Digital distribution platforms continue to evolve as key enablers for channel partners to manage their business.

Evolve in the AI Era with Digital Distribution Platforms and AI Services

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Introduction

The technology market has gone through some pivotal and impactful changes over the past few years, including the move to cloud, the enablement of digital transformation, the accelerated requirements driven by the COVID-19 pandemic, and now the addition of the GenAI-driven wave. Through this time, 95% of organizations have told IDC that they are now "digital first," and 98% recently told us that GenAI is a priority for their business. In the vast majority of cases, end customers have accepted that technology is now a differentiator for their business.

The pace of change over this time has accelerated like no other period in technology history. With increased innovation leading to a multiplication of potential complexities and choices, the need for platforms that provide foundational building blocks is a key opportunity.

Digital distribution platforms have been around for many years, initially focusing on the digital/cloud technologies that lend themselves to digital business. These platforms will continue to evolve to provide a one-stop shop for partners to manage their business and their customers. The current level of evolution should be a key business platform for partners to manage their own technology portfolio and enable more efficient customer interactions, insights, and growth opportunities.

IDC's Economic, Market, and Customer Trends

IDC suggests that it is important to balance the current market dynamics across a number of vectors — economic circumstances, technology market trends, and customer trends and feedback.

In terms of the economy, 2024 was a year of elections — 49 countries around the world had national elections, and there were also several geopolitical events that not only impacted markets regionally but had a knock-on effect across the world. Following on from the previous year's threats of a recession, 2024 was a balancing act for the economic outlook.

AT A GLANCE

KEY STATS

According to IDC's research:

» The global economic impact of AI will be $19.9 trillion by 2030.

» 98% of end customers say GenAI is a priority.

WHAT'S IMPORTANT

A digital distribution platform enables channel partners to modernize their catalog and align with the GenAI wave.

In terms of technology market trends, the GenAI wave has dominated the news. Customer interest is high, and innovation in GenAI has been faster and more voluminous than any other time in technology market history. Investment from key players has reached record levels, and given the potential opportunity, the latest IDC macroeconomic estimates suggest that the global economic impact of AI will be $19.9 trillion of opportunity by 2030 and will represent 3.5% of global GDP.

The reality of AI and GenAI is that customers will need to prepare and have an evolved technology stack that is ready to take advantage of this new technology. In simple terms, it could be a refresh, but in reality, each customer's business drivers and needs are different and so are their existing technology investments. The common ground here is a need for help from trusted advisors to build a road map to develop their personal GenAI stack.

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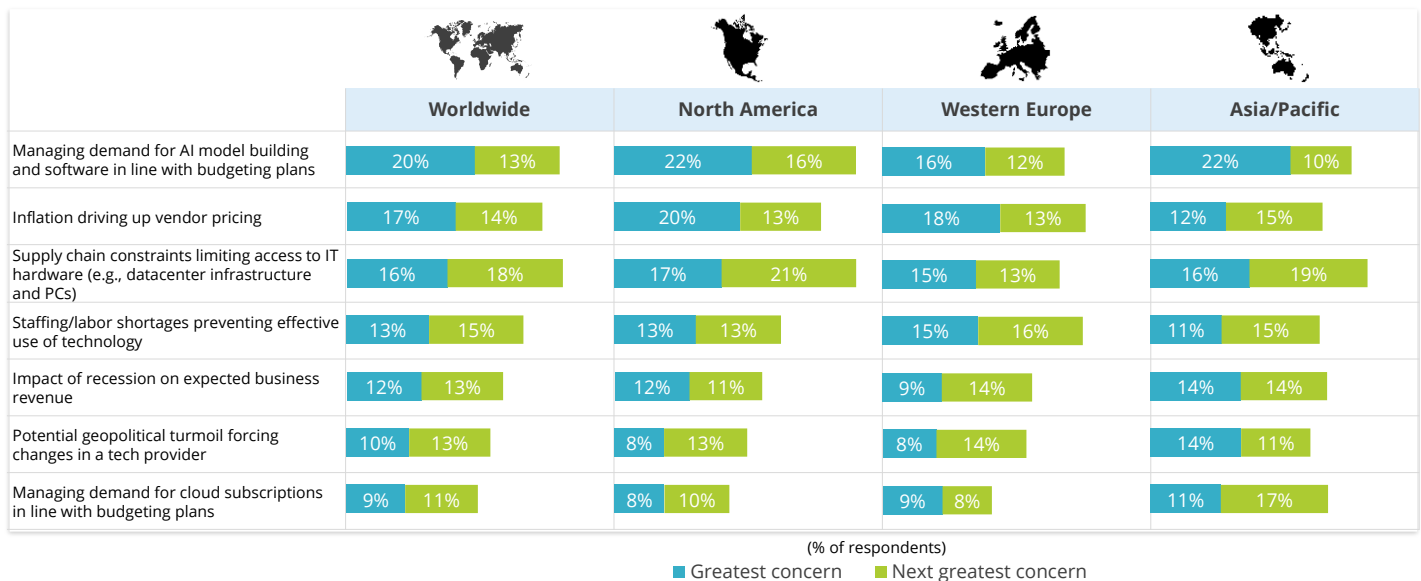
In terms of customer feedback, IDC runs a worldwide survey every quarter that checks the pulse of customer feedback and needs. Customer confidence in GDP growth varies, but in North America, 57% have a more positive outlook moving from 2024 into 2025. One of the most insightful questions that IDC asks in the survey is around areas of concern or risk factors as companies look at their tech strategies and spending outlook. There are some minor regional differences, and the latest feedback around these risks for North America is shown in Figure 1.

FIGURE 1: *Customer Risk Factors Related to Tech Strategies and Spending*

Concerns related to managing AI model building costs, rising vendor prices, and tech supply chains are displacing economic and cloud cost issues as top concerns with modest variation by region

Q *Which of the following risk factors related to your organization's tech strategies and spending for the next 12 months concerns you the most (greatest concern and next greatest)?*

	Worldwide		North America		Western Europe		Asia/Pacific	
Managing demand for AI model building and software in line with budgeting plans	20%	13%	22%	16%	16%	12%	22%	10%
Inflation driving up vendor pricing	17%	14%	20%	13%	18%	13%	12%	15%
Supply chain constraints limiting access to IT hardware (e.g., datacenter infrastructure and PCs)	16%	18%	17%	21%	15%	13%	16%	19%
Staffing/labor shortages preventing effective use of technology	13%	15%	13%	13%	15%	16%	11%	15%
Impact of recession on expected business revenue	12%	13%	12%	11%	9%	14%	14%	14%
Potential geopolitical turmoil forcing changes in a tech provider	10%	13%	8%	13%	8%	14%	14%	11%
Managing demand for cloud subscriptions in line with budgeting plans	9%	11%	8%	10%	9%	8%	11%	17%

(% of respondents)
■ Greatest concern ■ Next greatest concern

n = 887 (North America = 367, Western Europe = 200, and Asia/Pacific = 300)

Source: IDC's Future Enterprise Resiliency and Spending Survey, Wave 6, June 2024

These risk factors have been redirected toward the GenAI wave, with AI model building, vendor pricing/inflation, and infrastructure supply risks rising to the top 3 in North America.

Reverting to the theme of balancing out the environment across the vectors of economy, technology, and customer trends, it's clear that there is friction between GenAI-driven opportunities and the underlying economic and cost-based challenges. Customers, vendors, and partners are all navigating this imbalance, and the opportunity lies in working with customers to help them navigate their best and most risk-free road map.

IDC Partner Research Trends

IDC's Channels and Alliances research team regularly engages with technology vendors and their partners on the topic of mutual success within the ecosystem. IDC also polls partners to understand what their challenges and opportunities are as part of an annual global partner study (see Figure 2). This list is always insightful, and one of the takeaways is that it's not a short list on either side, which reflects the complexity and speed of the market changes.

FIGURE 2: *Partner Ecosystem Challenges and Opportunities*

The proliferation of AI and the evolution of partner business models are considered top opportunities by partners; conversely, the evolution of vendor pricing models and the evolution of vendor incentives are viewed as top threats

Q *For each of the following, please indicate whether it is primarily (i.e., more of) a threat or primarily an opportunity for the future of your business.*

Threat versus opportunity

	(Primarily a) threat	Neither	(Primarily an) opportunity
Proliferation of AI (including generative AI)	5%	16%	79%
Evolution of partner business models	14%	6%	81%
Cloud marketplaces	23%	6%	71%
Sustainability in technology procurement	10%	35%	54%
Evolution of vendor go-to-market strategies	25%	20%	55%
Data privacy and digital sovereignty considerations	27%	30%	43%
Technology buying and procurement trends	21%	46%	33%
Skills and talent landscape	25%	38%	37%
Evolution of vendor incentives	26%	42%	32%
Evolution of vendor pricing models	35%	36%	29%

(% of respondents)

■ (Primarily a) threat ■ Neither ■ (Primarily an) opportunity

Decreasing share of opportunity leaning (opportunity percentage minus threat percentage)

n = 512

Source: IDC's North America Partner Survey, October 2024

The takeaway for partners is that the speed of change and innovation is not slowing down and is driving complexity not only for end customers but also for the partners themselves. Resources to address this are not increasing, so some tough

choices have to be made about where to focus. Business platforms that help partners manage their business and customer interactions are an obvious win at this time.

Considering ArrowSphere Digital Distribution Platform

ArrowSphere is Arrow Electronics' digital distribution platform. Arrow has continuously innovated and enhanced ArrowSphere to best meet the needs of partners since the platform was first developed in 2012. Today, ArrowSphere includes a number of different features and applications that are key to a successful partner business:

» **Marketplace:** This is Arrow's full line card of products and solutions that are available to partners. Partners can more efficiently manage their quoting, ordering, billing, and fulfillment.

» **Cloud:** ArrowSphere Cloud offers partners the ability to optimize their customers' cloud workloads, including helping customers understand their cloud footprint and security postures and layer in sustainability requirements.

» **Deploy:** This enables partners to deploy and configure hybrid cloud workloads for customers. The insights provided allow partners to deploy the right cloud solutions and help customers optimize costs across clouds and mitigate risks.

» **Connect:** Partners can use this to automate quote-to-cash transactions via API integrations that allow them to drive efficiency, accuracy, and scale.

» **MyBusiness:** This self-service portal gives partners 24 x 7 access to everything they need to run their Arrow business, including quotes, orders, invoices, shipping, billing records, and online payments.

These elements or applications enable a rich partner experience that can extend to their customer base and offer many ways to gain efficiencies both internally for the partners and with their customer base in terms of offering the best products and solutions, analyzing and optimizing workloads, and managing their future road map.

ArrowSphere Evolution

For over a decade, ArrowSphere has enabled partners to work more efficiently and scale faster; it has evolved to meet the needs of changing cloud and digital technology requirements. This evolution continues, and the features and capabilities within the existing applications are continually growing based on partner engagement and feedback.

Arrow has been building AI into many elements of the platform including general business, FinOps, SecOps, and GreenOps use cases that help partners quickly capture meaningful and actionable insights about their business to generate revenue faster. These use cases are valuable for partners seeking to gain more efficiencies across their business life cycle, from quoting to ordering, billing, customer and workload management, and so forth.

Arrow has launched its own AI assistant built into ArrowSphere that leverages the full data of the partner business. ArrowSphere Assistant allows partners to ask questions, query their business, and drill down on customer trends, opportunities, and insights within their overall business and interactions with ArrowSphere. This is a particular AI use case that highlights how applying AI to appropriate business data can be invaluable in uncovering insights and new opportunities with speed and efficiency.

Arrow's services are also expanding to complement and support the Arrow catalog and help partners address the burgeoning services economy and opportunities with customers as they require more complete business solutions. The

range of offerings covers support services, professional services, managed services, and education services. Arrow offers these services to partners to add to their own capabilities or to offer to their end customers as part of their portfolio.

There are also new partner services for AI engagements. Partners can add these services to their customer-facing portfolio without initially having to make too many of their own resource investments. These AI services offer everything from discovery to delivery, and the goal is to wrap resources and services around partner businesses. The AI service offerings are effectively building blocks and are similar to the factory model that vendors propose to help customers navigate the AI options and complexity.

Challenges

The challenges for any new platform mainly fall around adoption. Through its innovative applications and capabilities, ArrowSphere is designed to empower partners' growth as they navigate the complexity of a rapidly changing technology landscape. The platform's capabilities will continue advancing to meet further market changes and needs. It is incumbent upon partners to lean into these digital platforms, and the value for those that do will be significant as they engage.

Partners will also have to change the way they do business, as the digital platform will enable them to reconsider their current business processes and potentially extend usage across many of their business functions, from product ordering right through to sales and customer success and analysis.

Conclusion

The ArrowSphere digital business platform enables partners to manage their business with Arrow and, in turn, manage their customer business in an effective, efficient manner. The principle of having an AI-supported dashboard and assistant is a real-world AI use case that can help drive better outcomes for partners.

IDC does not expect the speed of change and innovation to slow. Digital business platforms can help take away much of the overhead and administrative burden from partners, as they can leverage platform investments quickly to bring better technology management to their customers.

About the Analyst

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Steve White is program vice president for the Worldwide Channels and Alliances research team. He manages a group of channels and alliances analysts as well as their related research products, with extended teams in EMEA and APEJ.

MESSAGE FROM THE SPONSOR

A leader in global IT distribution at the forefront of cloud and AI innovation, Arrow's enterprise computing solutions business helps supercharge the growth of technology service providers and vendors in the IT channel. We provide deep technology expertise, digital platforms and an unmatched ability to solve the complexities of today's IT and business landscape. We work as an extension of your team so you can accelerate your growth and create better outcomes.

Our digital distribution platform, ArrowSphere, enables channel partners to seamlessly acquire, manage, provision and deploy IT solutions to accelerate growth. ArrowSphere gives you the flexibility, freedom and control you need to navigate the hyper speed of technology and thrive.

Explore all the ways ArrowSphere can help your business.

IDC Custom Solutions

The content in this paper was adapted from existing IDC research published on www.idc.com.