

# 2021 will challenge ICT to speed up the digital transformation journey

By [Gary Pickford](#)

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There has never been a better time for ICT resellers to reinvent themselves as services businesses. With an estimated 140,000 to 250,000 formal small and medium businesses (SMBs) in South Africa needing to accelerate their digital journeys in the wake of the pandemic. Those that get it right will be positioned to grow faster than the market in 2021.



Gary Pickford | image supplied

For SMBs, the journey from 'transactional to digital' has just begun, with most looking to their IT reseller partners to unlock the full value of digital platforms. For those resellers that have yet to move beyond a box dropping model, it's still not too late to change.

There is strong demand in the market from customers that need help transitioning to digital business models – with the digital commerce and work-from-home trends prompting many of them to fast-forward their IT investment plans. There are opportunities for the channel to add value in every part of the value chain and in every leg of the customer journey.

Looking back at 2020, most companies in the ICT sector took a hit in their trading over April and felt a cash flow impact during the lockdown. The lockdown has forced companies throughout the supply chain to re-evaluate their cost base in order to navigate this difficult time. Yet the pandemic has also opened some doors for the channel.

## Regaining momentum

Despite the months of trade lost under the Level 4 and Level 5 national lockdowns, the ICT market regained momentum as the economy started to reopen under Level 3. As per point of sale data from GfK South Africa, the office equipment and stationery market grew 55% and the IT market by 8% in the first eight months of 2020.

This performance was driven by the demand for work-from-home solutions, including notebooks, security and printers. We saw a strong uptick in demand in the retail channel and among mid-market resellers as their business customers realigned for the digital era. Yet completing the digitisation journey will take three years or more of investment for most SMBs.

To reach their destination, these businesses will want to partner with resellers who can offer them pre-sales consulting, implementation skills and ongoing support and optimisation in a range of segments – from hybrid and multi-cloud and cyber-security to big data analytics and artificial intelligence.

They also need support in less glamorous areas of technology, including optimisation of managed print service contracts and end-user device strategies for a world of remote work. The pivot to working from home has put technology teams at businesses under strain, creating a range of new risks and opportunities for resellers.

## **Recovery will be u-shaped, not v-shaped**

These trends are why I'm optimistic about the growth prospects for the channel in the medium term. However, we expect a slower u-shaped recovery in 2021 rather than a v-shaped bounce-back. One of the factors hampering short-term market recovery is a disruption to the global supply channel – causing shortages of key products, notably entry-level notebooks.

High levels of competition, shrinking margins, and greater expectations will continue to test the industry in 2021 and beyond, Pickford says. The resellers and distributors that thrive will be those that are following the advice they're giving their customers: use digital technology to transform the business.

Digitisation provides us with increased speed of execution, reliability, and the control we need to differentiate our business and grow our share of the market, together with our partners. The ICT industry cannot partner with end-user companies on the migration from transactional to digital without embarking on the same journey.

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