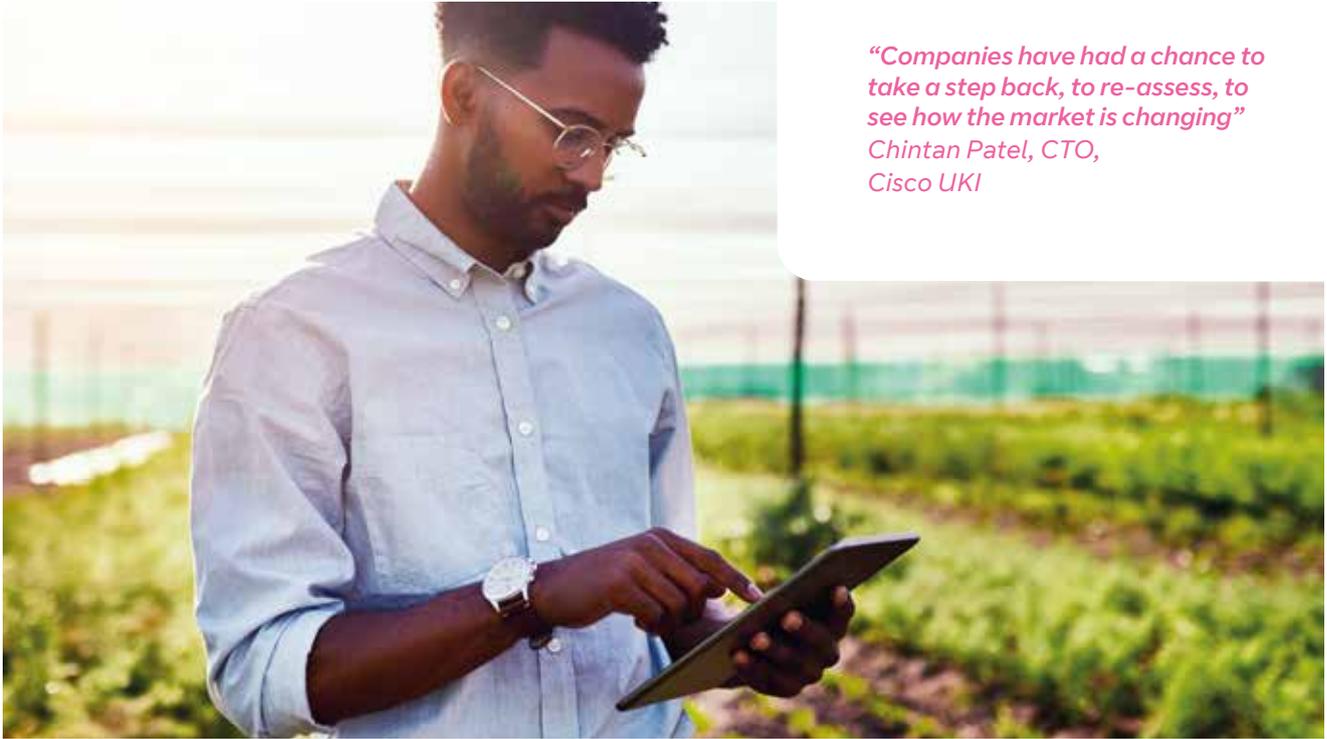
Single coded question. Base: All respondents (100) 10-50 employees (45) 51+ employees (55)

Remaining Operational throughout Covid-19



¹<https://resources.pros.com/ebooks/how-covid-19-change-b2b-buying>

²<https://www.gartner.com/en/newsroom/press-releases/2020-03-10-gartner-business-continuity-survey-shows-just-twelve-percent-of-organizations-are-highly-prepared-for-coronaviru>



“Companies have had a chance to take a step back, to re-assess, to see how the market is changing”
 Chintan Patel, CTO,
 Cisco UKI

Digitalisation, the key to recovery

Not only is digitalisation critical to resilience and business continuity, it is the key to future success. Yes, cost savings and efficiencies are vital today, but we must also be brave about the need for future competitiveness and the opportunity to transform businesses for our digital futures.

As Gavin Jones, Channel Sales Director, BT Wholesale, reflects, perhaps the single greatest benefit of the last six months has been to *‘take many businesses –*

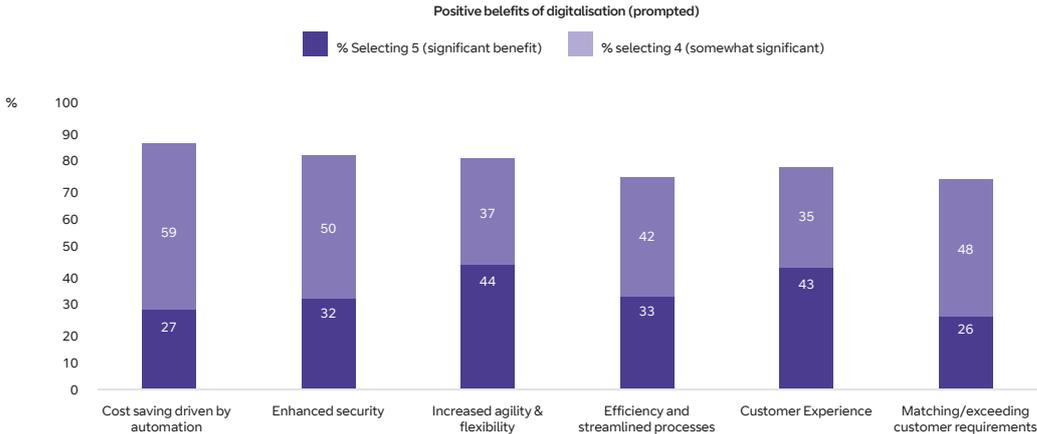
that had never done anything online – online, and introduced them to new ways of working, for the very first time’.

Chintan Patel, CTO, Cisco UKI, goes further and argues that *‘business leaders now have a real sense of what can and can’t be done because ‘they have had to innovate’. Equally, we have been able to prove that technology can do the things that perhaps once, we, as a society, were sceptical about’* – with remote health and education services particularly important.

So, if we have seen a vast expansion of the digital space, together with a new confidence in digital capabilities and capacity, what does this mean in practical terms for businesses?

Q3. There is clearly an important defensive aspect to digitalisation, in terms of resilience and business continuity, but what do you see to be positive benefits for organisations? Please rate each of the following on a scale of 1 to 5 where 1= no benefit at all and 5= significant benefit.

Base: 100 UK Channel Resellers. Source: BT Wholesale Q4 2020



Our channel respondents see a range of benefits from digitalisation. While *cost savings through automation* may have attracted the largest total figures, it is important to note that when it came to the highest ranking – the most significant benefits – our respondents focused first on *agility & flexibility* and *customer experience*.

Agility should be understood as *‘the ability to adapt and respond quickly to events and changing circumstances’*, while Customer Experience (CX) refers to the total impact of all customer touchpoints.

For Daria Sokolova, the key concept underpinning CX should be simplicity. Daria is especially keen that digitalisation should be associated with simpler customer journeys – because *‘customers are longing for this simplicity’*.

BT Wholesale has been working to simplify its own customer journeys and increase the ease, and speed, of doing business – and is seeing positive returns on that investment and commitment.

Central to the digital model is the role of the Cloud, with research from Public First³ on behalf of AWS suggesting that businesses are twice as likely to grow if they use multiple cloud based services – reflecting the enhanced agility and flexibility that these businesses benefit from and that our economy will need in recovery.

For Gavin Jones *‘the simple fact that businesses have had people at home – working, sharing files and information, collaborating on projects together – makes people think about this in a completely different way, it creates a new approach to the future’*.

In fact, Cisco research⁴ showed 74% of senior managers believe that their business will, in some areas, emerge from the crisis stronger, while Microsoft’s recent UK research⁵ showed that 49% of business leaders were confident that technology would support them through the crisis.

However, the same Microsoft research highlighted that only 35% of leaders believed that they were *adopting new technologies*

and systems quickly enough. This is a vital point for us all to take forward as we seek to support the UK recovery.

The decisions that businesses make at this time will have a profound effect on their future competitiveness. We have an opportunity to influence those decisions and to add value to end-customer businesses with new solutions and propositions.

That means new types of conversation – tapping into this new approach to the future, exploring digital possibilities and defining a vision for success.



³<https://www.raconteur.net/technology/cloud/cloud-native-covid/>

⁴<https://www.cisco.com/c/dam/en/us/solutions/collateral/collaboration/fow-flash-survey.pdf>

⁵<https://www.microsoft.com/en-gb/business/uk-recovery/>

Accelerated transformation and new strategies

The role of digital in the recovery and future competitiveness of UK PLC means that *digital transformation* – a holistic, strategic, approach to digitalisation encompassing culture, people, processes, and technology – has new momentum.

Where once there may have been doubts as to the true value of such an approach, its relevance to smaller businesses, or the need for change, today, in the words of Gavin Jones ‘*the answer to the ‘why change question’ is omnipresent*’ while for Daria Sokolova transformation is now recognised ‘*as an absolute necessity, it’s a given*’.

“It (the pandemic) has given us a remit to really look at digital transformation and really push our end customers forward. What has happened will help us transform industry” Gavin Jones, Channel Sales Director, BT Wholesale

For Chintan Patel, CTO, Cisco UKI, ‘*trends that were already happening in the industry have now been accelerated*’ to which we might add, significantly expanded in scope, in the sense that many more organisations and businesses are now engaging with these trends.

But, in the first days and weeks of lockdown there was little opportunity for a holistic or



strategic approach, especially for those organisations least familiar with digital. As such, we saw a scramble to meet immediate operational needs and to keep businesses running.

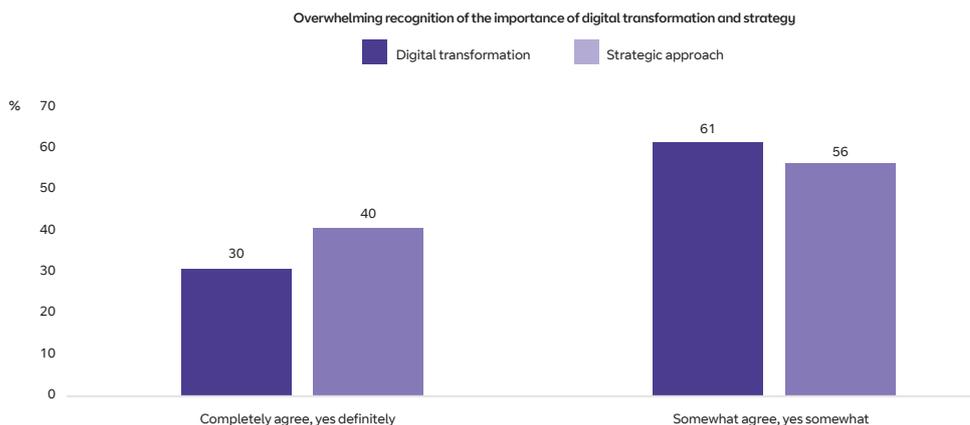
The speed of the resulting transformation was itself a critical lesson with Chintan Patel reporting that ‘*companies that had previously mapped their digital strategy in terms of one, two or even three year phases are now scaling their initiatives in days and weeks*’.

The hope is that, as Chintan says, ‘*these short-term and temporary measures are now being incorporated into strategic roadmaps, creating more resilient and agile business models, including infrastructure, systems, and collaboration tools*’.

Our survey results show over 90% of respondents agree that transformation is *back on the agenda* and that their customers are taking a *more strategic, long term, approach to their digital investments*.

Q1. To what extent do you agree or disagree with the statement that digital transformation is now firmly back on the agenda for your customers?
Q4. Are you seeing customers taking a more strategic, long-term approach to their digital and communications investment?

Base: 100 UK Channel Resellers. Source: BT Wholesale Q4 2020



For Justin Coombes, this year's experiences mean that *'awareness and recognition of the pivot to digital is there for everyone to see – for personal as well as business life. Zoom is a verb now, who'd have thought that?'*

Importantly, not least with the roll-out of FTTP, Justin highlights the importance of personal, family, and social dependence on digital channels to navigate the crisis, along with our business needs. Not only is digital now reaching new business audiences it is reaching new consumer demographics.

So, if transformation conversations are that much easier today, where do we need to begin? How can we help businesses to move from their emergency posture toward a sustainable digital strategy?

Taking advantage of the enthusiasm surrounding the cloud and the solutions and tools that it enables, we must encourage wider recognition of the fact that there is *no cloud without the network*. The network is the foundation for all business transformations and digital strategies. In doing so we will help clients to better understand the core structure of the digital ecosystem.

Chintan Patel, CTO, Cisco UKI, paints a vivid picture of this new digital ecosystem when he says that *'the internet is the network; data centres are becoming hybrid; multi-cloud identity has become*

the perimeter; and software as a service is the new technology stack'.

For BT Wholesale, the pandemic has provided the ultimate test for the network. Initially, some had concerns as to whether the infrastructure could withstand the explosion in usage generated by lockdown.

In fact, while more extensive working from home caused daytime traffic on the fixed network to increase 35-60% from pre-lockdown levels to around 7.5Tb/s, this is far lower than the 17.5Tb/s evening peak.

Today the network has proven its resilience and capacity to scale, an achievement that should give every business confidence as their dependence on digital connectivity continues to grow.

For many businesses, the development of strategy will be a natural evolution from the early months.

For Gavin Jones *'people are starting to plan a digital strategy in terms of their specific needs. The advent of cloud and the advent of unified communications makes them start to think much more from a digital platform perspective (as opposed to individual products like landlines, mobile, conference facilities etc.)'*

So, let's take our lead from Gavin when he says that BT feels that it has a new licence to promote and drive digital transformation among end-customers. Easier said than done of course, and we must be sensitive to those in difficulties, but as we know, with the PSTN switch off on the horizon there is no better time.





“We will see a change from preventative security to proactive security, it’s been rising up the CSO and risk agenda for some time and will now be a key Executive Board agenda item”

Gavin Jones, Channel Sales Director, BT Wholesale

Importance of and approaches to cyber-security

With the expansion of digital users and connections we have entered a new era of cyber-risk. Many businesses have been trying to catch up with what is required to protect their business operations.

The global numbers are extraordinary, with Cisco alone reporting that its threat intelligence team, Talos, is identifying and blocking 20 billion threats every day – adding up to 7 trillion threats a year.

Indeed, Cisco, as one of the world’s leading security businesses, had by April 2020 seen 9 million new security users, a 30% increase in use of its multi-factor authentication solution (Duo), and a 100% increase in new licence requests for Cisco Umbrella.

At the same time, in recognition of the vulnerability of many newly digital businesses, Gavin Jones reported that BT’s teams have received enquiries from concerned businesses that simply began ‘please help’!

For the more experienced security practitioners, we can talk about the importance of shifting from a preventative (or reactive) posture to a proactive security footing and ultimately to the “Zero trust” approach being championed by leading vendors including Cisco and BT, the latter of which having rolled out zero trust consulting via its global services division.



Given the critical importance of security, we asked our survey respondents for their recommendations as to how companies can better protect themselves.

The number one response, by some distance, was that businesses should engage a Managed Service Provider to help protect their network – which may not come entirely as a surprise to those active in the channel, but is nevertheless a very important indicator of the direction of end customer security approaches.

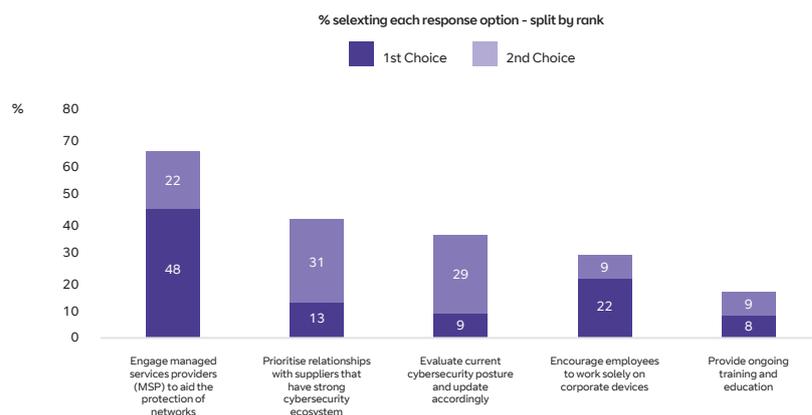
Importantly the second response option chosen was to ‘*prioritise relationships with suppliers that have a strong cyber-security ecosystem*’ – which of course very much includes BT and Cisco.

What is also interesting is the relatively low weight afforded to ongoing training and education or trying to avoid the use of personal devices. This could be interpreted as realism borne of experience, or perhaps acknowledgement that the scale of the challenge is beyond any individual business.

There are clear opportunities within the channel to develop these security discussions, to deliver security assessments and to recommend solutions and (managed service) approaches for prospects and customers. In doing so we move ourselves into a position to discuss a wider range of services and value adding solutions.

Q8. Already we have seen incidents and warnings regarding cyber-security in light of new working models practices. How do you see the security situation developing in the future, what can companies do to protect themselves and their people better?

Base: 100 UK Channel Resellers. Source: BT Wholesale Q4 2020



The Channel experience

Everyone has had to respond to the impacts of the pandemic from their own position and perspective. Here we share some of the experiences and responses within the channel.

A key step, when confronted with such a dramatic turn of events, is to examine our portfolio and to assess whether it is still fit for purpose. Indeed, it's been said that the new normal *'will be a shifting* mindset that requires channel Partners to consistently evaluate the services [they are] providing⁶.

In which context it's notable that recent Microsoft UK competitiveness research found

that 22% of UK business leaders had scrapped an existing business model within days of entering lockdown.

When we asked our survey respondents how they had responded to the crisis in terms of expanding or streamlining their offer we saw that a large majority had focused on simplification – in line with the customer experience recommendations shared by Daria Sokolova.

Worth noting that this isn't a simple either/or scenario. It is possible to diversify your portfolio while also creating a simplified customer experience that delivers flexible solutions to individual customer needs.

Here we all do well to look at examples of best practice across the channel, while also seeking advice from partners.

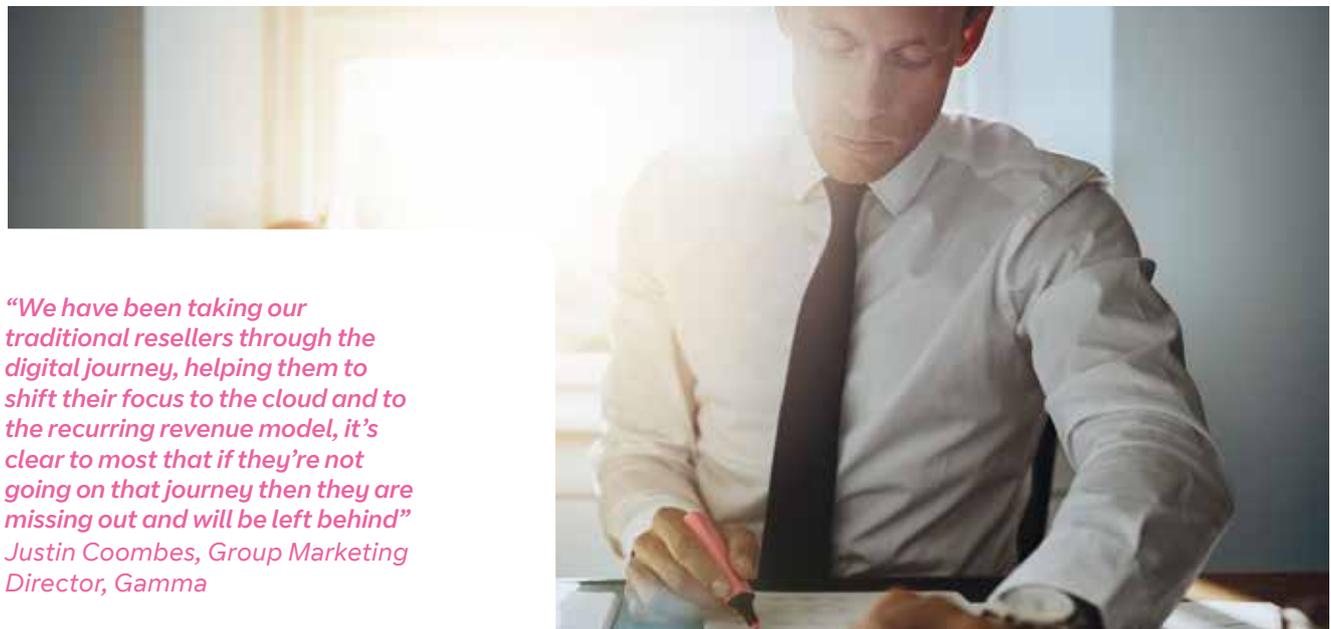
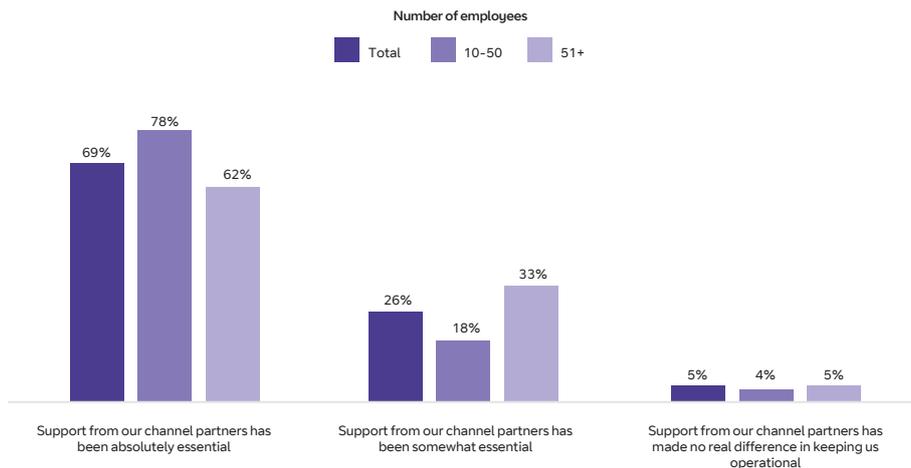
But before we can take such steps, we really need to understand how our end-customer needs have changed due to the pandemic.

With that information we can then make informed choices about our own proposition and portfolio. So, what do our resellers think about customer needs today?

Q12. Have you evolved your portfolio in response to Covid-19 and changing customer requirements?

Single coded question. Base: Respondents who have experienced some change in customer requirements at Q11 (100) 10-50 employees (45) 51+ employees (55)

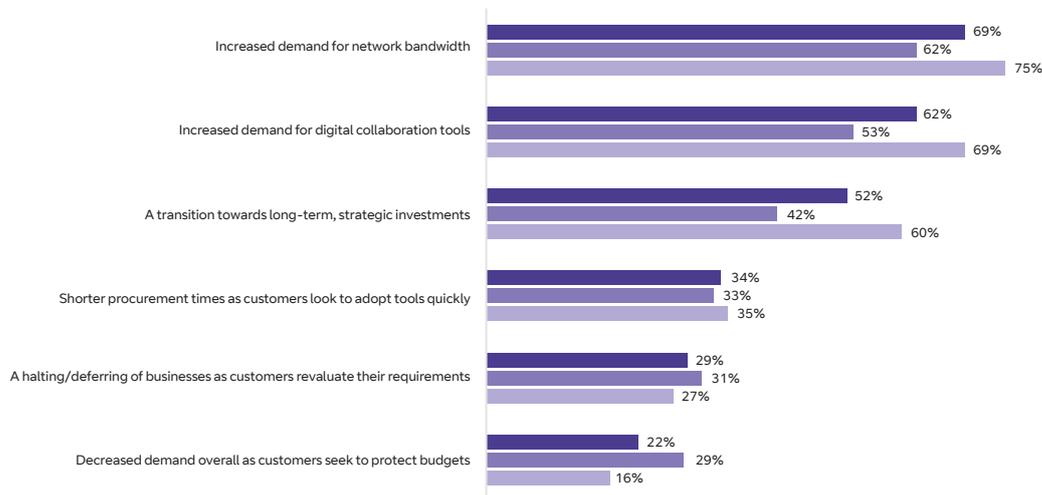
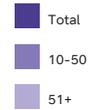
Evolving portfolio in response to Covid-19



Q11. How do you think your customer's needs have changed through the Covid-19 crisis?
Multi coded question. Base: All respondents (100) 10-50 employees (45) 51+ employees (55)

Changing customer needs throughout Covid-19

Number of employees



Here we see a diverse picture.

In terms of immediate customer needs we can see increased demand for bandwidth and collaboration tools, while on the other side we have customers deferring their plans, and over a fifth of respondents are seeing customers put a stop to investment as they seek to preserve their cash flow.

In between, we can see customers looking to accelerate procurement in the face of rapid change, while around half of respondents highlighted that their customers are starting to think more strategically about their requirements – which is exactly what we are hoping for at this stage of the crisis.

The continuing challenges in the channel are reflected in the findings of the October 2020 BT Wholesale Road to Recovery research⁷, which saw 70% of CPs reporting a decline in new business enquiries while 66% saw opportunities deferred.

We have already highlighted that the digital journey is crucial to survival and future success, and Gamma for one have recognised that there are channel partners who can learn from their experience with digital and that can be supported to rapidly evolve their digital capabilities.

Important here is the fact that our survey suggests smaller resellers are slightly less engaged with strategic or transformational discussions than their larger peers – and more likely to report that their customers are focused on costs over investment.

It is vital therefore that these smaller businesses are educated and supported to engage with the longer-term conversation as we transition from emergency digital response toward a sustainable, strategic approach to digital needs.

And, of course, it's important that we all try to maintain our relationships with our own partners, including through online

events such as webinars and roundtables, but also by trying to be creative, with Gamma for example experimenting with new formats and ideas including virtual wine and cheese tastings.

Out of the crisis therefore we are all learning new ways to engage and connect with prospects, customers and partners – it is vital that we continue to develop these approaches into the future, and strive to retain the social and collegiate culture that the channel is known for.

⁷<https://www.btwholesale.com/sales-tools/insights-and-articles/road-to-recovery-survey-part-2.html>

Partnerships across the Channel

No business is an island; quite the opposite, we are all part of the digital ecosystem now. As such it's important to understand the role and value of partners in responding to the crisis.

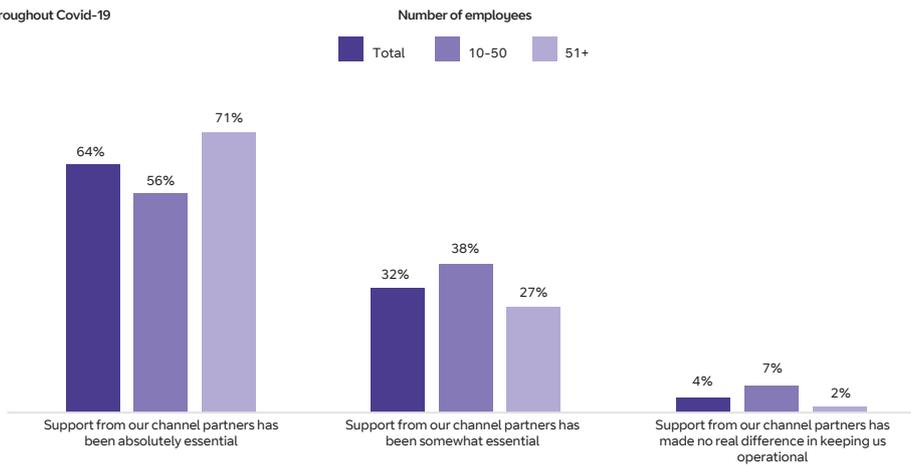
“Listening to customers is key, responding to the demand for flexibility, working with partners to see what can be done to creatively package solutions, evolving ways of working and billing”

Gavin Jones, Channel Sales Director, BT Wholesale



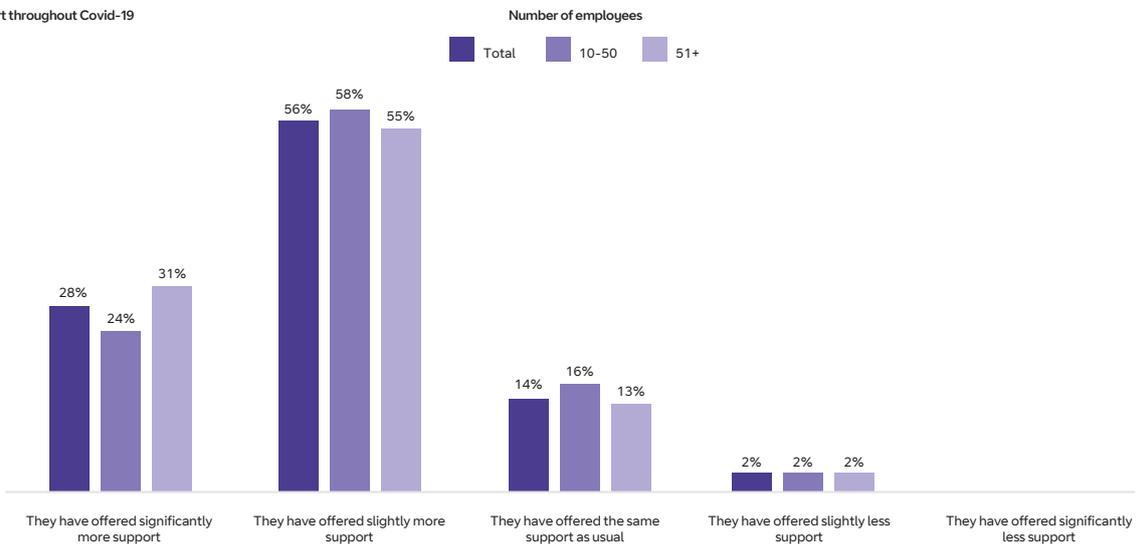
Q13. To what extent has support from your channel partners enabled you to keep operational during the past few months, throughout the Covid-19 crisis?
Single coded question. Base: All respondents (100) 10-50 employees (45) 51+ employees (55)

Remaining Operational throughout Covid-19



Q14. To what extent have your channel partners offered additional support during past few months, throughout the Covid-19 crisis?
Single coded question. Base: All respondents (100) 10-50 employees (45) 51+ employees (55)

Support throughout Covid-19



You can see there is an overwhelming endorsement of the critical importance of partner support to sustaining business operations through the pandemic – with significant numbers reporting that they have benefited from additional support *above and beyond* their normal expectations.

But what does that mean in practice?

It's incredibly simple: it means being willing to engage in honest, open conversations, owning up to the challenges that the business faces and exploring viable responses and solutions to the difficulties identified.

Gavin Jones at BT Wholesale and Justin Coombes at Gamma both emphasised that their businesses have tried to be as supportive as possible, including offering hibernation periods to distressed customers and where appropriate, terminating contracts that are no longer sustainable.

Equally BT Wholesale worked to streamline access to their portfolio and to enhance the flexibility and ease of scaling bandwidth requirements.

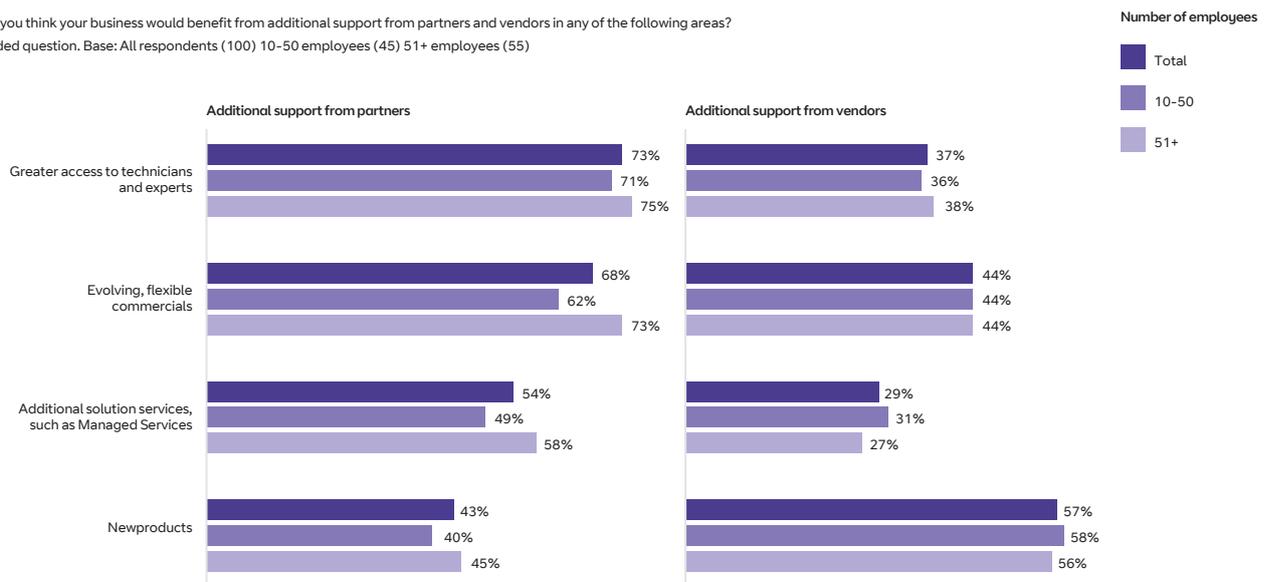
Cisco as well, provided a business resiliency programme to keep businesses connected while remaining productive and secure, offering payment holidays and

deferred payments. They also supported the global and local response with technology and financial support for non-profits, first responders and governments.

As Gavin Jones reflects, everyone is now operating with a heightened sense of risk and uncertainty, as such they need flexibility and support from partners to mitigate risks and manage their business pipeline effectively.

So, we've seen a positive endorsement of the supportive role of partners through the pandemic but what specifically is it that our resellers would like to see (more of) from their partners?

Q16. Do you think your business would benefit from additional support from partners and vendors in any of the following areas?
Multi coded question. Base: All respondents (100) 10-50 employees (45) 51+ employees (55)



Here we see the combined importance of technical support and commercial flexibility to channel resellers, reflecting the shift to digital, IP-based communications and away from a traditional telecoms approach.

The two elements are fundamentally related, the technical shift needs to be supported by a new commercial approach and business model.

Following those two leaders is a need for new solutions and products to take to market, with managed services of particular interest.

Here again it is important to emphasise that smaller resellers may especially benefit from partner support as they seek to position themselves in the new market for digital services.

How does that compare to reseller requirements from vendors themselves?

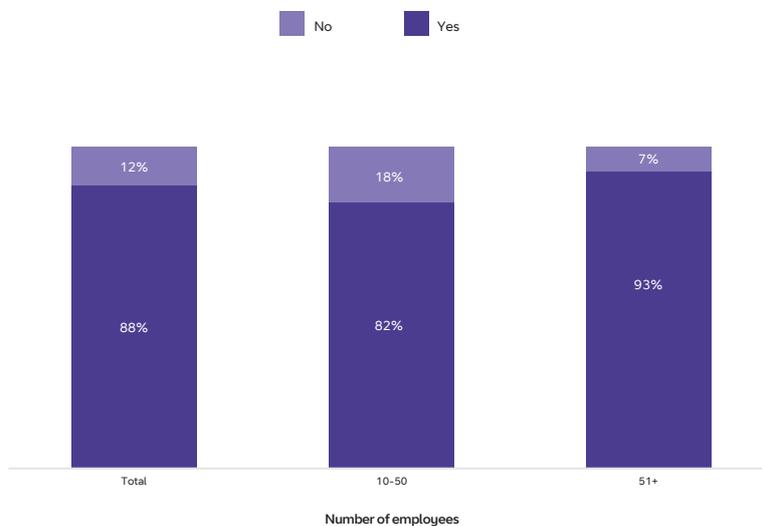
Here, as you would expect, our resellers are most interested in new products and the commercial terms that surround them, reflecting a less collaborative relationship than that with partners.

Finally in the context of partners and vendors, and with a particular nod to the relationship between BT and Cisco, we were delighted to see that an overwhelming share of our respondents see the value and benefits – to their own business – of collaboration between major players in driving innovation and new solutions.



Q15. Do you believe that technology partnership between larger vendors can have positive impact on innovation and commercial performance on your business?

Single coded question. Base: All respondents (100) 10-50 employees (45) 51+ employees (55)



A new normal or a return to business as usual?

The reason that business transformation and digital strategies are back on the agenda is that we can see no simple return to *business as usual*.

At present there is huge enthusiasm for remote working with many individuals and businesses especially keen to promote the positive relationship with productivity. Indeed Chintan Patel, CTO, Cisco UKI, reported to have spoken to *'a financial services company that has seen a 40% increase in productivity from their remote customer service staff, and is therefore starting to rethink what the future might hold'*.

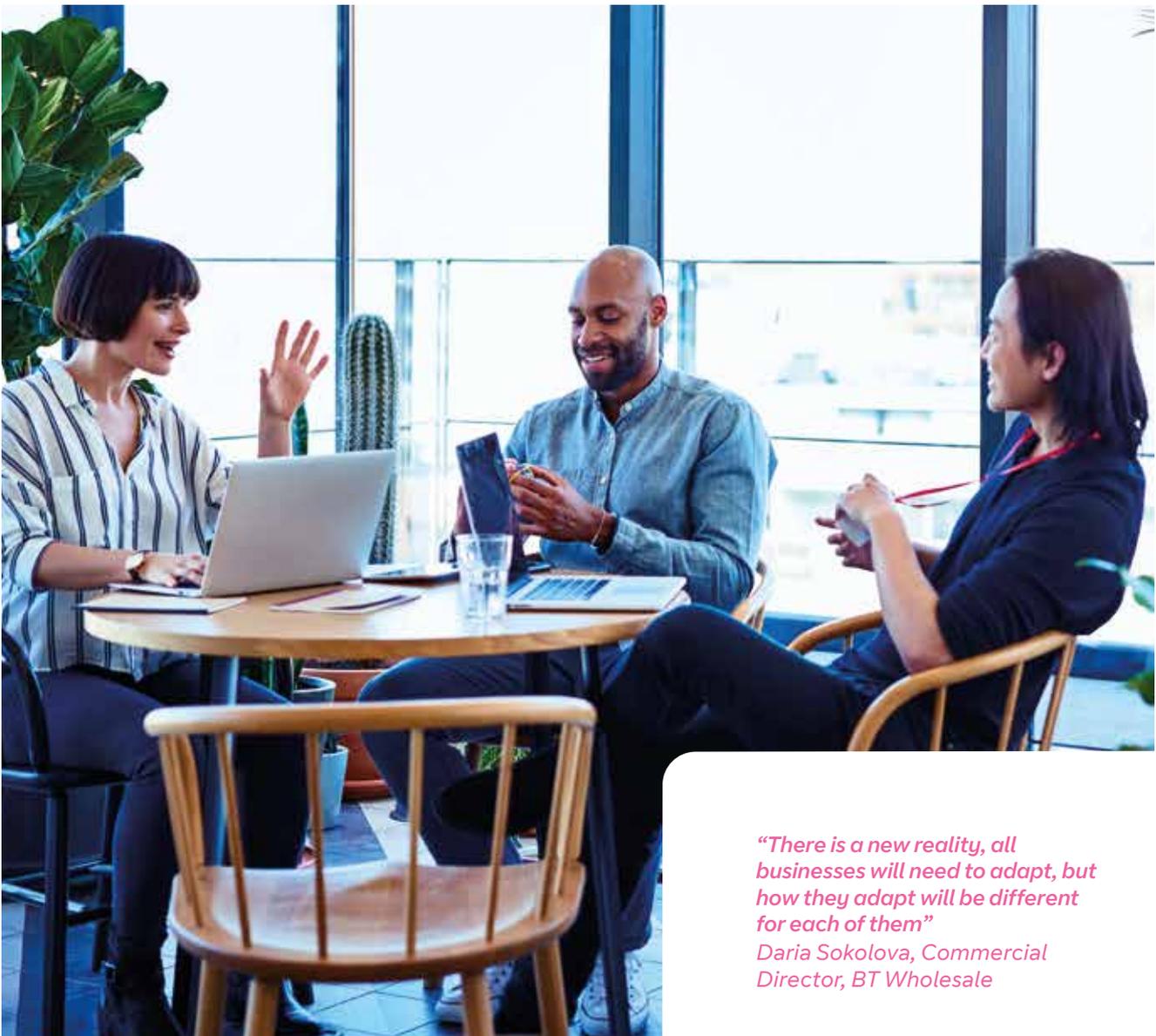
For many leaders, the biggest lesson of the remote working experience is that their employees can be *trusted* to work remotely. Today around 90% of CPs report that their productivity is the same or higher than in the office – while 20% reported 'far higher efficiency'⁸.

Such positive experiences mean many businesses are now exploring new ways of working for the future.

Yet there are also concerns as to the impacts of sustained isolation among different groups, indeed for every leader happy to extol the virtues of their home office, there are many more young people attempting to work from shared accommodation.

As Gavin Jones was quick to emphasise all employers have a duty of care, and that doesn't stop because people aren't coming into an office every day. Justin Coombes also highlighted that remote working asks new questions of employers who now need to consider (domestic) environmental factors as well as health & wellbeing (HWB) issues for example.

Summarising the shift accelerated by the pandemic – and let's not forget that there were already circa 5m employees working remotely in the UK prior to the pandemic – Justin Coombes suggests *'you need a good reason to go into the office now – that's a major change – a need and not a want'*.

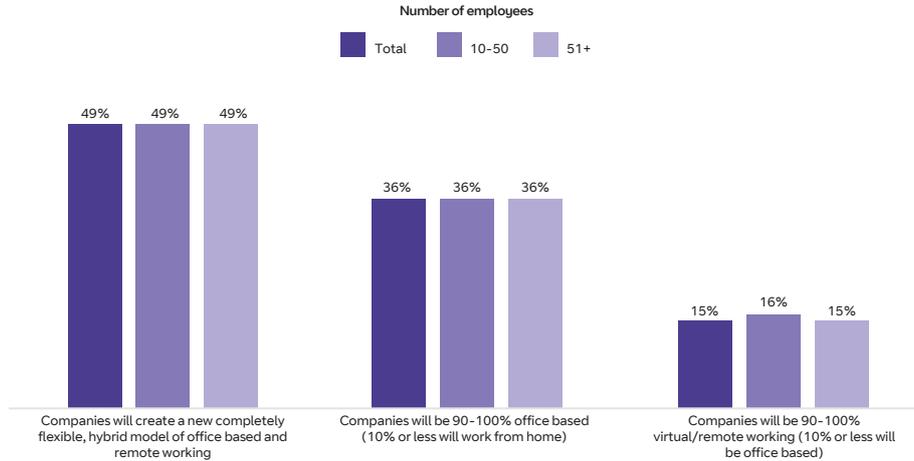


"There is a new reality, all businesses will need to adapt, but how they adapt will be different for each of them"

Daria Sokolova, Commercial Director, BT Wholesale

Q6. How do you see the future of office working: will more companies be going completely virtual, will more be returning to the office or do you think a newly flexible hybrid model will prevail?
 Single coded question. Base: All respondents (100) 10-50 employees (45) 51+ employees (55)

The future of office working



When we asked our survey respondents for their thoughts on the future of office working, the largest share believed that a new flexible, hybrid, model will emerge. Welcome news for the many workers saying this is their preference, including for over 75% of the BT Wholesale Road to Recovery Channel Partners.

All of which is consistent with the findings from a September 2020 survey by the British Council for Offices (BCO). As the Chief Executive of the BCO, Richard Kauntze, put it; *'we are never going back to how things were before, the idea that people will return to the five day week in the office is gone....a much more blended approach is likely'*.

And yet a significant number of our own survey respondents believe the balance will be extremely weighted in one direction or the other – either 90% office or 90% remote.

This will be an individual decision for individual businesses, and heavily dictated by business segment and roles, but it should be noted that in terms of recruitment, the greater the flexibility the greater the pool of candidates, and also that employee expectations will increasingly be for hybrid flexibility – as 58% of entry level workers confirmed in the BCO survey.

Thinking about the future more broadly – in terms of a new normal or a return to business as usual – our survey responses showed a large majority believing that we will return to pre-Covid business practices within two years.



While that is a huge positive in terms of the business pipeline and commercial revenues, it raises questions as to how such a return would impact the positive effects of the pandemic experience, including the growth of the hybrid, working model and a new focus on workplace culture.

Chintan Patel certainly strikes an optimistic tone in relation to the longer term impacts of the pandemic with his hopes that we might see better management, better workplaces, and more flexibility in the future.

As such we saw two groups of respondents favouring the new normal. For one group, this is how we will be operating into the future, remote working is here to stay. The other group see the new normal as a work in progress with our behaviours continuing to adapt to changing circumstances.

So, our respondents are optimistic and have faith in the UK economy's ability to recover lost ground, anticipating a return to healthy pipelines and the normal rhythm of business within two years. Equally they have clearly recognised that this is a digital moment, that we have crossed a line, and that the future will be driven by the quality of our digital approach.



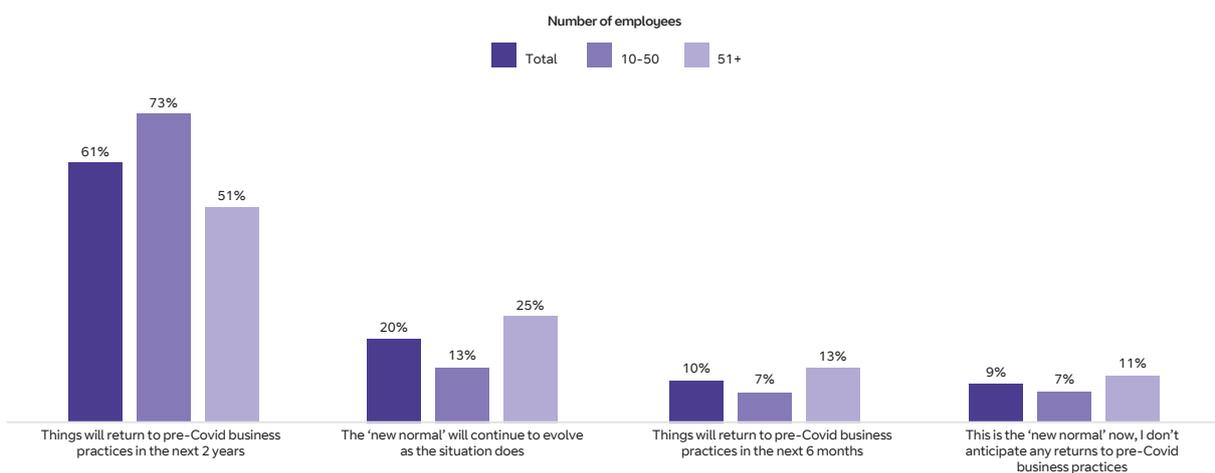
As Justin Coombes of Gamma summarised the situation; *'a blend of old world and new world is where we'd like to get to as an organisation, taking the best of both situations into the future'*.

In discussions with our customers, we should help them to understand the requirements of a sustained hybrid working model, the importance of a resilient and scalable infrastructure to underpin their cloud services, the need for a rigorous approach to network security, and the importance of collaborative partners who can flex with them as we all work through, and beyond, today's challenges.

Q5. Still thinking about the crisis; there seem to be two schools of thought, those that argue that the world has changed irrevocably, and those that yearn for a return to business as usual. How do you see things, will we be operating in a changed reality - a new normal - or will we (gradually) return to business as usual?

Single coded question. Base: 100 UK Channel Resellers. Source: BT Wholesale Q4 2020

Operating in changed reality



The value and importance of culture

There remains a school of thought that productivity and employee engagement are somehow opposed - the idea that you shouldn't make workers too comfortable is remarkably persistent.

Yet the evidence⁹ clearly points in the opposite direction, demonstrating that the most engaged employees are the most productive and the most willing to go the extra mile for the business.

Equally, traditional ideas of business leadership are being recalibrated in favour of attributes including authenticity, empathy, and openness. All of which have come to the fore during the pandemic.

Central to these changing ideas is the importance of trust in the workplace and as Chintan Patel put it; *'the way companies have behaved towards their employees during the crisis will be remembered'*.

"A lot of thought has gone into this, how do we create an inclusive culture, how do we ensure we talk to everyone, and that no-one is left behind, it has definitely changed us, including in the way we think about people"

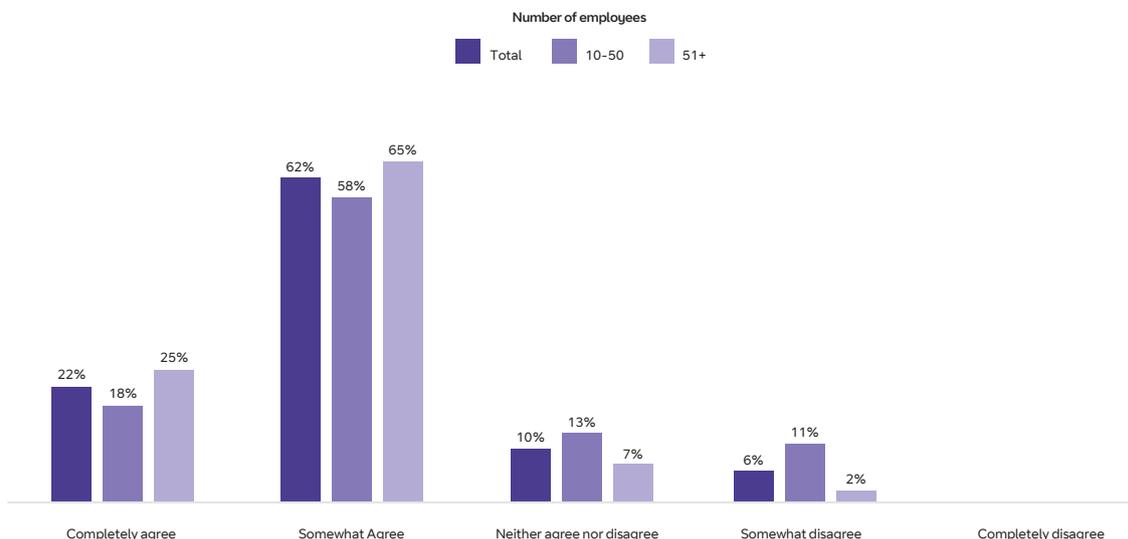
Gavin Jones, Channel Sales Director, BT Wholesale



Q7. Remote and hybrid working models will ask new questions of company cultures, not least in terms of inclusivity. To what extent do you agree or disagree that the new models of working will have a positive impact on the industry?

Base: Base: All respondents (100) 10-50 employees (45) 51+ employees (55)

Views on remote and hybrid working models



⁹<https://www.btwholesale.com/sales-tools/insights-and-articles/road-to-recovery-survey-part-2.html>

Happily, our survey respondents show significant optimism for the future, believing that our new models of working will have a positive, lasting, impact on the industry, not least in terms of inclusivity.

Enhanced trust is only one aspect of the positives that people are seeing from the crisis response. Another element cited by each of our interviewees was that of humanising relationships between peers, but also between employees and their managers and leaders.

This is directly related to the importance of communication to sustaining a positive culture, especially in the earliest, most disorientating, days of lockdown. At BT for example there was daily communication from the CEO to all staff while Gamma too emphasised the importance of face time with the leadership.

Quirks like the presence of family pets only help to build authenticity and trust, and is part of the reason why some feel, at this stage, that their company culture may actually have been improved by the experiences of the last six months.

As Justin Coombes of Gamma told us; *'culturally we're as close if not closer to our staff than we were before the pandemic'*.

Yet the value and need for face-to-face contact, especially for younger workers' training, education and mentoring is also recognised.

Sales has been identified as one of the roles most affected by the shift to remote and virtual working. Sales personnel benefit hugely from team interactions, support, and discussion – for motivation, learning and release.

Adversity of course has always been a fantastic source of bonding, in all walks of life, and it is only enhanced when there is clear sense of company purpose to inspire resilience and perseverance.

The challenge for all of us is to take the positives from the current experience and take them into the future as part of the new normal way of doing business.





Balancing costs, investment and risk

We have painted a picture of the climate within the channel, we have covered the importance of business continuity and resilience, as well as flexibility and agility. We have highlighted the need for end-customers to take a strategic approach to their digital needs.

But we have yet to address the vital question of costs and investment. Given the depth of

the economic downturn this year and the huge uncertainty surrounding the near future it is entirely understandable that many people are gloomy about the prospects for business investment – even in critical digital capabilities.

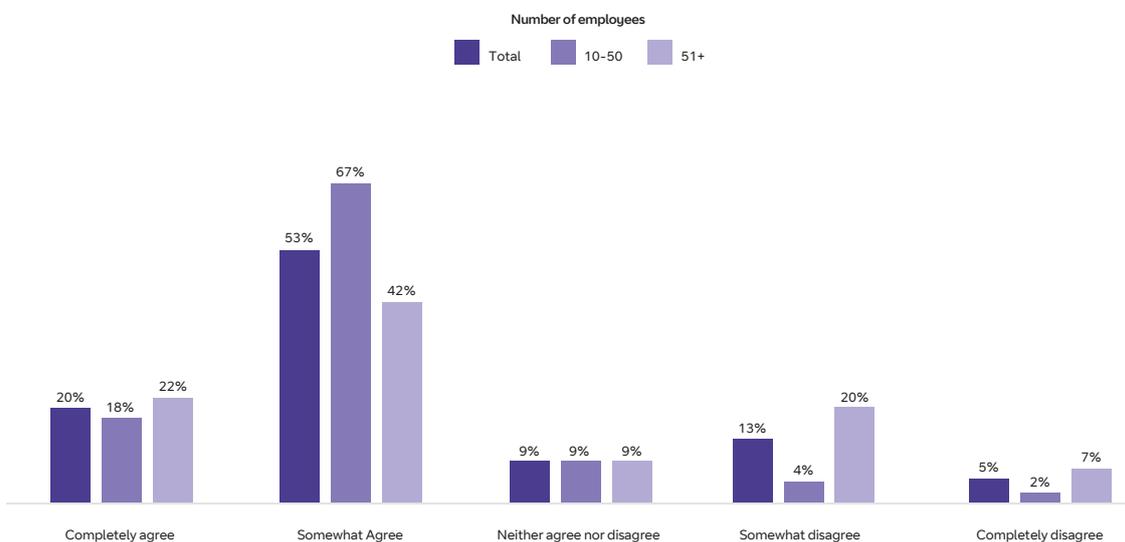
So, while we have seen a lot of optimism in the channel, in terms of positive outcomes from the crisis, what do our resellers think when it comes to a question of pure financials?

“It’s important to consider how customers want to consume, using the SaaS model for example. It’s a much more simple consumption model, allowing far greater flexibility, in line with what customers want”
Chintan Patel, CTO, Cisco UKI

Q9. To what extent do you agree or disagree that the priority for many businesses in their current scenario is to manage costs rather than to accelerate digital investments?

Single coded question. Base: All respondents (100) 10-50 employees (45) 51+ employees (55)

Priorities to manage costs rather than to accelerate digital investment



Here we can see that a large majority of respondents agree that the priority for many businesses today is to manage costs rather than to accelerate investments – although it is important to note that around one in five disagree with that perspective.

Indeed, Gavin Jones reflects that BT Wholesale is getting feedback from partners that suggests that commercial flexibility is valued more highly than cost-reductions per se.

As such businesses are streamlining their suppliers in favour of a smaller number of partners that they can work with to provide flexibility for end-customers.

Looking across the market, many reports have highlighted enterprise investment in digital capabilities. Only recently McKinsey¹⁰ highlighted that the pandemic had pushed enterprise businesses over the *technology tipping point*, accelerating digital

investments, and fast-forwarding digital capabilities by years.

What's more, the authors report further investment now being put in to make these (emergency) changes stick and to ensure that they are sustainable for the long term.

So, while that may be an elite level view, there are surely important lessons for all businesses here.

Happily the digital approach provides businesses with an effective middle path leveraging the now established 'as-a-service' model that now encompasses every aspect of the digital ecosystem including infrastructure-as-a-service, platform as-a-service and unified communications-as-a-service.

This means that we have an opportunity to navigate the investment challenge in a more nuanced way, enabling us to manage risk while moving forward with digitalisation.

As Chintan Patel puts it, this is what customers want; they want to manage their costs and investment in line with their business circumstances, they have learnt to expect the unexpected, and to tread carefully.

At the same time, they want access to the very best technology and infrastructure.

Our opportunity is to make that possible for them.



¹⁰<https://www.mckinsey.com/business-functions/strategy-and-corporate-finance/our-insights/how-covid-19-has-pushed-companies-over-the-technology-tipping-point-and-transformed-business-forever>



“Bridging the gap between theoretical knowledge and the practical implications, a very big gap, is the next challenge, beyond simple awareness”

Daria Sokolova, Commercial Director, BT Wholesale



Into the digital future

The pandemic hasn't happened in a vacuum. When considering conversations about cash flow and investments it is vital that we all take the opportunity to highlight where the industry is going.

We stand on the cusp of the next phase of the digital journey. The advent of 5G mobile connectivity together with the rapid roll-out of FTTP will transform the possibilities and potential inherent in digital connectivity.

From consumer entertainment to remote health care, autonomous vehicles, to industrial digitalisation, these are the infrastructure developments that many have been waiting for.

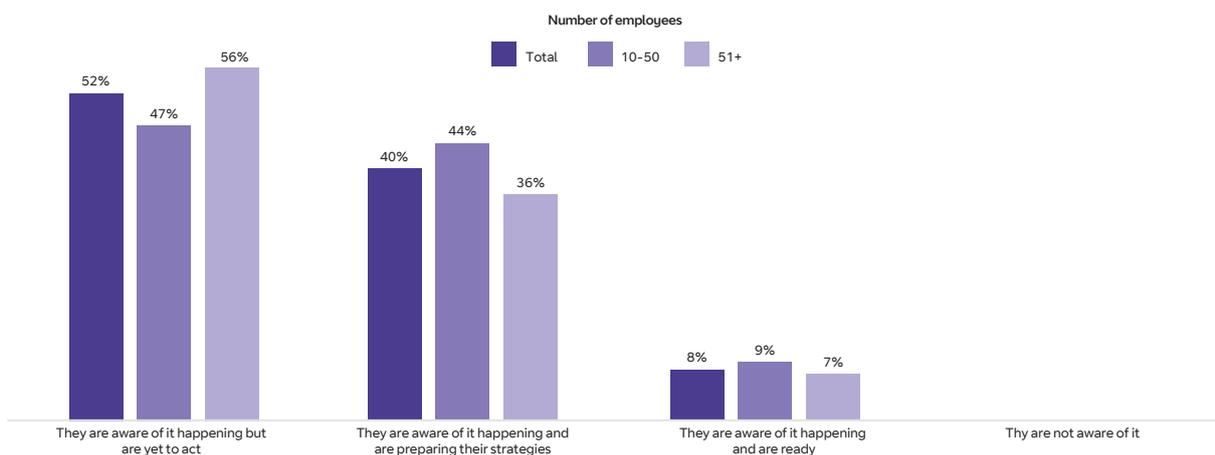
And while there is no shortage of awareness, within the channel at least, there is much to be done to educate people about the meaning and implications of these changes.

As Justin Coombes of Gamma says: *‘Within the channel we’re all quite aware of changes coming in 2025, it’s been a key focus for many business strategies, but there is a real challenge with end-customers, especially perhaps SMEs who may have no clue that there’ll no longer be a dial tone’.*

Q10. How well do you think your customers are aware, and understand the implications of the Public Switch Telephone Network (PSTN) 2025 switch off plan?

Single coded question. Base: All respondents (100) 10-50 employees (45) 51+ employees (55)

Customer awareness of the PSTN 2025 switch off plan





Our survey responses are very encouraging in this respect, with 40% of respondents suggesting that customers are aware of 2025 and are actively preparing appropriate strategies. We hope that our partners are playing an active role in those strategic discussions, while ensuring that they are able to support the full range of emerging client needs.

Switch off means that BT will be competing in the open market for their share of the fast-growing digital communications market. Thus, Gavin Jones and colleagues are keen to emphasise the BT business transformation, becoming a platform business within the digital domain.

Just as the Silicon Valley digital platforms aggregate and connect a range of customers and suppliers (e.g. Uber, Airbnb) so the BT communications platform will play a key role in the UK's digital ecosystem, underpinned by ownership of the network infrastructure – a key selling point and differentiator for those

businesses focused on risk. As Chintan Patel powerfully puts it, and as we alluded to earlier; *'there is no cloud without the network, and the network is a collaboration between the likes of BT and Cisco.*

'We are proud to bring that together so there can be cloud applications and OTT service capabilities'.

And as Gavin Jones rightly adds *'our [BT & Cisco] challenge is to work together to ensure that we're at the forefront of where our customers want to be'.*

It is exactly that sort of commitment to innovation and continuous development from a best-of-breed partnership that our survey respondents so emphatically endorsed.

So, the expansion of the digital universe driven by the pandemic has arguably come at a pivotal time in the evolution of the digital ecosystem.

Gavin Jones can't hide his enthusiasm for the world of possibilities to come when he ends our discussion with the following thoughts:

'Radical change is coming, a number of things are coming together in terms of infrastructure, technology and propositions, the landscape is changing, we're at the forefront of a new digital revolution with massive transformations to come, it's a really exciting time for all of us'.

Concluding comments

Across the research and discussions surrounding this short paper it has been hard to escape the broad sense of optimism and positivity that surrounds the channel.

A key reason for this is that an overlooked and rarely heralded segment of the economy has risen to the extreme challenges of this year and proven its value to any number of individuals and organisations.

As Gavin Jones reflects on events at the start of lockdown *‘the number of partners working with doctor’s surgeries, medical research partners, supermarkets, transport and logistics was frankly staggering’.*

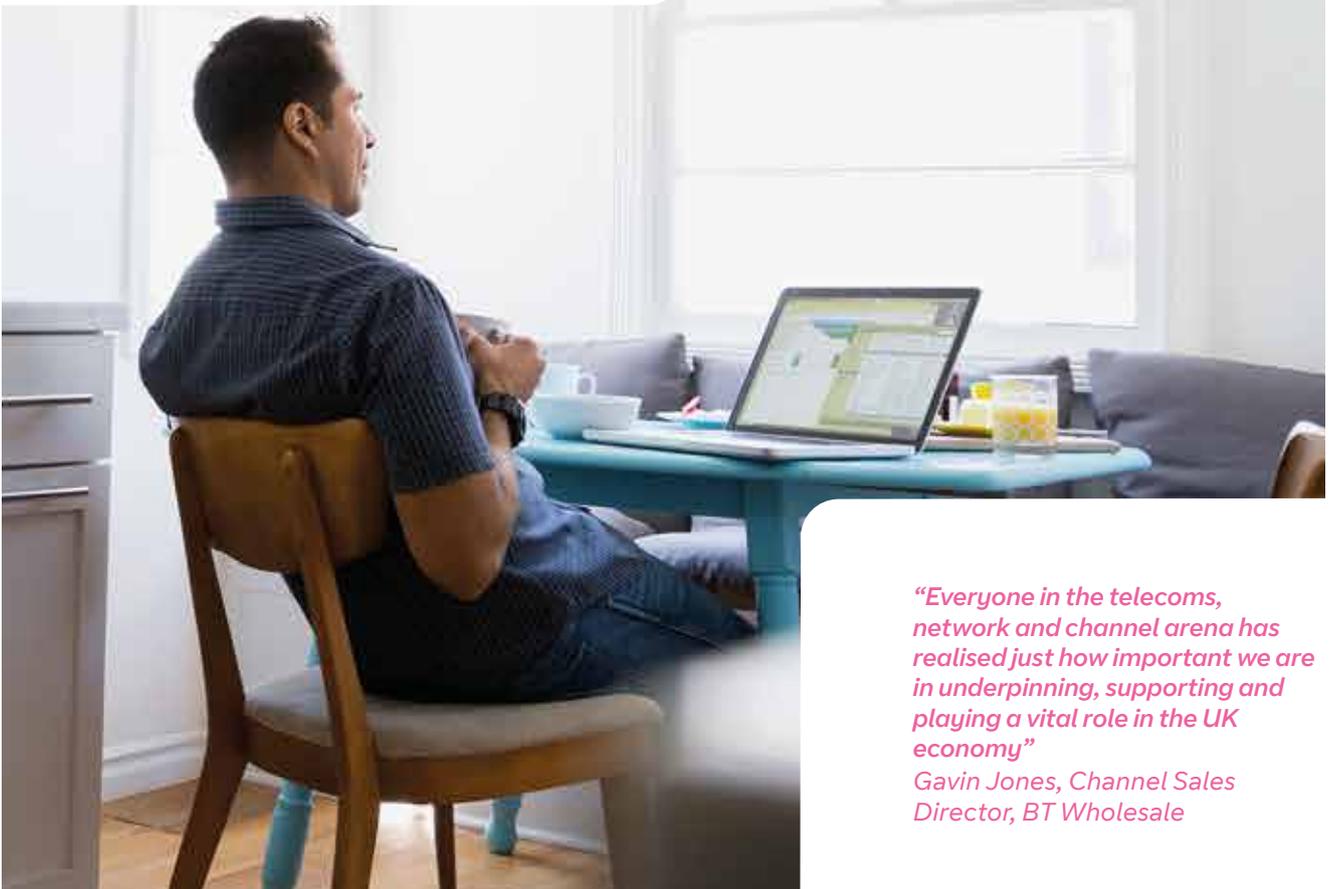
And for BT themselves *‘the amount of capacity we put in to support the phone lines for Covid 19, the doctor’s lines, creating this ability to work remotely – the way that capacity was increased for 999, for 111, for the Nightingale hospitals, we are really proud of the role we played’.*

Such a boost to confidence has come at an opportune time for the industry. But to realise our ambitions we will need to double down on the spirit of collaboration and support that has been so central to our successes this year. In celebrating the recognition of the industry, we must also accept the responsibility to continue to support UK PLC through the effects of the pandemic.

As Justin Coombes at Gamma puts it; *‘across the UK we support some 6m organisations and businesses; we are very conscious that we want to be a good citizen as well as a commercial provider. We are committed to this approach across all our product lines and services’.*

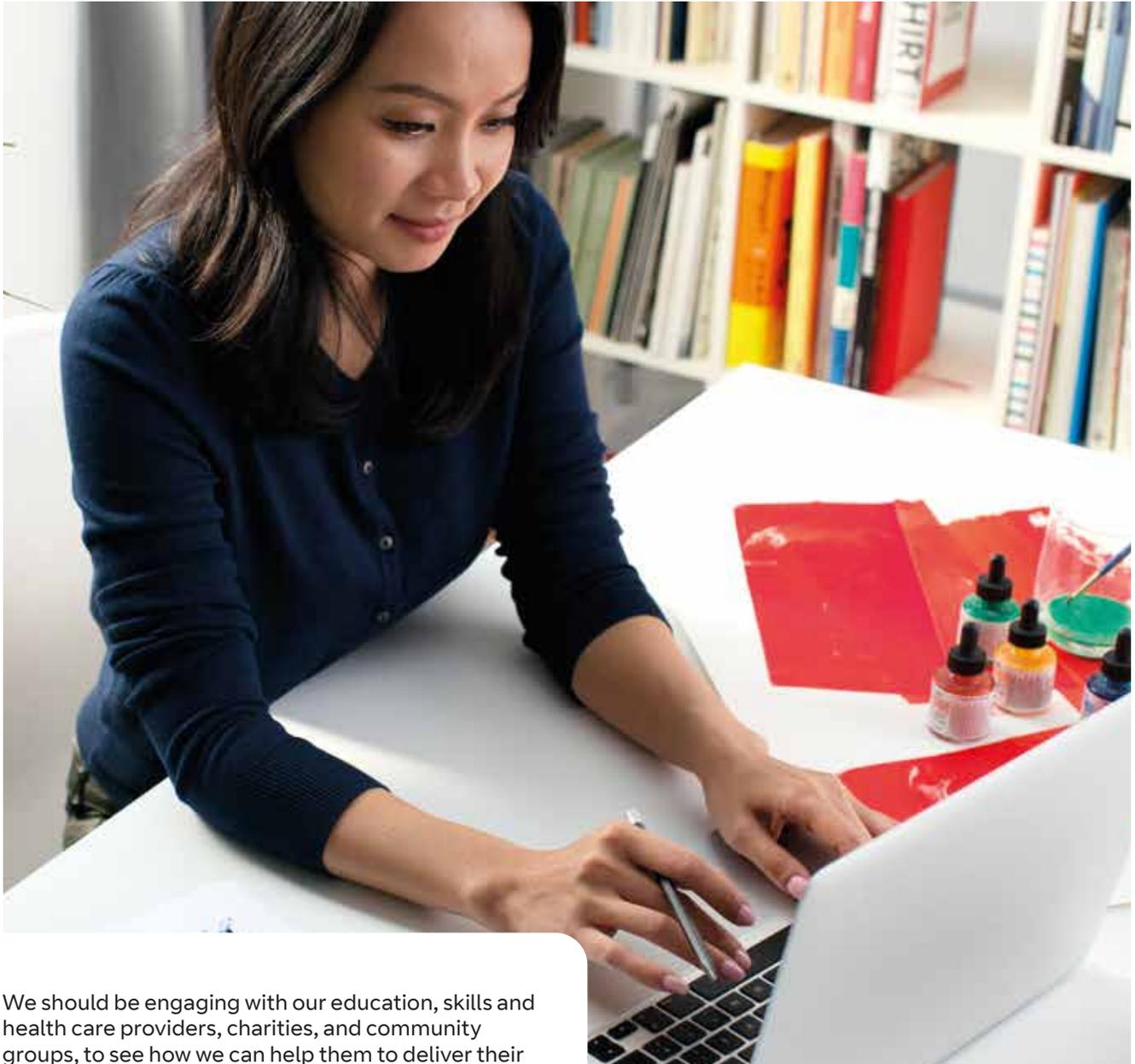
And, being a good corporate citizen these days, also means being proactive about the benefits of digitalisation, recognising its value in terms of business continuity and resilience, championing the role of digital in sustaining future competitiveness, and making digital capabilities accessible to all.

We need to inspire and excite partners and customers about the potential for 5G and FTTP, and the solutions and technologies that they can support, we need to emphasise that technology has never been more important, and to see how we can make it more inclusive, accessible and relevant for all.



“Everyone in the telecoms, network and channel arena has realised just how important we are in underpinning, supporting and playing a vital role in the UK economy”

Gavin Jones, Channel Sales Director, BT Wholesale



We should be engaging with our education, skills and health care providers, charities, and community groups, to see how we can help them to deliver their missions more efficiently and effectively through the pandemic and beyond.

As commercial partners we should be talking to, and more importantly, listening to, our partners and customers on the front line to better understand their needs and to respond accordingly. We need to show flexibility, sensitivity and empathy when working with distressed businesses while dialling up our new business models and solutions.

Necessity, as many have said, is the mother of invention, and it has certainly transformed people's understanding of the 'art of the possible'.

We have seen changes implemented in days and weeks that would have taken years otherwise, and this is exactly the sort of agility that the UK will need to thrive beyond the pandemic and (whisper it), beyond Brexit.

We need to take all of the positives from our response to the pandemic and ensure that we don't simply drift back to the same old, slow, change averse, business as usual, mindset.

We need to ensure that we are equipped to expect the unexpected, agile enough to seize new opportunities and compassionate enough to support all of our workers and ensure that no-one is left behind.

So, at this stage in the crisis, it's time for the channel to reflect on the pivotal role it has played during these trying times, and then it's time get back to our vitally important work.

The channel are the people who make things work for others; we might be out of sight most of the time, but as Chintan Patel put it '*we know what we do, we live, breathe and eat the network, we know how important it is, we know our purpose*'.

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