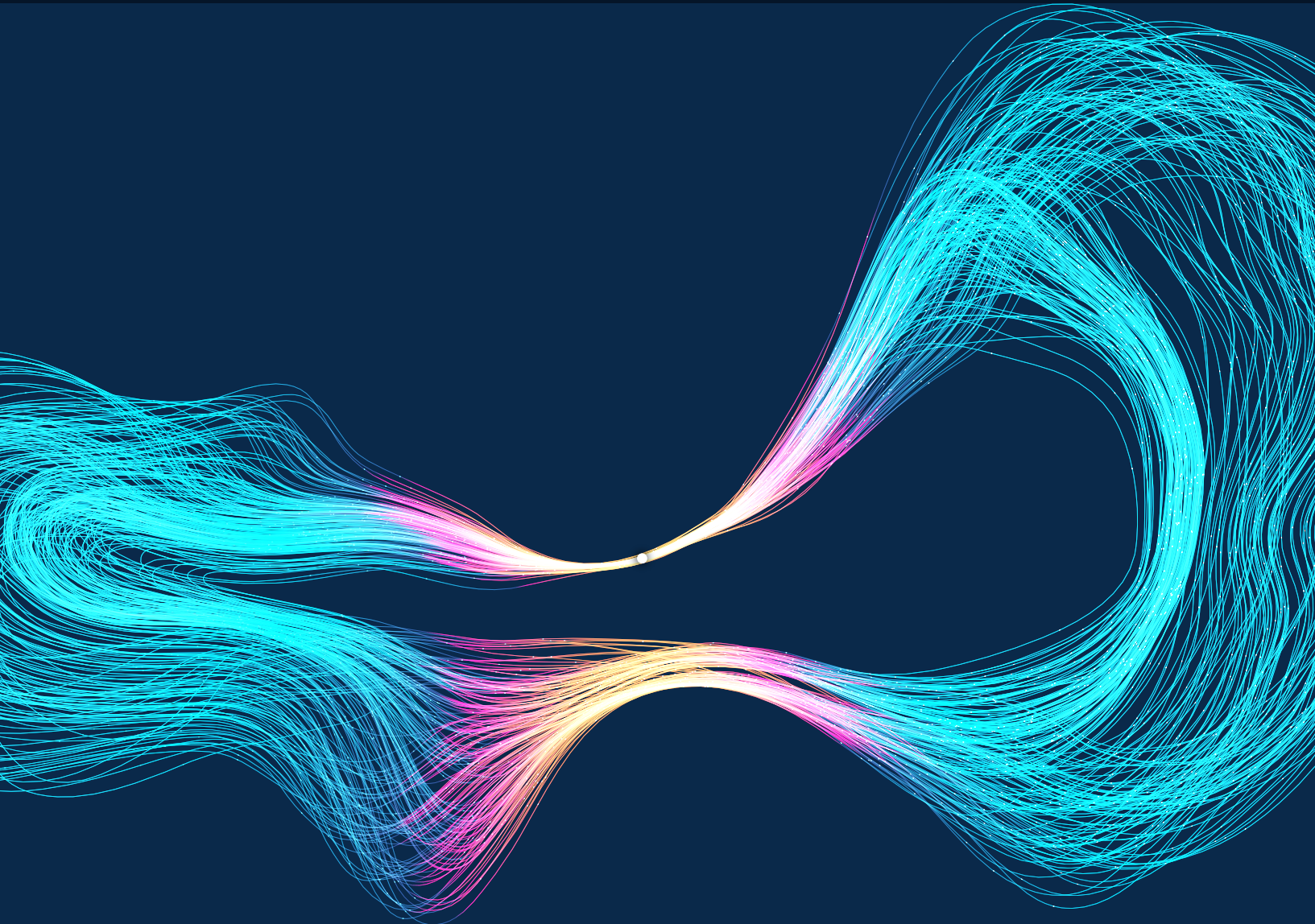




Bridging the Customer AI Readiness Gap

The Opportunities Ahead for Partners





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Executive Summary

The growth of Artificial Intelligence (AI) has continued to dominate business discussions over the past year as it becomes increasingly accessible and mainstream in its application. As organizations of all sizes consider how they will leverage AI to improve business outcomes, channel partners will play an increasingly significant role in bringing the right solutions to the organizations that need them.

The readiness of these partners to support their customers' AI journeys is therefore just as important as the readiness of customer organizations themselves. To assess this readiness and uncover insights around how partners can better support their customers and capture opportunities in the growing AI market, Cisco commissioned this **AI Partners Study**. This report follows and is aligned with the findings and objectives of **Cisco's AI Readiness Index**, which provides a global benchmark for customer organizations' AI readiness.

The AI Partners Study confirms that partners and customers both agree that AI will have a significant impact on the operations and business activities of customer organizations. There's also universal agreement around the urgency with which deployment must accelerate. However, the study also reveals some misalignment between partners and customer organizations around the role of AI and targeted outcomes of AI deployment, indicating gaps in some partners' understanding of customers' thinking.

The AI Readiness Index identified key gaps in customers' readiness from the perspective of infrastructure, data, governance and talent. This presents clear opportunities for partners to play a role, and we do see areas where partners have strong capabilities to support customers where they fall short, for example, they have a stronger understanding of the latest technologies needed to develop AI-ready infrastructure, data sovereignty laws and regulations, and biases and fairness in data sets.

However, certain gaps in partners' capabilities may also be preventing them from capturing these opportunities to the fullest. For infrastructure, most partners have only limited or moderate capability in helping customers improve the scalability and flexibility of IT infrastructure for AI projects. Similarly, for data and governance, more than half of partners say they have a limited or moderate understanding of protecting data used in AI models.

A shortage of talent who possess skills for effective AI deployment is a challenge for both partners and customers. While two-thirds (66%) of partners feel they are currently not well resourced enough to help their customers to leverage AI, almost four in five (78%) are tackling this issue by providing comprehensive AI training programs for staff.

Looking ahead, partners see immense growth potential in the addressable market for AI, with the majority forecasting market growth of over 50% in the next two to five years. They also see significant longer-term upside to their revenue, with more over a quarter (27%) of partners expecting over three-quarters of their revenue to come from AI technologies in the next four to five years. Clearly, partners need to bridge their capability gaps to avoid a missed opportunity.

We hope this study will provide useful insights for the leaders of channel partners who are looking to navigate how AI may shape the future of their businesses, and help them to unlock business opportunities and value in this new era for technology.



Introduction

The Cisco AI Partners Study builds on our AI Readiness Index launched early this year, which evaluates customers' ability to adopt and fully leverage AI. In the AI Partners Study, we turn the spotlight on the partners who are supporting organizations in their AI journeys.

This study seeks to understand partners' current AI capabilities, highlight potential growth areas in meeting customer AI readiness needs, and assess their readiness to meet the rising demand for AI solutions. Our study uncovers substantial opportunities for channel partners ready to capitalize on the growing AI market – with success being where partner preparation and customer needs align. The potential upside is significant – more than one in four partners believe 76-100% of their revenue will come from AI technologies in the next 4-5 years, with the greatest revenue drivers being around infrastructure (33%), cybersecurity (20%), and customer experience (9%).

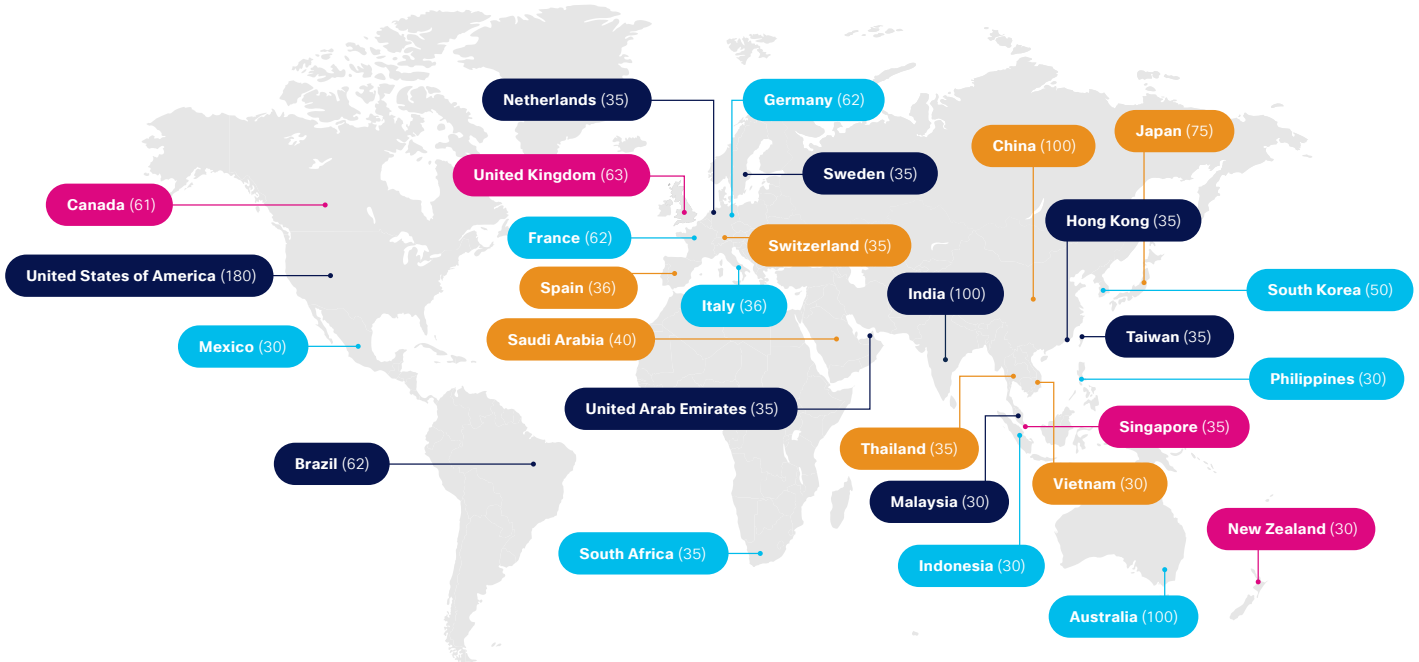
While most partners are stepping up preparations to meet the growing demand for AI-driven capabilities, there are some gaps in experience and knowledge. The greatest challenges in supporting customer AI deployment are a lack of experience in new areas of technology deployment (62%), followed by a lack of knowledge of systems, and processes (56%) and available technologies (53%).

Methodology

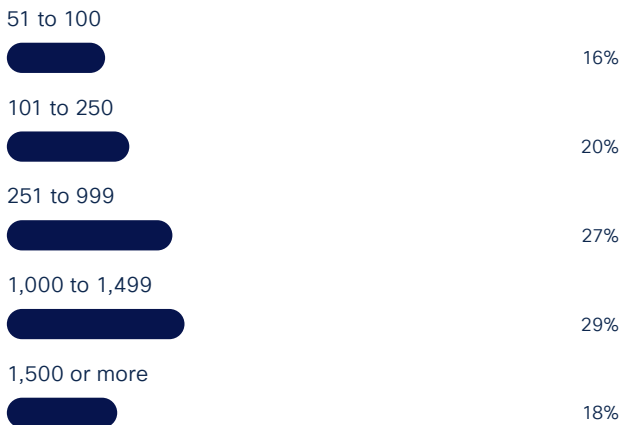
The **Cisco AI Partners Study** is based on a double-blind survey of over 1,500 IT partners across 29 markets and is a comprehensive assessment of the capabilities of service providers in the age of AI. These findings align with the **Cisco AI Readiness Index** launched in 2023, which highlighted a global lack of readiness for AI adoption, revealing gaps in infrastructure, data management, governance, and talent. Built on the insights from the AI

Readiness Index, the Cisco AI Partners Study assesses the capabilities of partners to help customers with their adoption and deployment of AI technologies.

The survey respondents are leaders at Director level and above at IT solutions providers who are involved in AI integration or deployment strategy and activities for customers.



Number of employees employed full-time globally



Roles of respondents' organizations, as IT and technology solutions providers





Strong alignment on AI's impact, but expectations are mismatched

The opportunity that the growth of AI technologies presents is evident with 89% of the partners we surveyed saying that AI will have a significant impact on the operations and business activities of their customers in the future, and 84% of customers interviewed for Cisco's AI Readiness Index saying the same.

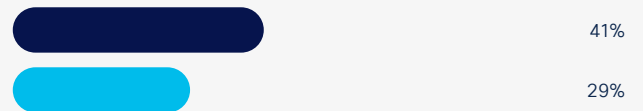
Additionally, 98% of partners believe the sense of urgency among their customer base to deploy AI-powered solutions has increased over the past six months, which aligns with the results from the AI Readiness Index, where 97% of customers state this. Partners have further observed a clear prioritization of Generative AI over other forms.

Owing to this opportunity, there are indications of partners taking action to improve their readiness – particularly with their teams. Over three quarters (78%) of AI partners having invested in training programs to upskill their employees in AI-related competencies, and 62% have allocated more budget to hire new AI talent.

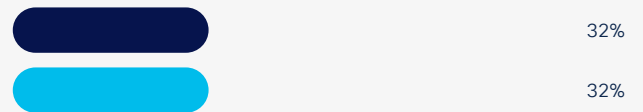
Roles intended for fulfilment by AI

- AI Partners respondents (regarding their customers)
- AI Readiness respondents

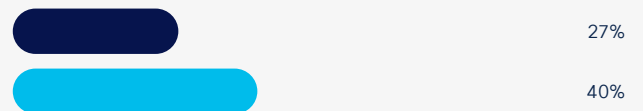
Augment current processes / operations



Assist with current processes / operations

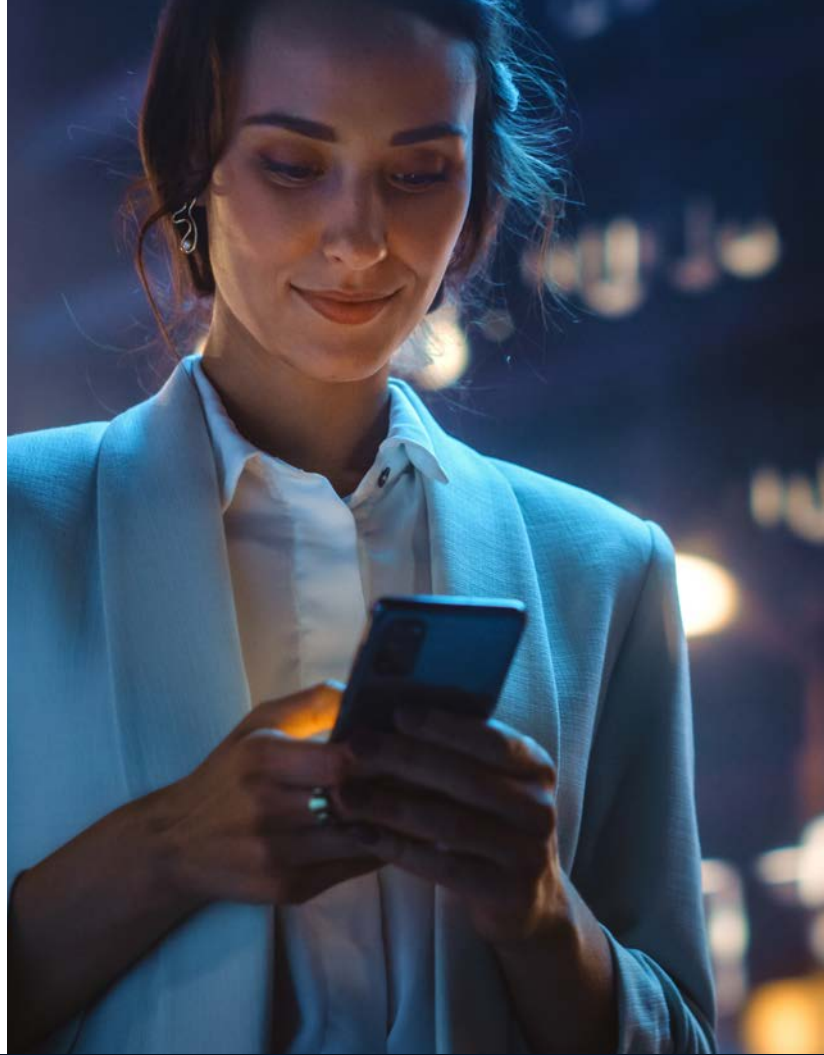


Automating processes / operations



However, despite the clear identification of the opportunities ahead and these initial efforts, there are some mismatches in expectations around the role that AI should play. AI partners are significantly more likely to believe their customers seek augmentation of current processes and operations through AI, when in fact automation is more likely to be prioritized by customers.

This observation also applies to expected outcomes. Improving efficiency of systems, processes, and operations is the top ranked outcome by both partners and customers in the respective studies. The same proportion of partners and customers also view improving customer experiences as an expected outcome. However, views diverge in other areas. Partners are significantly more likely to believe that customers want to use AI technologies to open new revenue streams. Whereas customers are more than twice as likely as partners to rank increasing innovation capabilities as a goal of AI. This demonstrates that partners are not fully aligned with their customers, and they may not fully understand the role and stage of their relationship with AI technologies in driving overall business performance. This is a critical area for partners to address.



Ranking among top three outcomes to be driven by AI

● AI Partners respondents (regarding their customers) ● AI Readiness respondents

Outcomes aligned between partners and customers

Improving the efficiency of systems, processes and operations



Improving customer experiences

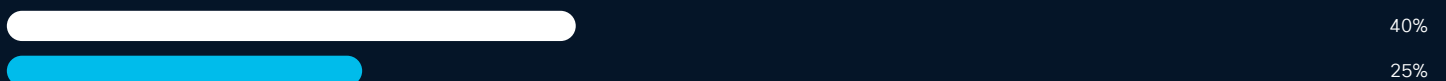


Outcomes misaligned between partners and customers

Increasing innovation capabilities



Opening new revenue streams





Customer capability gaps offer fertile ground for partners

In Cisco's AI Readiness Index, a staggering 52% of customers rank in the bottom two categories for readiness – Followers and Laggards.

While most leaders recognize the importance of a robust AI offering, they are still wrestling with how to tackle AI across their organizations—not just from a technology perspective, but also with the humans who are ready (or not) to use that technology.

This lack of readiness is observed across all pillars of the Index, namely Infrastructure, Data, Governance, and Talent, with performance the weakest in the Data and Governance pillars. This presents a significant opportunity for partners to step in and help customers with accelerating their AI adoption and goals.

Against the findings of our AI Readiness Index, the survey of partners reflects that there needs to be more time spent in building experience and knowledge in this new area of technology to be better able to support customers in deploying AI strategies and projects. This should naturally be resolved in time as more experience is gained.

This gap between the opportunities available and the readiness of partners is explored in more detail across each pillar of AI readiness in the following sections.

The AI Readiness Index showed there are significant gaps across

● Pacesetters ● Chasers ● Followers ● Laggards

Infrastructure



Data



Governance



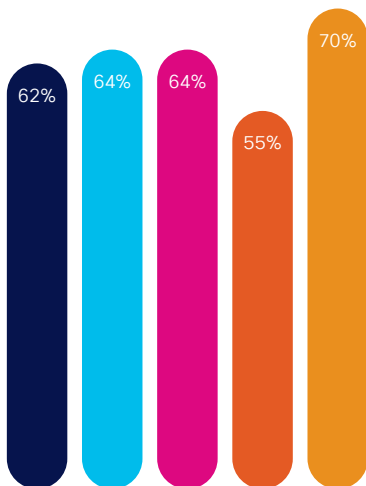
Talent



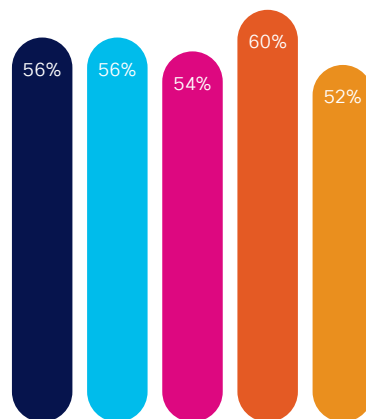
Top three biggest challenges in supporting clients to deploy AI projects

● Global ● Americas ● APJC ● Europe ● Middle East and Africa

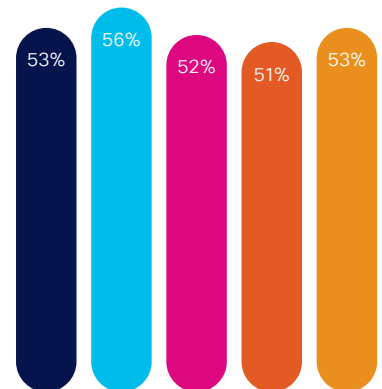
Lack of experience in new areas of technology deployment, and elements of unknown



Lack of knowledge systems and processes



Lack of knowledge of available technologies





Opportunity and Readiness gap: Infrastructure

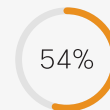
Infrastructure provides the critical backbone for deployment of new AI technologies across organizations, and partners appear to be ready, willing, and increasingly able to offer support.

In Cisco's AI Readiness Index, just over half (54%) of customers indicated that their IT infrastructure is moderately scalable at best. This is a clear opportunity for partners, with over three quarters (76%) saying they have a high level of understanding around what it takes to build scalable AI-ready infrastructure.

Additionally, while 36% of AI Readiness customer respondents fell short of having sufficient GPU resources for ongoing projects, 45% of partners express having a high level of knowledge and experience in this area. An opportunity for support is also seen around data centre networks. Only one in five (21%) of customers surveyed for the Index say the latency and throughput performance of their data centre networks is optimal, while 42% of partners express having strong knowledge and experience in helping companies with this.

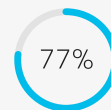
The opportunity ahead: Infrastructure

Customers

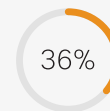


Respondents in the AIRI said their infrastructure was moderately scalable or worse

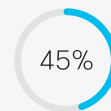
Partners



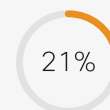
Partners say they have a high level of understanding around what it takes to build a scalable and adaptable infrastructure ready for AI



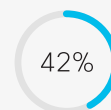
AIRI respondents fell short of having sufficient GPU resources for ongoing projects



Partners express high knowledge and experience in this area



AIRI respondents said the latency and throughput performance of their data center networks was optimal



Partners express high knowledge and experience in helping companies in this area of AI deployment

Similar numbers of partners also indicate having a strong understanding of the latest technologies (hardware and software) needed to develop AI-ready infrastructure (74%), and around the availability of technology (hardware / software) needed to develop AI-ready infrastructure within partner organizations (79%).

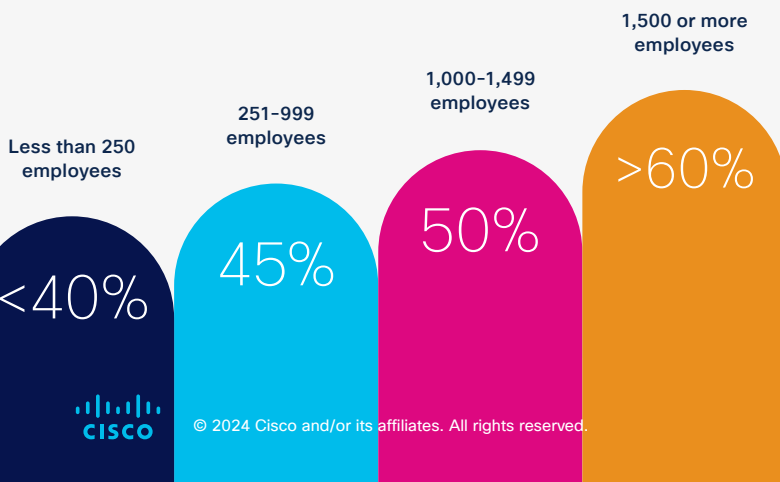
However, not all partners are ready to support customers with AI technology deployments, with capability gaps reported across several areas. Among the partners who say they have limited or moderate capability, 58% indicate this for helping improve scalability and flexibility of IT infrastructure for AI projects. Similarly partners indicated the same level of (58%) for assessing data centre network performance for AI workloads. Over half also report having limited or moderate capability in detecting and preventing tampering or adversarial attacks (57%), advising on GPU resources (55%), implementing RDMA over Converged Ethernet v2 (53%), and helping to efficiently allocate compute resources (51%).

Not all partners are equally ready

Improve scalability and flexibility of their IT infrastructure for AI projects	58%
Assess data center network performance for AI workloads	58%
Detect and preventing unauthorized tampering or adversarial attacks on AI models	57%
Advise on GPU resources for AI workload processing	55%
Implement RDMA over Converged Ethernet v2 (RoCEv2)	53%
Help efficiently allocate compute resources for AI tasks	51%

Confidence levels around AI deployment (Data and Governance) by region and company size

● Americas ● APJC ● Europe ● Middle East and Africa



These capability gaps differ by geography and also by the size of the partner's company.

The percentage of partners reporting high levels of knowledge and capability in providing infrastructure-related AI services is highest in the Americas at 50%, while Europe is the lowest at 37%.

By company size, a clear correlation is observed that the smaller an IT service partner is, the less likely it is to indicate having a high level of knowledge and capability in AI services for infrastructure.

Furthermore, differences are also seen among various types of IT service providers. On average, nearly a third (32%) of IT advisors and consultants say they have a high level of knowledge and capability to deploy AI across Infrastructure. While 44% of IT providers / managed serviced providers report the same for Infrastructure, the majority do not possess these capabilities.



Opportunity and Readiness gap: Data and Governance

Both opportunities and gaps are also observed in the areas of Data and Governance.

While three quarters (76%) of customers surveyed for Cisco's AI Readiness Index indicated they have a detailed or good understanding of data sovereignty laws and regulations, a far greater number (91%) of partners indicate the same – highlighting an opportunity for partners to support here. This trend continues with awareness around potential biases and fairness in data sets (70% of customers with high or moderate awareness vs 90% of partners) and understanding of global data privacy standards (76% of customers with high or moderate understanding vs 92% of partners).

As with other areas of AI-related services, we see partners in the Americas leading their peers elsewhere in knowledge and understanding of the issues connected with the Data and Governance readiness pillars.

However, gaps exist in specific services that partners could offer to clients in the Data and Governance domains. Globally, over half say they only have a limited or moderate understanding of protecting data used in AI models, managing access control to AI systems and data, forming solutions to facilitate easy access to data for AI initiatives, and integrating analytics tools with data sources.

Knowledge and understanding of Data and Governance issues

● Global ● Americas ● APJC ● Europe ● Middle East and Africa

% of partners who have a good or detailed understanding of data sovereignty laws and regulations



% of partners who have moderate or high awareness around potential biases and fairness in datasets



% of partners who claim to have a high or moderate understanding and adherence to global data privacy standards



Percentage of partner respondents who have moderate or limited capabilities/knowledge in Data Management and Governance

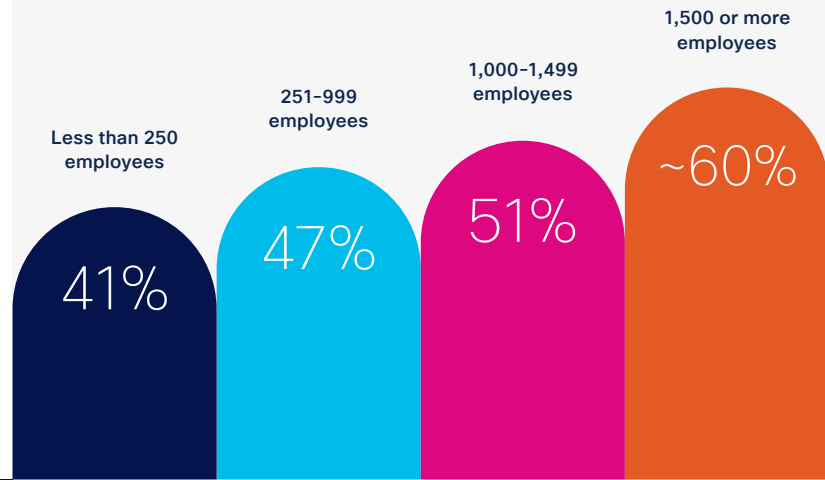
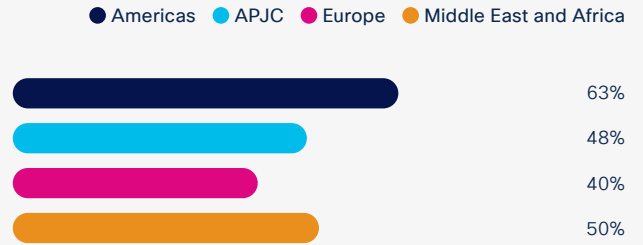
	Global	Americas	APJC	Europe	Middle East and Africa
Helping customers ensure the protection of data utilized in AI models	52%	45%	53%	61%	48%
Helping customers manage access control to AI systems and datasets	52%	49%	52%	57%	54%
Tracking the origins and lineage of data used in AI models	52%	45%	52%	53%	47%
Advise clients on solutions that facilitate easy access to data for AI initiatives	53%	47%	50%	63%	56%
Integrating analytics tools with the data sources and AI platforms used within their clients' organizations	54%	48%	52%	66%	44%

Differences are also seen here by geography, company size, and type. Partners in the Americas are again the most confident, with 63% believing they have a high level of knowledge and capability around AI deployments for Data and Governance, compared with 40% in Europe.

A further correlation is seen with smaller partner companies being less likely to feel that they have a high level of knowledge and capability in AI deployments for the Data and Governance areas.

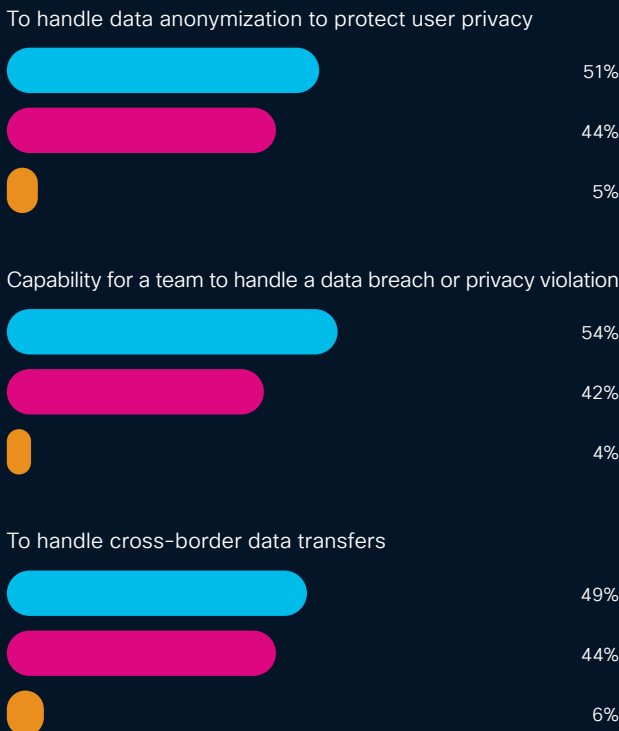
By provider type, IT distributors are the least prepared here, with only 33% of them reporting high knowledge and capabilities to deploy AI across Data and Governance functions. On the other hand, IT Providers and Managed Service Providers remain ahead with 48% saying the same.

Confidence levels around AI deployment (Data and Governance) by region and company size



Capability levels of partners

● High capability ● Moderate capability ● No capability



When looking into specific data legislation, 48% of partners rank their level of understanding about global data privacy standards (like GDPR, CCPA, etc.) and ensuring adherence to these in AI projects as high. This is followed by 44% with a moderate understanding, and 8% with limited to no understanding.

The highest proportion of partners rank their AI policies and protocols at their own company as moderately comprehensive (47%), 40% rank their policies and protocols as highly comprehensive and 10% as limited. Just 2% say they do not have any.



Opportunity and Readiness gap: Talent

Looking at talent readiness, channel partners see this area as key to unlocking opportunities, but also surmounting challenges, in relation to AI deployment in both their own and their customers' organizations.

In terms of meeting strategic objectives four in 10 channel partners (41%) believe that their customers are deploying AI-powered solutions to create a better experiences for their external users (e.g. stakeholders, customers, partners) or to increase internal competitiveness.

The majority of channel partners (71%) feel that there is enough talent available in the IT services and solutions sector to address the growing demand for AI, with just under one quarter (23%) of channel partners stating they do not feel there is enough.

However, when reflecting on their own organizations, two-thirds (66%) of channel partners feel they are not well resourced enough to help their customers to deploy AI and AI powered technologies.

Tools to assess proficiency levels

Performance analytics	67%
AI Competency Frameworks	65%
Skills assessments	56%
Internal audits and interviews	42%
Professional Developments Programs	40%
Others	1%

Among the partners who do not feel they are well resourced to assist their customers, 72% say they can meet current demands now, but will need to hire to support the future growth in this area that they anticipate.

In terms of equipping talent with the necessary skills to support their customers, 36% of partners have trained their existing talent pool in AI related skills, 32% have hired externally to acquire these skills, and the same proportion (32%) say they hired externally and trained existing talent.

Channel partners express significant confidence in the proficiency of their staff to fully leverage the AI technologies that they deploy for customers, with 87% saying their staff can at least handle regular AI related tasks efficiently (with 38% being fully proficient), and one in seven (14%) needing significant training or guidance to use advanced functions.

To assist with identifying talent gaps in their own teams in relation to AI proficiency, channel partners are primarily using performance analytics (67%), AI competency frameworks (65%), and skills assessments (56%).

Partners are also working hard to upskill their workforces in AI-related competencies, with almost 4 in 5 (78%) claiming to have comprehensive AI training programs for staff, equally split between internal and outsourced training.

Partners seem more confident in their ability to support their customers' AI-ready infrastructure compared with their own Three in four (76%) rate their current resources to support customers interested in deploying AI ready infrastructure as high, whereas less than one-third (29%) rate highly their own organization's current resources (training and upskilling) in deploying AI-ready infrastructure.

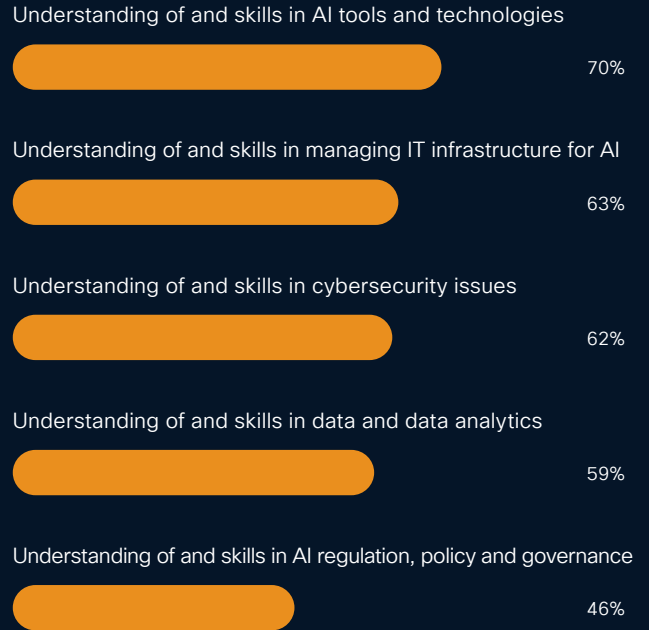


When assessing customer readiness, 64% of partners rate the in-house talent resources available to successfully deploy AI as being less than well resourced, including one in six (16%) who were assessed as at least moderately under resourced.

Partners perceive the main AI talent gaps among their customers as being in foundational areas such as lacking a general understanding of AI tools and technology (70%), lack of skills in managing IT infrastructure for AI (63%) and a lack of skills in cybersecurity issues (62%).

Partners cite the main reasons for customer AI talent gaps as shortages in the labor market (48%), lack of corporate support for new hires (22%) and lack of hiring budget (22%). This suggests a critical need for companies to step up their efforts across the board to address AI talent gaps.

Top 3 ranked areas in which customers currently have the greatest gaps in AI talent



Top ranked reasons for customers' lack of in-house talent



Further to this, partners are in fact stepping up to help customers address AI talent shortages, with 62% allocating more budget to hire new talent and the majority (52%) collaborating with external parties to access AI talent on a contractual basis. Just under half of channel partners (46%) are investing in upskilling and reskilling existing talent.

Despite these efforts, partners still exhibit uncertainty when it comes to confidence in their preparedness to help customers identify any talent gaps around AI, with only four in 10 (40%) saying they are highly ready to provide their customers with this support.



Addressable market with varying growth projections

The growth of AI is not just hype. The partners that we surveyed foresee continued rapid growth of the addressable market over the next five years.

Globally, most partners forecast market growth of over 50% in the medium term (next two to five years), while three quarters (74%) expect growth of more than 25% in the short term (next 12 months). The most bullish projections tend to come from partners in the Asia Pacific region, with six in 10 (60%) and seven in 10 respondents (71%) seeing a growth of more than 50% in the two- to three-year and four- to five-year timeframes respectively.

Larger partners tend to be more optimistic about the growth of the addressable AI market compared with smaller competitors. As company size increases, so does the proportion of respondents that see a growth of more than 50% in each timeframe. This is likely influenced by large companies having a larger and more diverse client base with client organizations of various sizes and industries.

Among the different types of partner organizations, in the short term, IT developers tend to view the growth of the addressable AI market in more favorable terms, with 46% seeing a growth of more than 50% in the next year. On the two- to three-year horizon, IT integrators / resellers are the most optimistic, with 63% forecasting growth of more than 50%. The growth projections of IT developers outpace those of other types of partners in the longer-term (next four to five years), possibly due to the longer time needed for the development and widespread adoption of bespoke AI solutions.

IT distributors are the least optimistic across all timeframes, which may reflect their lower level of involvement in their clients' long-term AI strategy. Nevertheless, all types of partner organizations show the greatest optimism in the longer term (next four to five years), indicating a widespread belief in the sustained and exponential growth of the addressable market for AI solutions.

The addressable market is growing rapidly: Global overview

Expected growth	Next 12 months	Next 2-3 years	Next 4-5 years
26 - 50%	34%	27%	20%
51 - 75%	25%	30%	25%
76 - 100%	12%	19%	23%
More than 100%	3%	7%	19%
More than 50%	40%	56%	67%

The addressable market is growing rapidly: APJC

Expected growth	Next 12 months	Next 2-3 years	Next 4-5 years
26 - 50%	34%	26%	18%
51 - 75%	26%	32%	26%
76 - 100%	13%	21%	25%
More than 100%	2%	7%	20%
More than 50%	41%	60%	71%

The addressable market is growing rapidly: Europe

Expected growth	Next 12 months	Next 2-3 years	Next 4-5 years
26 - 50%	35%	28%	25%
51 - 75%	21%	29%	25%
76 - 100%	9%	13%	16%
More than 100%	4%	6%	14%
More than 50%	34%	48%	55%

The addressable market is growing rapidly: Middle East and Africa

Expected growth	Next 12 months	Next 2-3 years	Next 4-5 years
26 - 50%	25%	31%	15%
51 - 75%	23%	24%	23%
76 - 100%	16%	21%	24%
More than 100%	7%	13%	30%
More than 50%	46%	57%	76%

The addressable market is growing rapidly: Americas

Expected growth	Next 12 months	Next 2-3 years	Next 4-5 years
26 - 50%	31%	28%	22%
51 - 75%	26%	28%	26%
76 - 100%	11%	22%	22%
More than 100%	2%	7%	17%
More than 50%	39%	57%	65%



The addressable market is growing rapidly: Small and medium companies

Expected growth	Less than 250 employees			251 to 999 employees		
	Next 12 months	Next 2-3 years	Next 4-5 years	Next 12 months	Next 2-3 years	Next 4-5 years
26 - 50%	38%	27%	19%	32%	31%	20%
51 - 75%	21%	30%	25%	26%	28%	26%
76 - 100%	10%	17%	21%	15%	19%	21%
More than 100%	2%	6%	16%	2%	6%	19%
More than 50%	33%	53%	62%	43%	53%	66%

The addressable market is growing rapidly: Large companies

Expected growth	1,000 to 1,500 employees			1,500+ employees		
	Next 12 months	Next 2-3 years	Next 4-5 years	Next 12 months	Next 2-3 years	Next 4-5 years
26 - 50%	32%	26%	21%	29%	21%	18%
51 - 75%	28%	32%	23%	30%	33%	23%
76 - 100%	14%	21%	26%	11%	24%	28%
More than 100%	3%	9%	21%	5%	8%	22%
More than 50%	45%	62%	70%	46%	65%	73%

The addressable market is growing rapidly: Different providers, different opinions

Expected growth	Next 12 months				
	IT provider/ managed service provider	IT distributor	IT advisor/IT architecture and solutions consultant	IT integrator / reseller	IT developer
26 - 50%	33%	39%	40%	29%	23%
51 - 75%	19%	16%	23%	18%	36%
76 - 100%	15%	4%	11%	16%	8%
More than 100%	3%	3%	1%	5%	2%
More than 50%	37%	23%	35%	39%	46%

The addressable market is growing rapidly: Different providers, different opinions

Expected growth	Next 2-3 years				
	IT provider/ managed service provider	IT distributor	IT advisor/IT architecture and solutions consultant	IT integrator / reseller	IT developer
26 - 50%	27%	27%	26%	16%	26%
51 - 75%	29%	32%	30%	34%	23%
76 - 100%	15%	12%	20%	13%	24%
More than 100%	9%	3%	4%	16%	7%
More than 50%	53%	47%	54%	63%	54%

The addressable market is growing rapidly: Different providers, different opinions

Expected growth	Next 4-5 years				
	IT provider/ managed service provider	IT distributor	IT advisor/IT architecture and solutions consultant	IT integrator / reseller	IT developer
26 - 50%	18%	19%	18%	8%	24%
51 - 75%	25%	17%	29%	29%	21%
76 - 100%	20%	17%	24%	18%	27%
More than 100%	19%	12%	13%	21%	20%
More than 50%	64%	46%	66%	68%	68%



Expected revenue to come from AI technologies

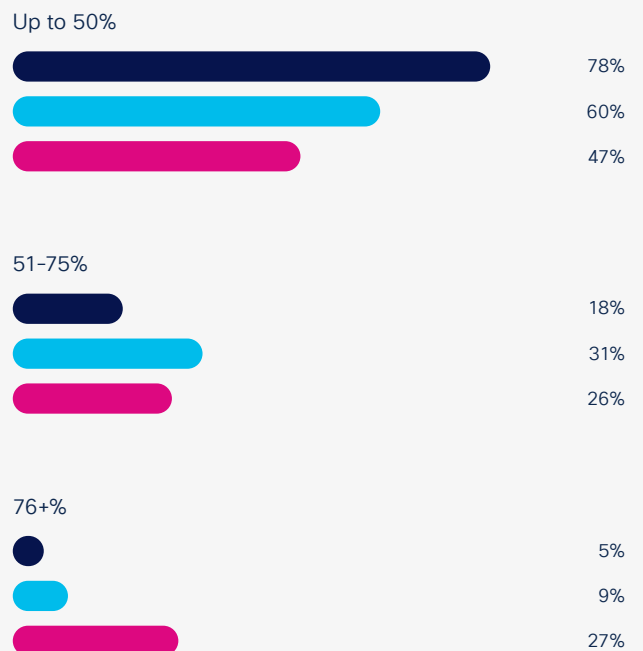
Our study further delves into the potential growth areas for partners ready to capitalize on the burgeoning AI market.

For the best positioned partners, the longer-term upside is significant – more than one in four (27%) partners believe that over three-quarters of their revenue will come from AI technologies in the next four to five years. A similar proportion of partners (26%) forecast 51-75% of revenue over this time period to be AI related and another quarter (26%) project 26-50% of revenue to be AI related. As such, only one in five (21%) partners expect AI technologies to account for less than 25% of revenue five years from now.

Even in the very short-term booming demand for AI-related services and solutions is set to fundamentally change the revenue mix of partners, with 23% believing that the majority of their revenue will come from AI technology deployment in the next 12 months and a further 38% believing that AI technology deployment will generate between 26% and 50% of their revenue one year from now.

Expected revenue from deploying AI technologies: Global

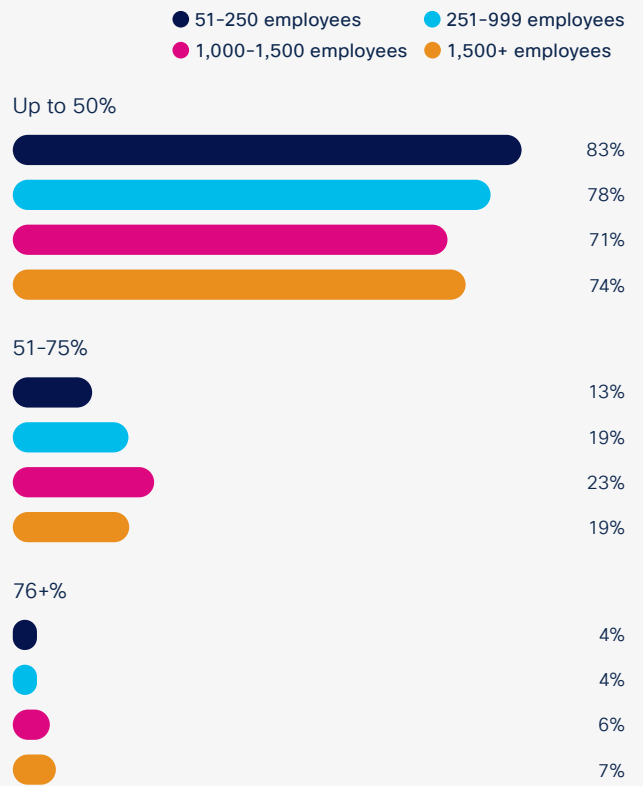
- In the next 12 months
- In the next 2-3 years
- In the next 4-5 years



Underlining the benefits of economies of scale in relation deploying AI technologies, larger partners tend to feel better prepared to take advantage of these opportunities, in both the short and long term. In the short term, between one-third and one-quarter of larger channel partners expect the deployment of AI technology to account for the majority of their revenue over the next 12 months, compared with only around one in six (17%) of channel partners with 51-250 employees.

Of the different types of partners, IT integrators/resellers are the most bullish about the prospects for AI technology deployment to take up revenue share in the short term, with one in four (24%) of these partners forecasting AI technologies to account for the majority of their revenue over the next 12 months. This compares with just 7% of IT distributors who forecast the same.

Expected revenue from AI technologies: per company size (next 12 months)

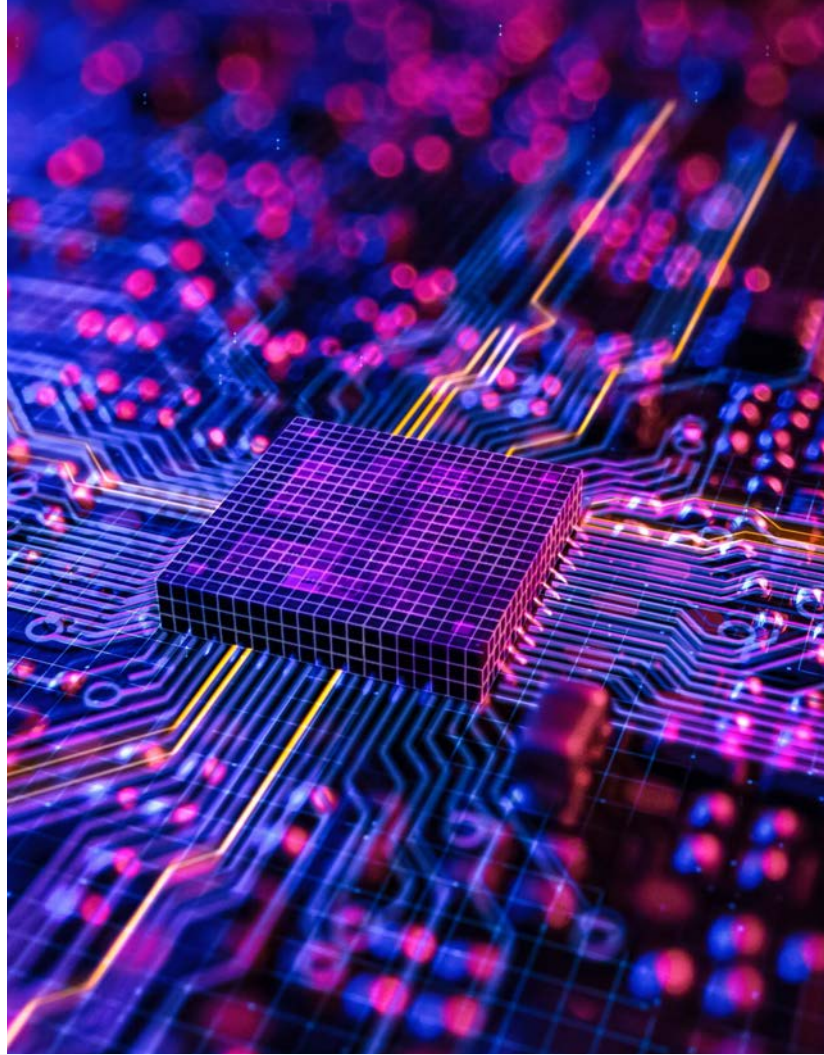


Expected revenue from AI technologies: per company type (next 12 months)

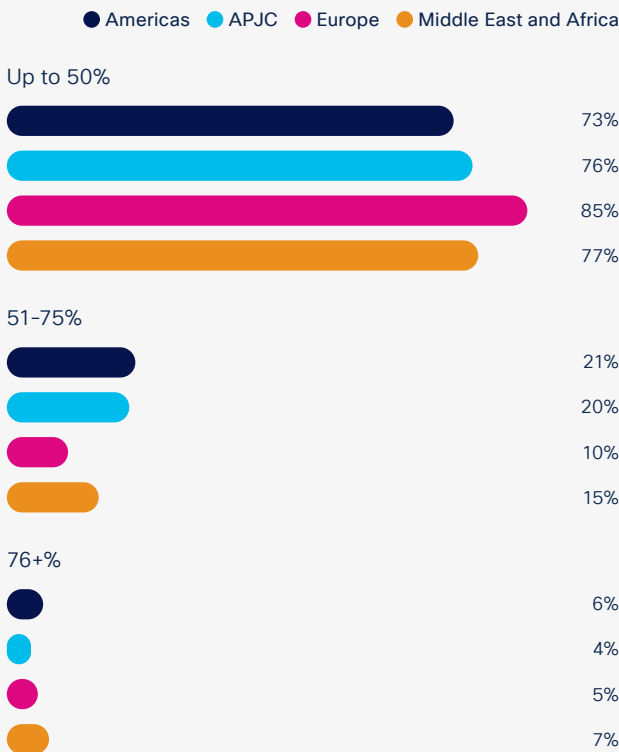
Expected growth	IT provider/ managed service provider	IT distributor	IT advisor/IT architecture and solutions consultant	IT integrator / reseller	IT developer
Up to 50%	77%	93%	81%	76%	79%
51-75%	17%	4%	17%	16%	17%
76+%	6%	3%	2%	8%	3%

Across regions, optimism in the shorter term is largely even, though with EMEA channel partners being somewhat less bullish about AI's impact on revenues in the short term. Looking further ahead (over the next four to five years) partners in the Americas forecast more optimistic expectations around how much AI-related services and solutions will dominate revenue shares.

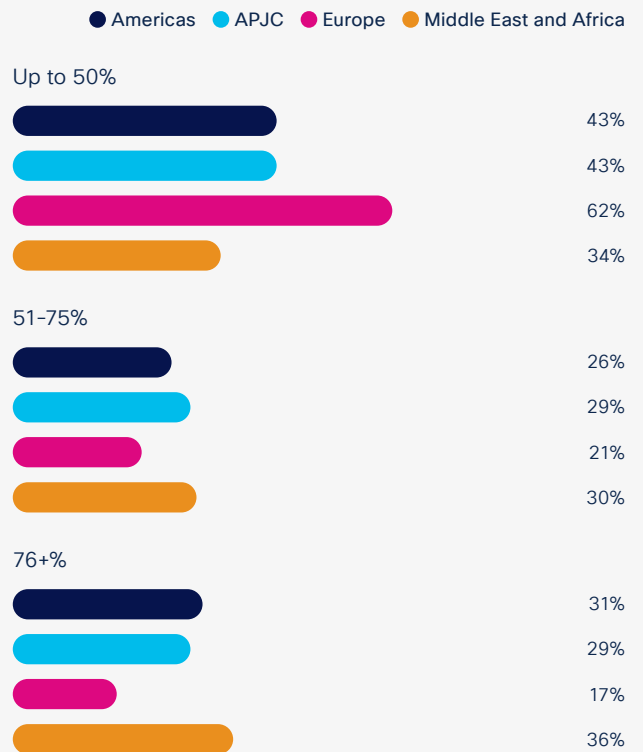
As for which specific areas will drive this growth, ensuring a robust operating framework and delivering great customer experience are paramount. Infrastructure comes out on top, with a majority (54%) of partners ranking it as one of their three (out of 13 listed) top growth drivers. Cybersecurity is seen to be almost as likely to be a driver of AI technology deployment, being listed as a top three growth area by almost one in two (48%) channel partners. Customer experience is next, cited as a top three growth driver by 30% of partners.



Expected revenue from AI technologies: by region (next 12 months)



Expected revenue from AI technologies: by region (4-5 years)

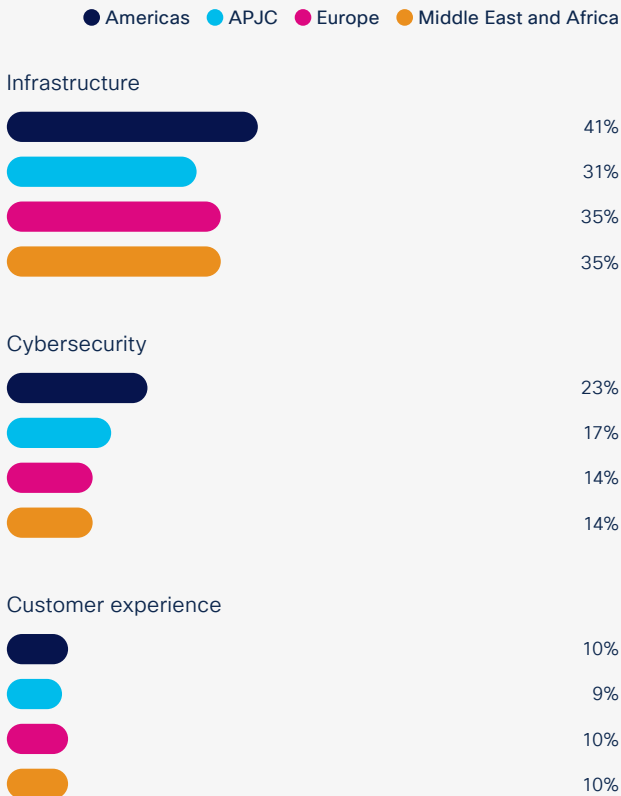


Respondents in the Americas place especially high hopes around infrastructure and cybersecurity as the two leading drivers of growth in revenues from AI deployment. While partners in other regions do as well, they are more likely to name areas other than infrastructure, cybersecurity, and customer experience as top growth drivers, and as such their responses are less concentrated in these three areas.

Ranking of areas driving demand for AI deployment, globally

IT Infrastructure	54%
Cybersecurity	48%
Customer experience	30%
Supply management	28%
Sustainability management	24%
Financial management	22%
HR management	20%
Marketing / sales management	18%
Operations management / administrative support	17%
Research & development	15%
Manufacturing	12%
Risk management and regulatory compliance	9%
Organizational communications	3%

Top individual growth drivers, per region



Recommendations

Understand your customers

While the opportunities that the growth of AI presents are clearly well understood, in a number of areas of this study a disconnect is observed between what partners think their customers want and what they are prioritizing, and the reality of this. To ensure that partners are prioritizing the right areas for investment, it's imperative to build a strong understanding of customer AI strategies through customer engagement and consultation processes.

Stick to the Basics...For Now

There has been a lot of hype around how AI will change the world at rapid pace in recent years, but numerous findings in this study point to customers still being at the point where they just want to get the basics right and see as much immediate return as possible from AI technology initiatives. Foremost at this time customers want to ensure their network is fit for purpose for the future, and that AI can help them to unlock more efficiencies, ultimately to save time and money.

Employ a Hybrid Strategy for Talent

To overcome the skills shortages around AI, most partners are successfully turning to a multi-prong talent strategy that includes both training and upskilling as well as attracting new talent. With lack of experience being a major barrier to confidence, partners should prioritise this aspect in their recruitment as well as in their selection of customer projects.

Take a Long-Term View

While AI is on a growth trajectory, most believe that the most significant opportunities for AI partners are still to be realized with most forecasting it will be linked to the majority of their revenue in years to come. Infrastructure, cybersecurity and customer experience, are forecast to be the top areas for investment so these should be firmly in focus now to capture future opportunities.

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