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report

The Third Annual Direction of Technology Ecosystem Report

Tec D Malaysia

About the Direction of Technology Ecosystem Report

For the third consecutive year, the Direction of Technology Report champions the voice of our APJ partners. One key takeaway is that while partners and the industry are excited to explore the efficiencies and opportunities offered by GenAI, core technologies like networking, security, and endpoint devices remain key revenue drivers that continue to be in focus.

With our unique position at the center of the IT ecosystem, this report provides a unique snapshot of the core and upcoming segments of technology that partners of today and tomorrow require to achieve profitable growth in the IT channel.



Jaideep Malhotra
President
Asia Pacific and Japan
TD SYNEX

The 2024 Direction of Technology Ecosystem Report is the outcome of a comprehensive channel partner survey conducted between April and June 2024. We surveyed a record 1,006 business to business (B2B) channel partners worldwide, including 287 from the APJ region, on their business performance, views on current business models, as well as expectations for 2025 and beyond.

The report provides insight on three fundamental factors:

- Anticipating and meeting end-user technology expectations
- Effectively managing technology ecosystem business operations
- Technology ecosystem engagement, enrichment and enablement

Respondents by region



Source: 2024 Tec D Direction of Technology Ecosystem Report

AI Adoption Rising in Importance Across APJ

Customers are driving AI demand

Artificial Intelligence (AI) is a fast-growing technology segment across the Asia Pacific and Japan (APJ) region. Partners are witnessing a significant rise in AI demand from users and end-customers, who are eager to leverage AI to drive business growth and efficiencies.

The growing importance of AI is evident, with partners noting an increase in deals involving GenAI and a surge in Proof of Concept (POC) requests for AI projects (Figure 16) - a sign that AI is already essential for many businesses today. AI, GenAI, and Machine Learning also contributed 19% of partners' revenue this year, ranking among the top five revenue drivers (Figure 6).



84% OF APJ RESPONDENTS RECEIVED

GEN AI POC REQUESTS THIS YEAR

Partners' AI offerings accelerate

To address the growing demand, 36% of partners plan to expand their AI offerings over the next 24 months (Figure 7). When asked which AI technologies they anticipate being the most impactful, partners identified GenAI solutions, AI services, and AI servers as top priorities.

AI solutions in demand



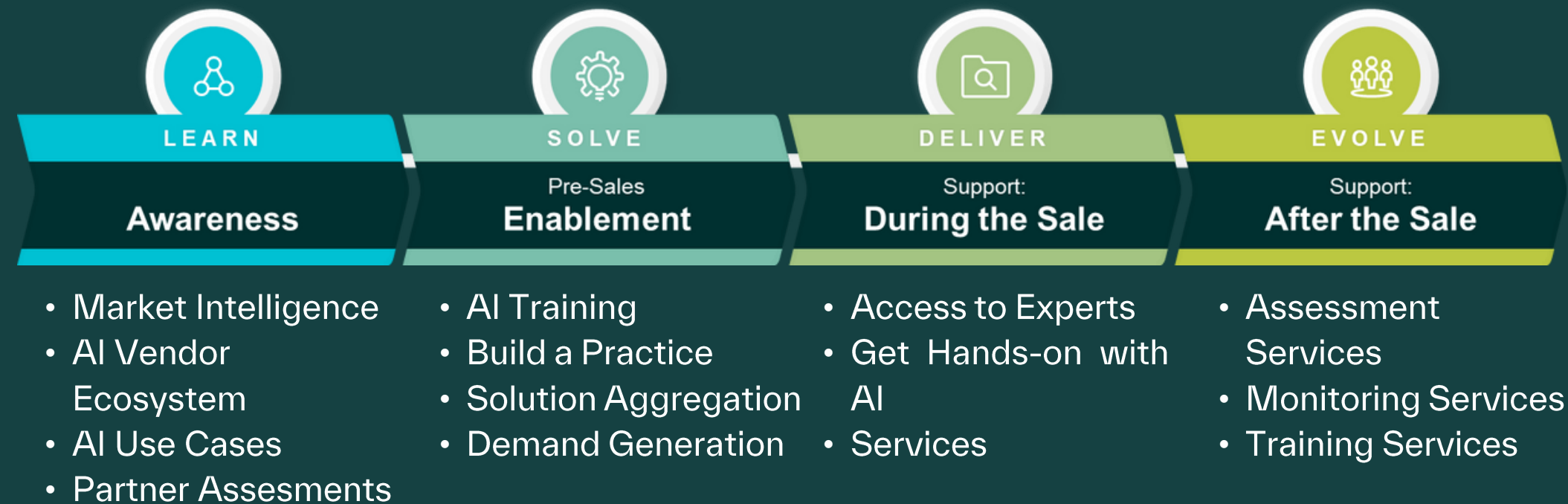
What types of Artificial Intelligence solutions do you plan to offer in the next 12 months?

Solution Spotlight

Destination AI™

Leveraging our position in the center of the IT ecosystem with a unique perspective on both the market landscape and partner enablement, Tec D launched Destination AI™ to help our partners gain a competitive edge in AI.

The program is designed to help partners grow and maximize their AI practice, offering tailored support at every stage of their AI journey.



Discover [Destination AI™](#) to learn more about how we can help elevate your AI capabilities.

Destination AI™ in Action:
See how we supported our partner's AI journey



Making IT Personal™

Core Technologies Remain High Priority

Security and innovation drive revenue

While AI is changing the way we do business and dominating the news cycle, core technologies continue to be key revenue drivers. This year, partners highlighted **Networking, Endpoint Devices, Security, and Servers** as their top revenue contributors, with AI/GenAI/ML making its debut as a top-five contributor.

Top revenue drivers in APJ



ENDPOINT DEVICES ESSENTIAL

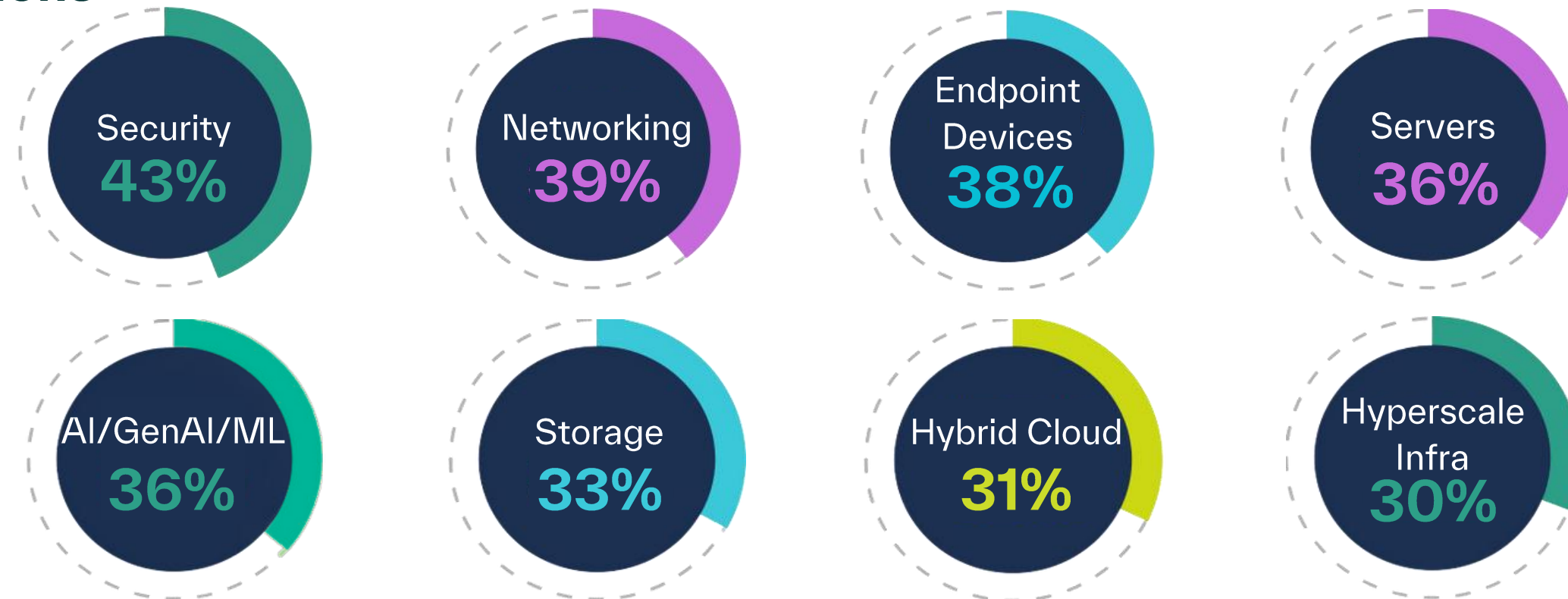
Despite challenges in the PC market, endpoint devices have shown enduring relevance within the tech ecosystem. In 2024, endpoint devices emerged as **the top technology sold for APJ partners** (Figure 4), and ranked **third among technology solutions that partners are planning to offer** in the next two years (Figure 7).

The introduction of AI PCs is expected to further fuel growth in the endpoint device category, with AI-capable PC shipments projected to surpass 100 million in 2025, comprising 40% of all PC shipments.

The Biggest Opportunity Lies in Security

Looking ahead, partners see cybersecurity as their biggest opportunity. For the second consecutive year, it ranks at the top of their priorities with **43% of infrastructure-focused partners intending to offer cybersecurity solutions in the next 24 months**, recognizing the importance of protecting data integrity and securing against increasingly sophisticated threats.

Top technology solutions



What technology solutions are you planning to offer within 24 months?



The Dual Evolution of AI in Cybersecurity

The rise of AI has introduced new buzzwords like 'AI for Security' and 'Security for AI' which are also driving the demand for enhanced security solutions. Only by embracing this dual evolution of AI in cybersecurity, partners are positioned to address evolving threats and capitalize on the growing market demand for comprehensive security solutions.

CYBERSECURITY IS THE TOP TECHNOLOGY

FOR THE SECOND CONSECUTIVE YEAR

Solution Spotlight

Cybersecurity Digital Practice Builder

Tec D is committed to helping partners elevate their cybersecurity practices and drive customer success. Our Cybersecurity Digital Practice Builder empowers partners to enhance security offerings and better serve customers through self-paced learning, access to leading solutions, and expert guidance from our Tech COE team.

With the support of Solution Architects, partners can develop scalable cybersecurity capabilities, bridge skill gaps, and equip their teams to meet evolving security demands.

Explore the [Digital Practice Builder](#) and transform your cybersecurity practice.

“ Tech Data enables Wysetek to effectively deliver a range of cybersecurity solutions by simplifying the complex and accelerating our go-to-market efforts. Their expertise and end-to-end support enable us to build our own in-house capabilities, allowing us to serve our clients with confidence. ”

Cherian Thomas

Co-Founder
Wysetek Systems
Technologists



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Talents in Demand: Bridging Skill Gaps for Future Growth

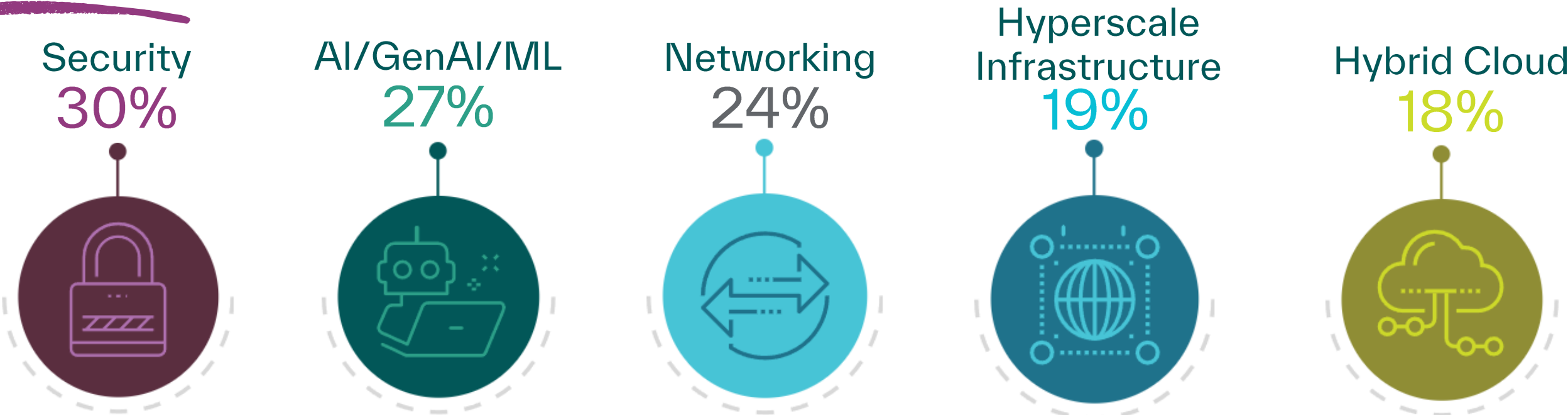
New Skills Needed to Support the Evolving Landscape

Partners are racing to keep pace with rapidly evolving tech advancements, but many lack the skills required in High Growth Technologies such as Analytics & AI, Cloud, and Security. As a result, companies are facing challenges in both hiring for these roles and upskilling their current workforce to meet current market demands.

This year, partners hiring strategies are focused on in-demand skills that include Security, AI and Data Analytics. AI skills have surged in importance, rising from 15% in 2023 to 27% in 2024 - underscoring just how quickly this technology is becoming embedded in the workforce.



Top 5 technology skills



What technology skillsets are APJ partners hiring for?

**SECURITY, AI & DATA ANALYTICS
ARE PARTNERS' TOP HIRING PRIORITIES**

Solution Spotlight

TECH COE

As solution building and delivery can be intricate and time-consuming, the Tech Center of Excellence (COE) simplifies these complexities for our partner community by providing a suite of ready-built and tested solutions.

These offerings help partners innovate, enhance agility, and accelerate success and speed to market. Visit [Tech COE](#) to discover how we can support your success.



“ In today’s fast-paced and highly competitive IT landscape, we need a trusted partner with extensive expertise to drive our innovation forward.

With the Tech COE team by our side, we can simplify complex technologies, deliver sophisticated solutions to our customers, and accelerate our time to market.

Yeoh Kai Hearn
Chief Operating Officer
SRKK Group



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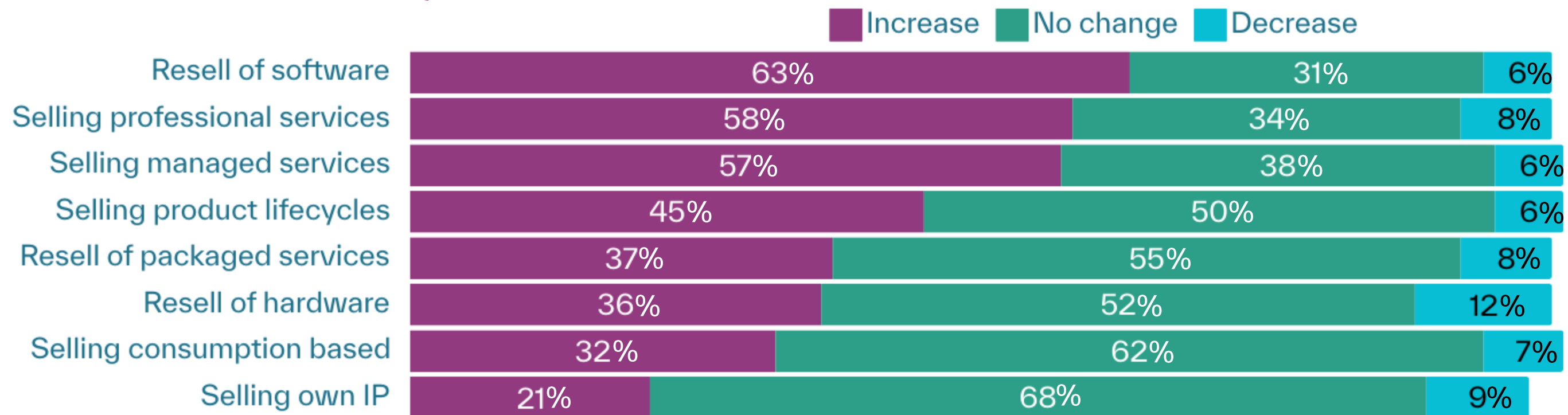
Preparing For a Service-Centric Era

Partners' commitment to investing in top talent and critical skills is also driven by shifts in their business portfolios, as an increasing number look to expand their service-based offerings.

Looking ahead, **58% of partners anticipate that Professional Services will account for a significantly larger share of their business in the next three years**—a notable increase from only 12% last year. This substantial shift signals not only a heightened demand for services but also the pressing need for partners to develop the capabilities that will enable this transformation.



Expected portfolio changes in 3 years' time



How will your business portfolio change in the next three years?

Navigating Today's Challenges

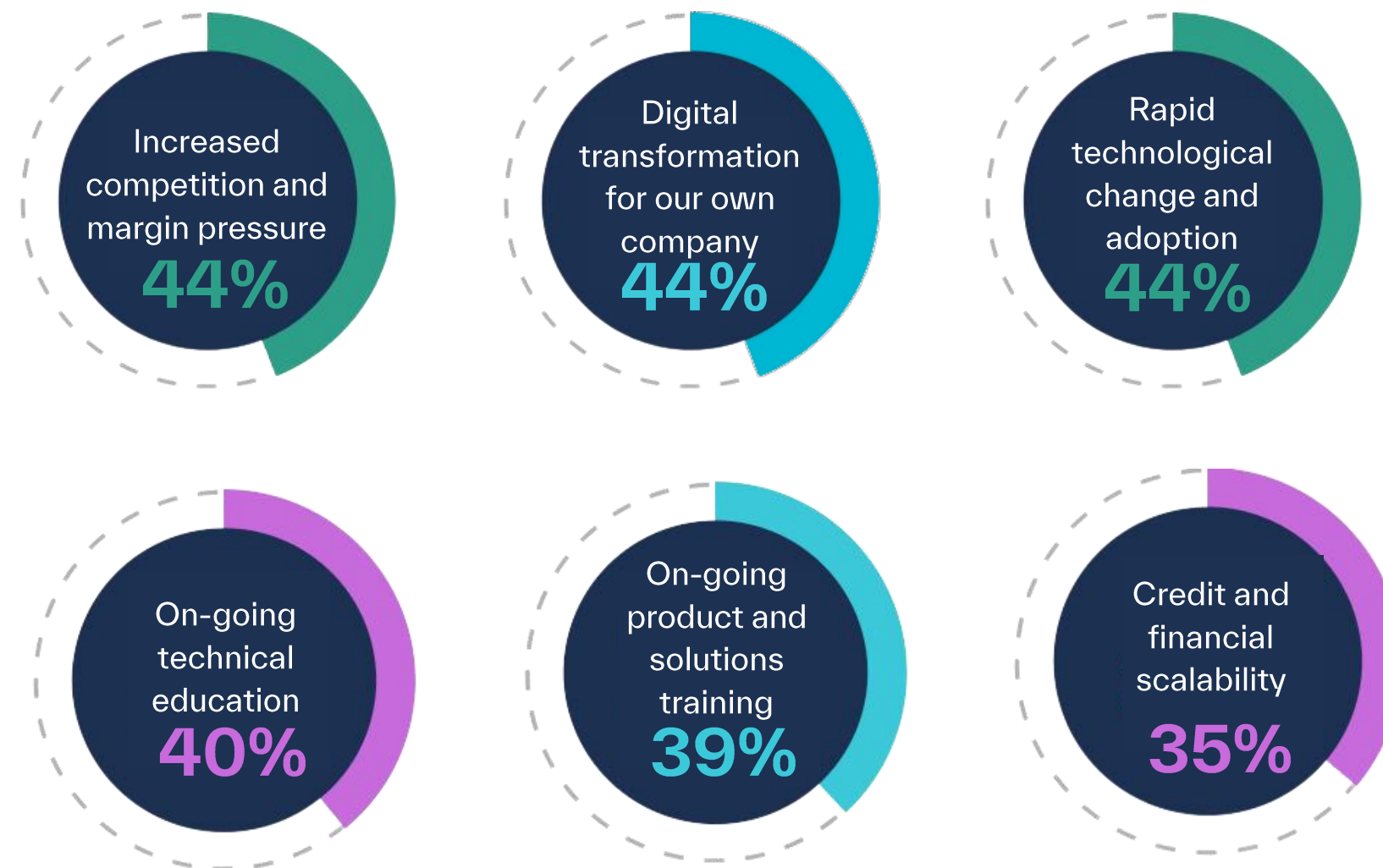
Increased competition and margin pressure continues to be key challenges

Amid rapid digital transformation, tech leaders are facing unprecedented challenges to their businesses. Increased competition, margin pressures, and technological change were cited by 44% of partners (Figure 27) as their top concerns, contributing to a more moderated growth outlook. In fact, **only 14% of partners expect growth of over 10% this year, down from 37% in 2023** (Figure 2).

Financial scalability and credit access also remain pressing issues for many partners. With increased competition and tighter margins, financial flexibility is becoming increasingly important for sustaining growth and staying competitive in the market.



Top business challenges



What are the top challenges currently impacting APJ partners' business?

Solution Spotlight

Tech Data Capital

Powered by selected financial institutions, Tech Data Capital offers a wide range of financing options to meet the diverse needs of businesses in managing their technology investments. The solutions are designed to be fast and easy to access with minimal bureaucracy or paperwork.

Tech Data Capital also focuses on providing financing solutions for resellers, VARs, and system integrators who might need flexible terms to purchase and distribute technology products.

[Learn how Tech Data Capital can propel your business](#)

“ As an SMB, we sometimes face cash flow challenges. But with the support of Tech Data Capital, we are able to accelerate opportunities and secure deals. ”

Wilson Ng
Founder & Managing
Director
NTC Integration



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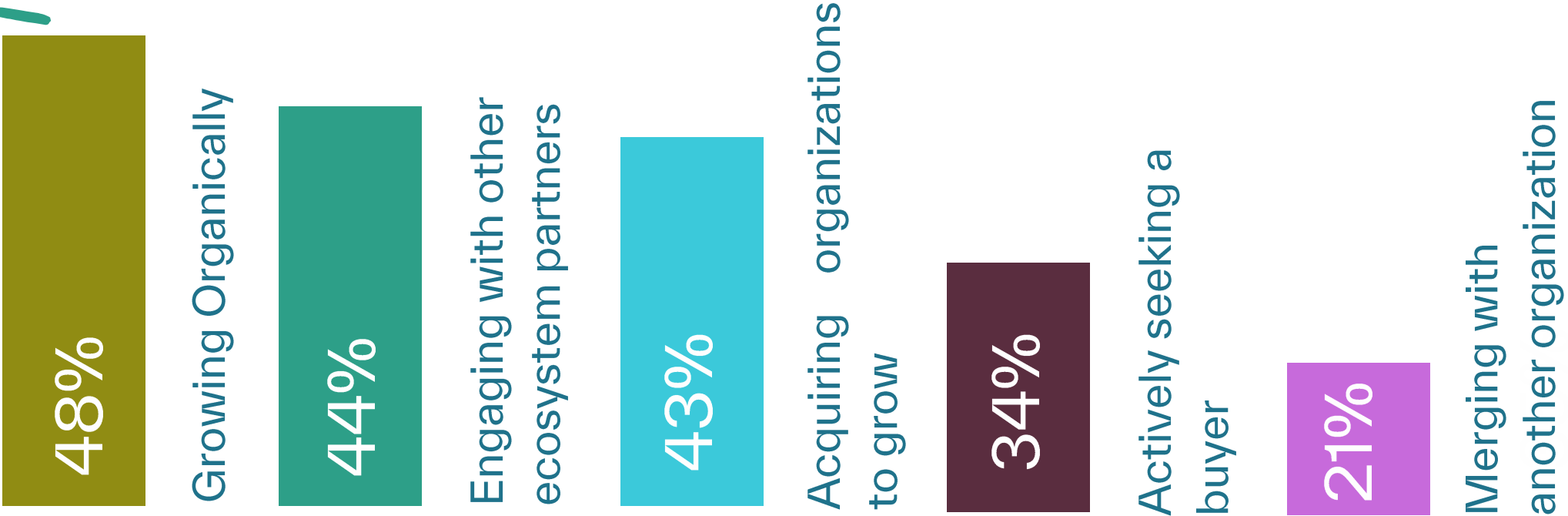
Partnering for Tomorrow's Success

Despite the moderated growth outlook, there's still plenty of optimism with partners pursuing growth strategies to capitalize on tech transformation, along with the collaborative potential of the broader ecosystem.

44% OF PARTNERS ARE FOCUSED ON COLLABORATIVE GROWTH WITH OTHER ECOSYSTEM PARTNERS



Top drivers of growth

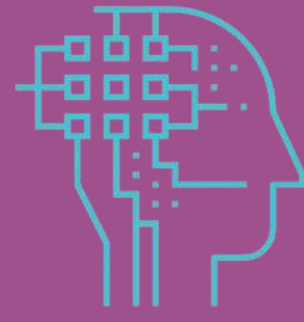


How will your organization drive growth?

When considering the strategies that underly their growth predictions, **64% of are looking to broaden their existing offerings and prioritize domestic growth** (Figure 30), while others plan to focus on growing domestically, internationally, and entering new vertical markets.

Summary

Significant Ongoing Growth in AI Adoption:



- 84% of partners received requests for GenAI POCs
- 36% of partners plan to offer AI/GenAI/ML solutions in the next 24 months

Cybersecurity Remains a Top Priority:



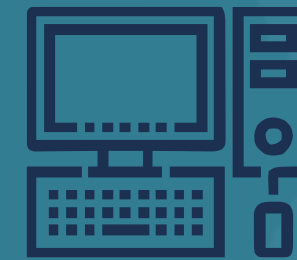
- Cybersecurity is #1 technology in AS
- 43% of Infra-focused partners plan to offer Security solutions in next 24 months

Hiring Priorities in AI, Data Analytics, and Security



- 58% of APJ partners anticipate Professional Services to be a larger percentage of total business in three year's time

Endpoint Devices Very Relevant

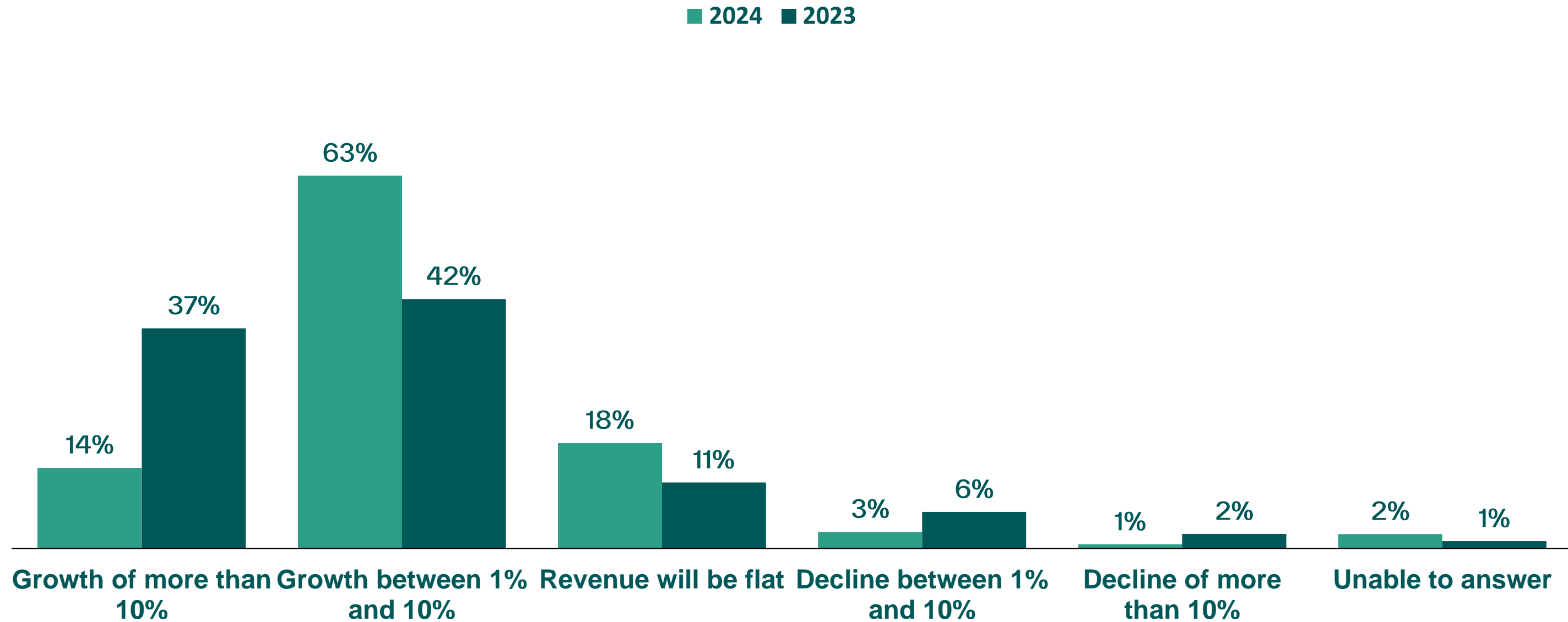


- Despite a challenging 2023 for the PC market, Endpoint Devices remains a key revenue driver

Appendix

Figure 2

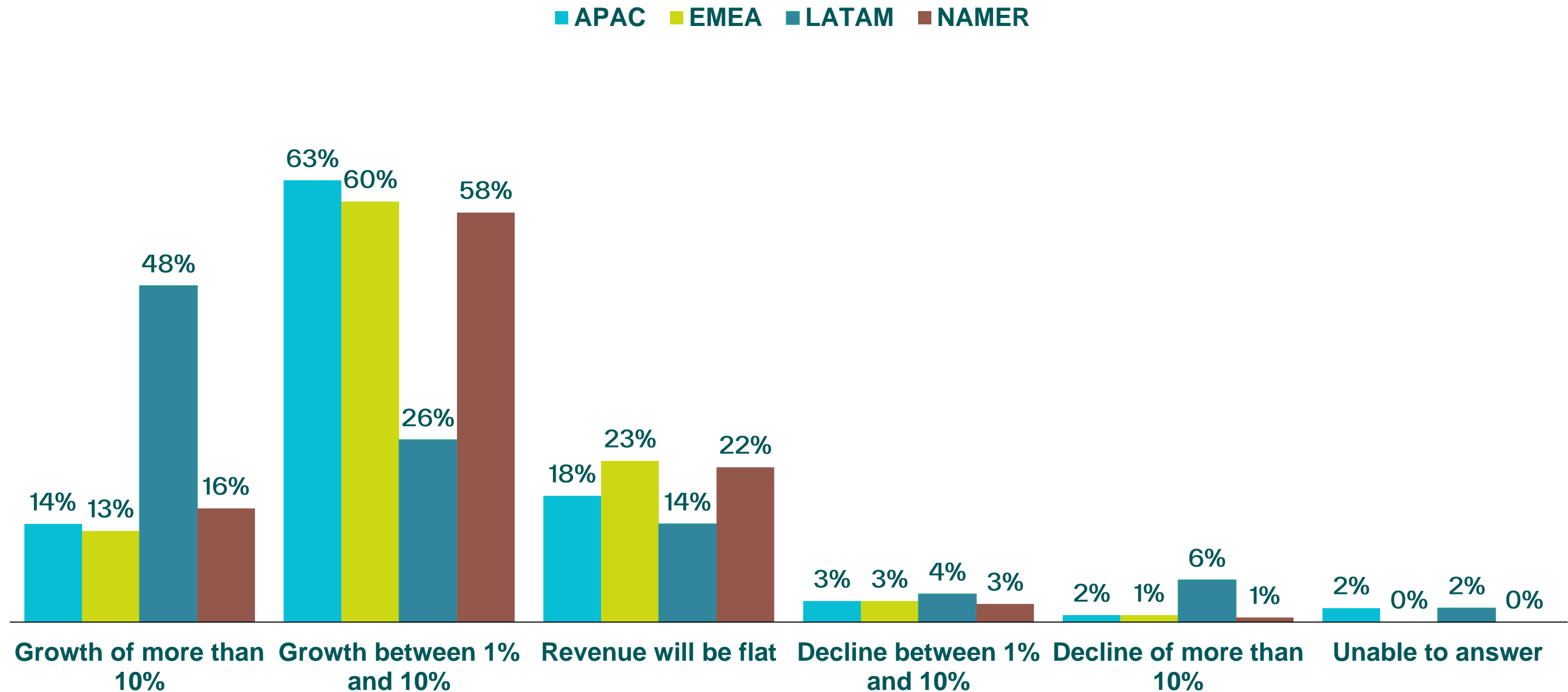
Which statement best reflects your company's revenue performance this fiscal year, compared to the previous fiscal year?
Please choose one.



Appendix

Figure 3

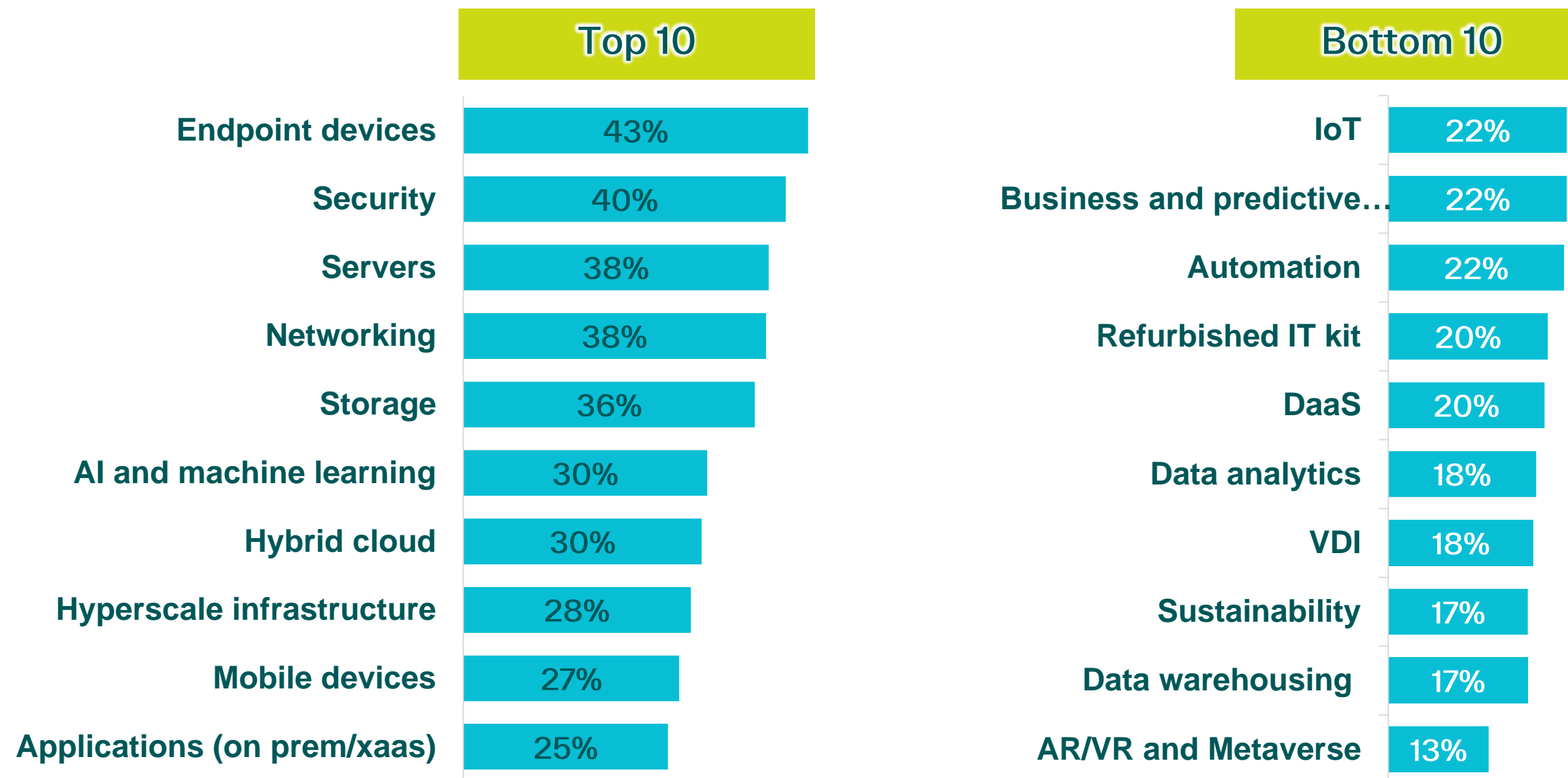
Which statement best reflects your company's revenue performance this fiscal year, compared to the previous fiscal year? *Please choose one.*



Appendix

Figure 4

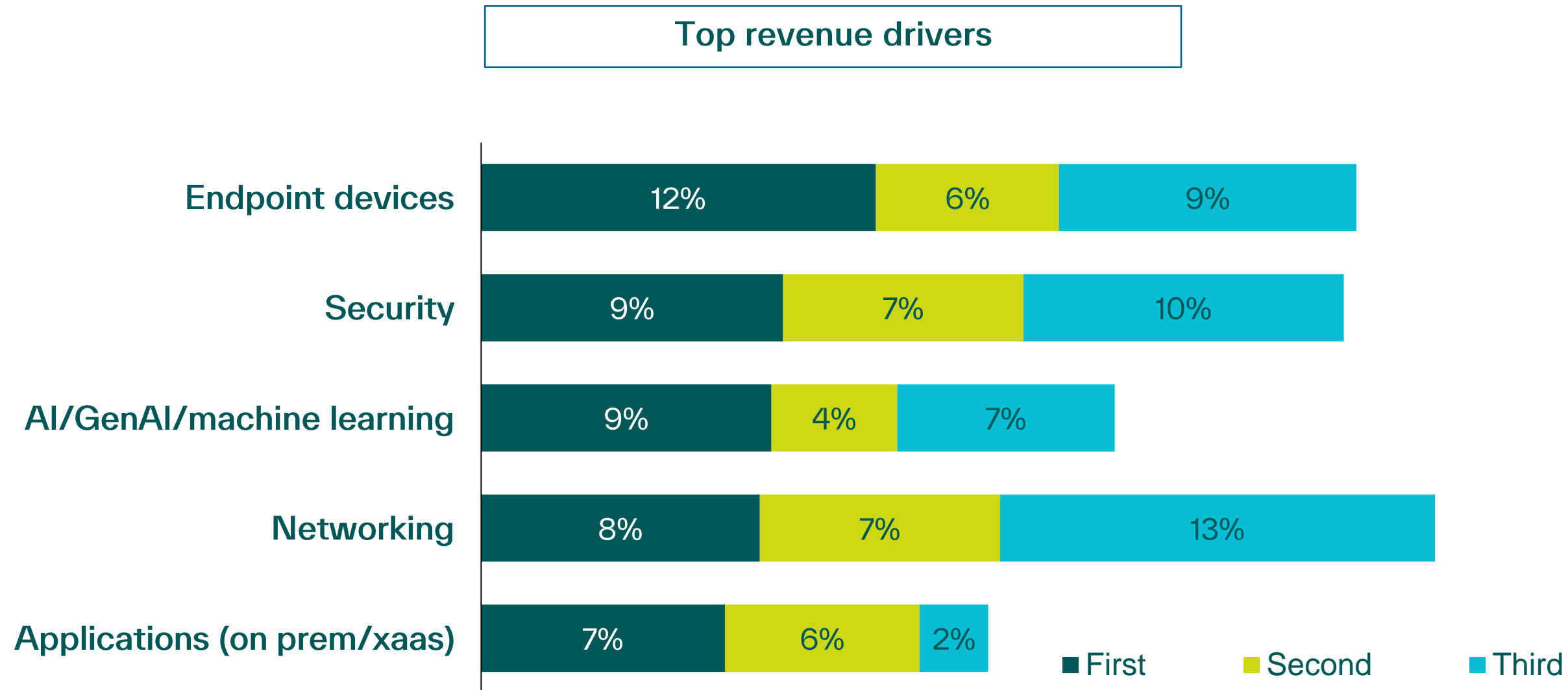
Considering your business during the last 12 months, from the list of technologies, please choose all that you sell.



Appendix

Figure 5

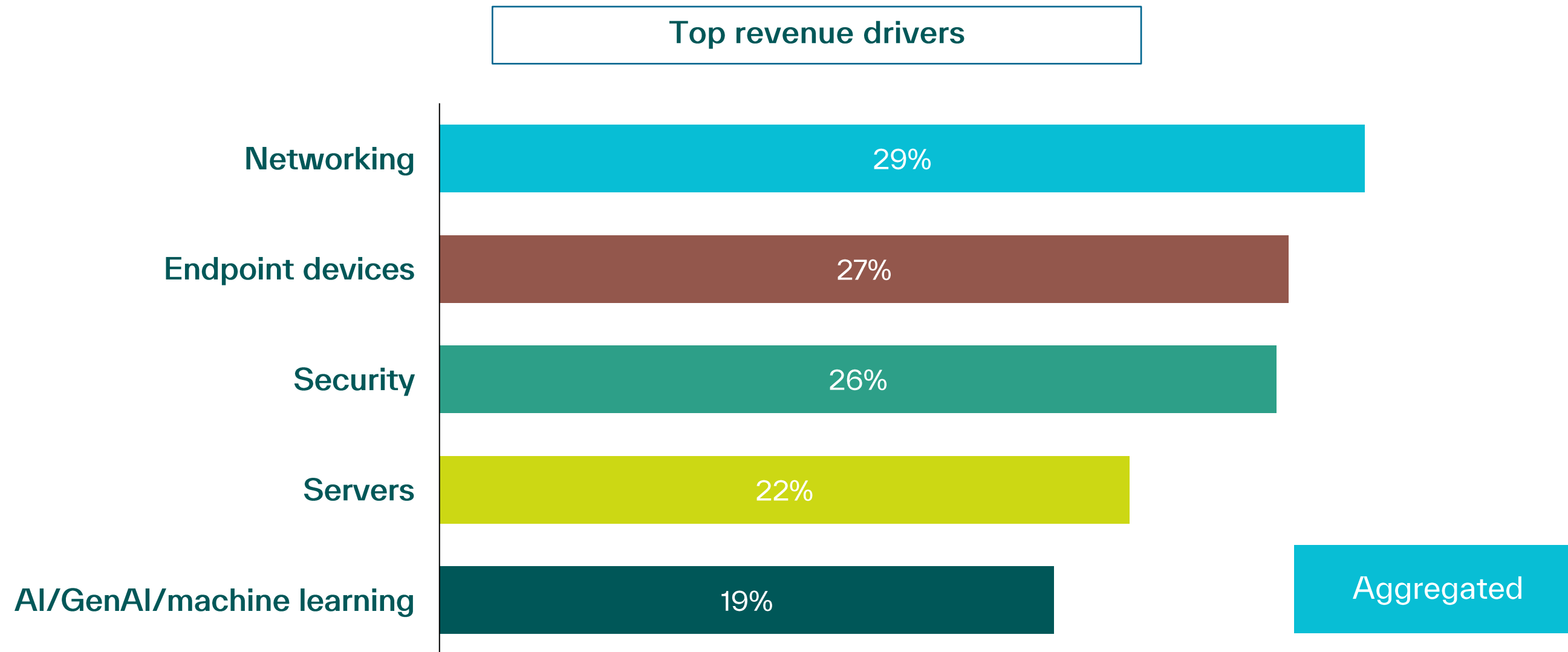
Considering your business during the last 12 months, from the list of technologies, please choose the top three revenue drivers



Appendix

Figure 6

Considering your business during the last 12 months, from the list of technologies, please choose the top three revenue drivers.

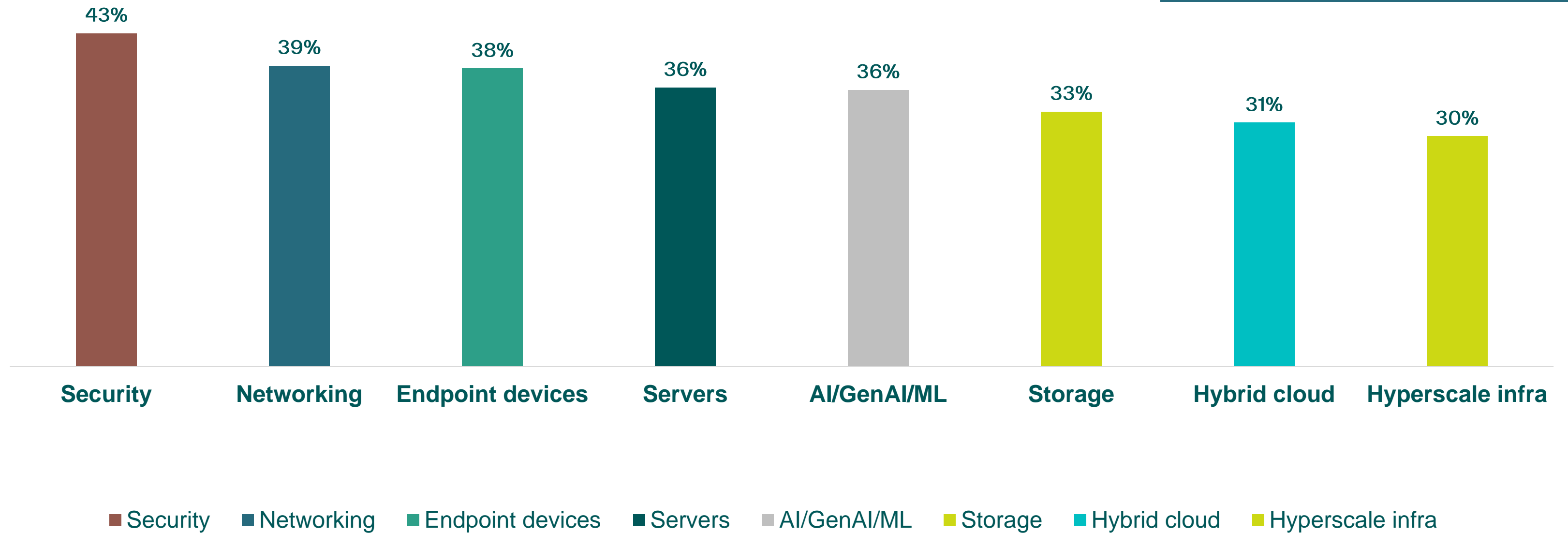


Appendix

Figure 7

Which technology solutions do you plan to offer within 24 months?
Select all that apply.

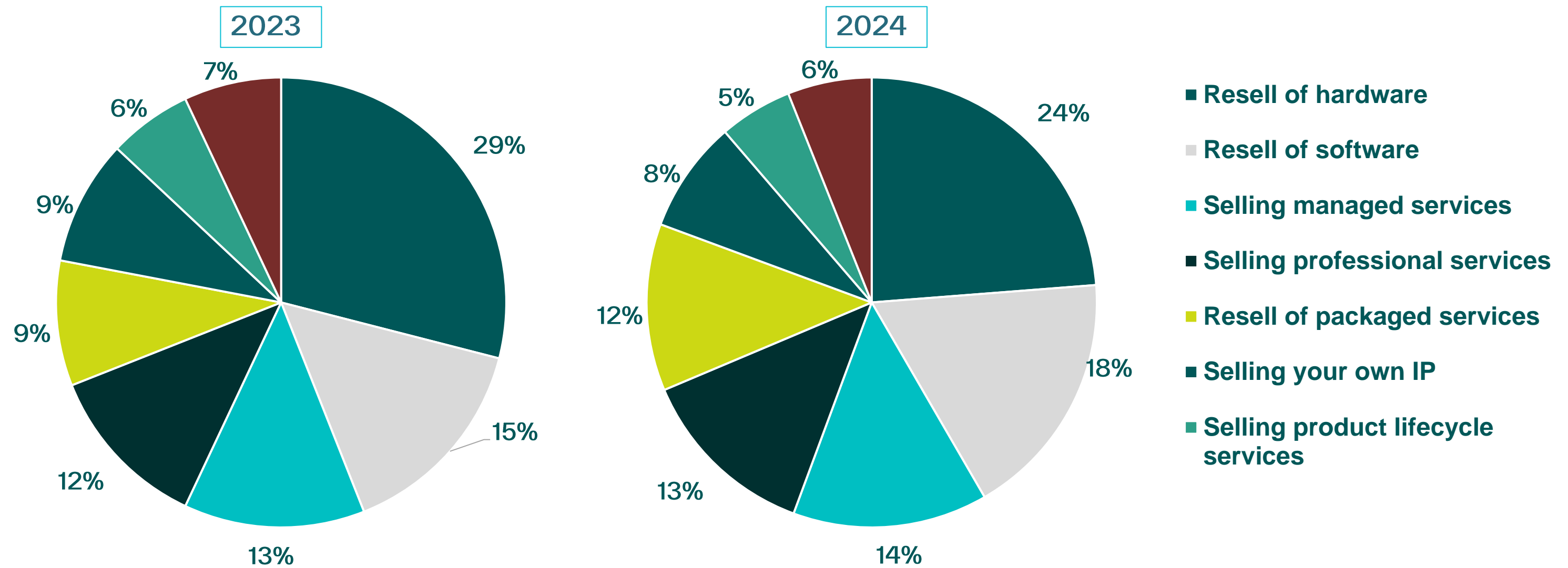
Top 8 planned to offer



Appendix

Figure 8

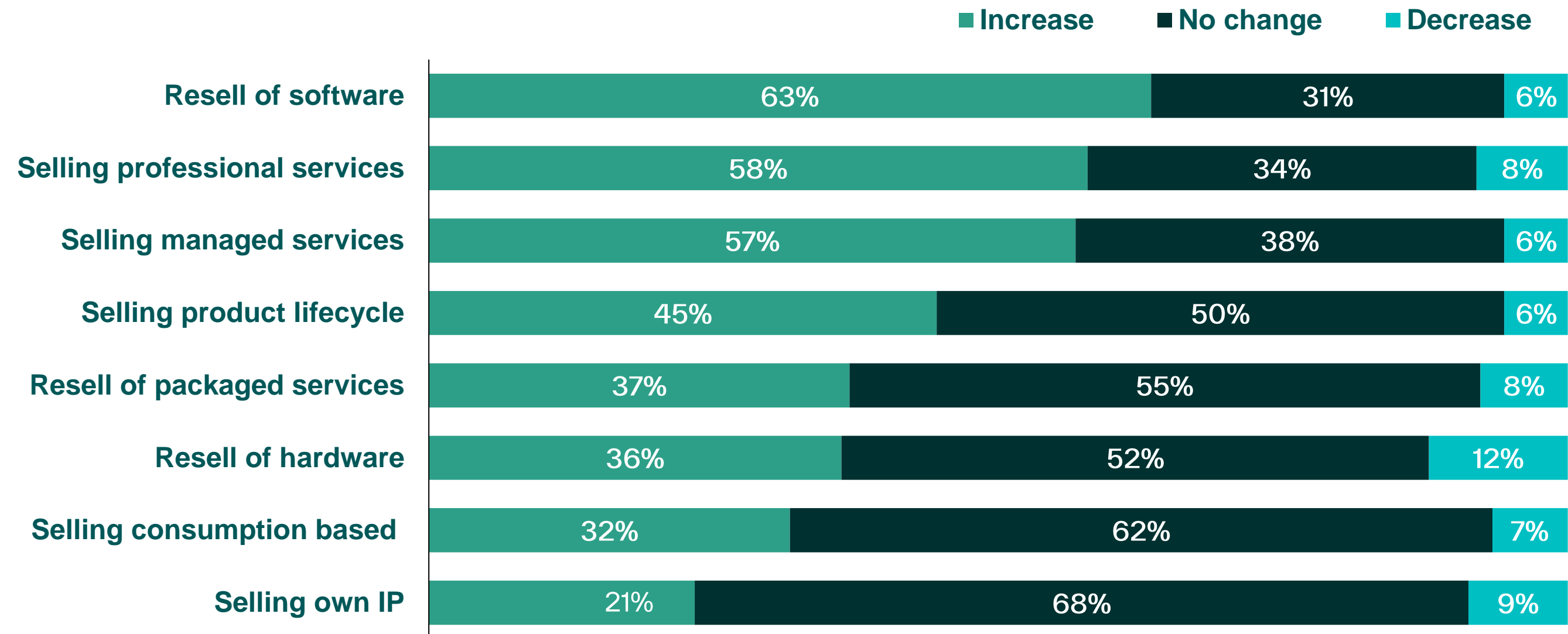
What percentage of your business is derived from the following today?
Average percentage across all respondents



Appendix

Figure 9

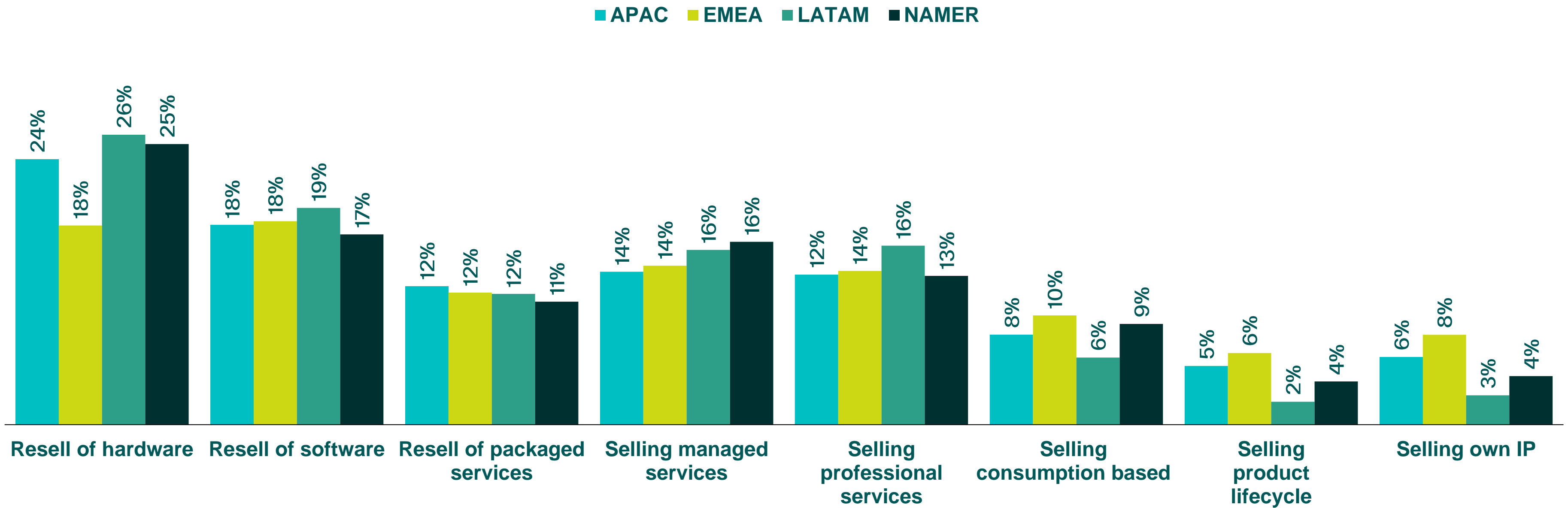
How will this change in three years time as a percentage of your total business?



Appendix

Figure 10

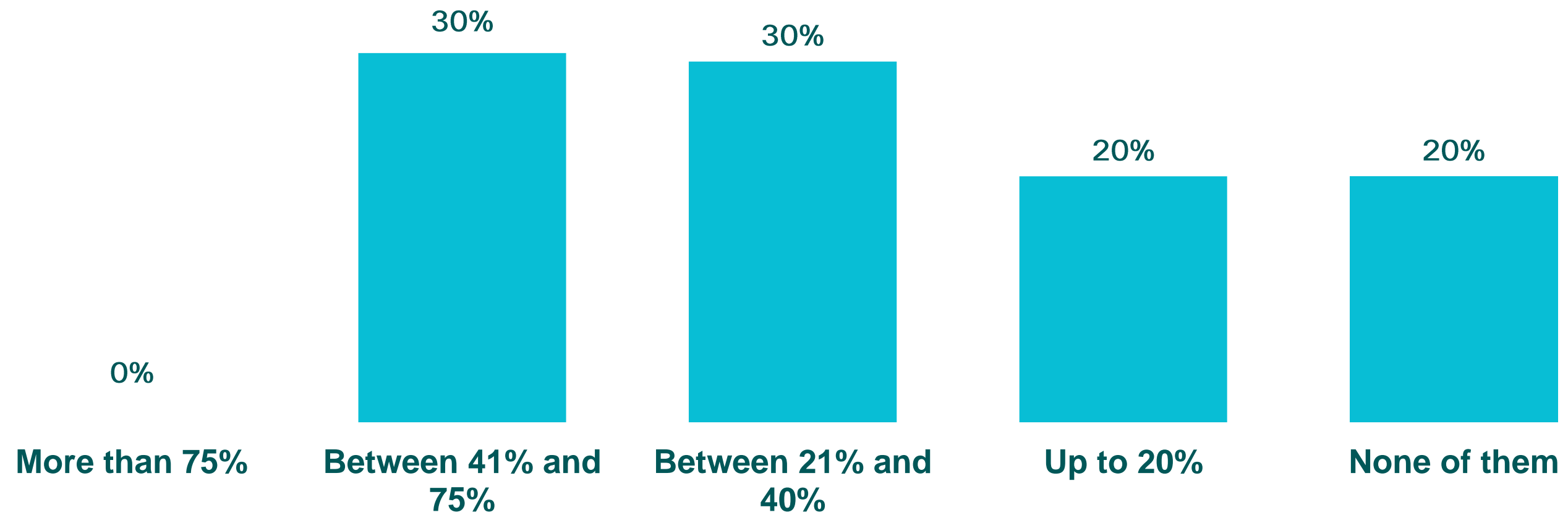
What percentage of your business is derived from the following today?
Average percentage across all respondents.



Appendix

Figure 11

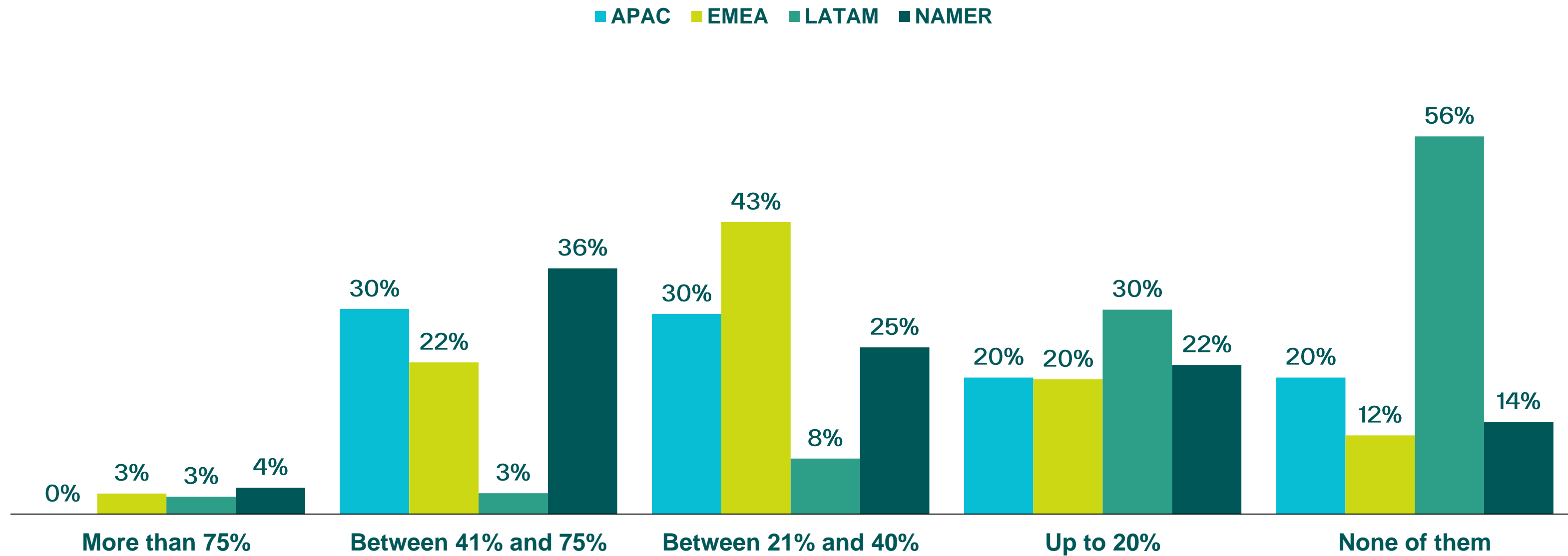
What percentage of deals that you have closed in the last 12 months involved Artificial Intelligence?



Appendix

Figure 12

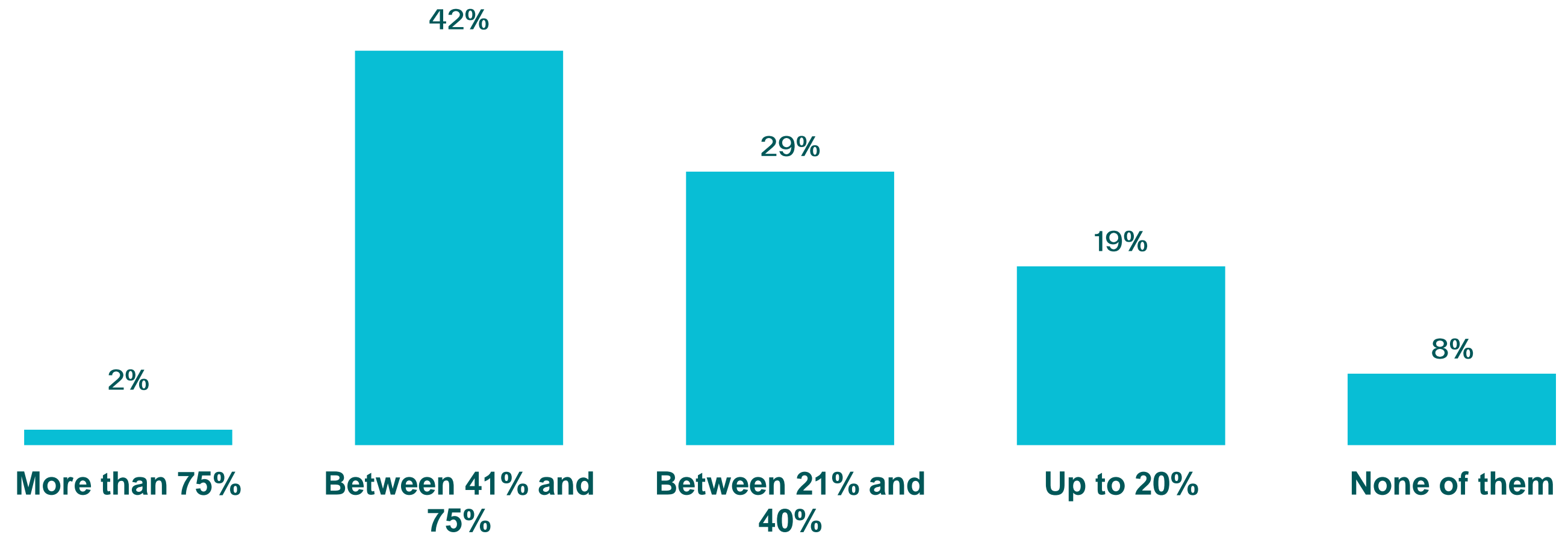
What percentage of deals that you have closed in the last 12 months involved Artificial Intelligence?



Appendix

Figure 13

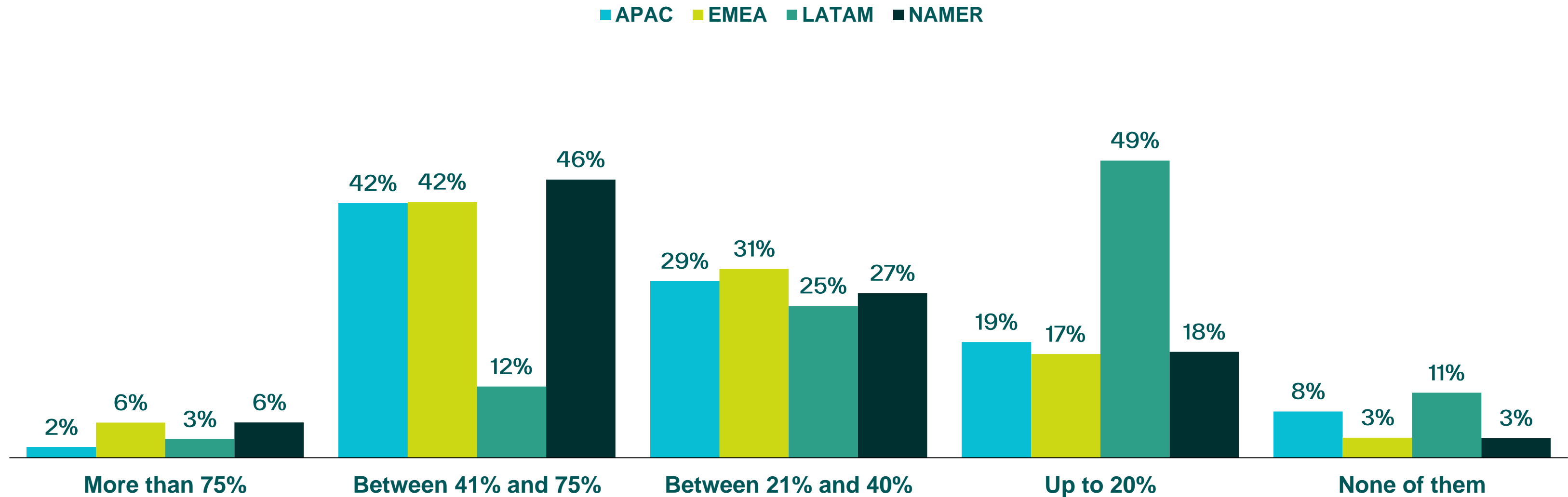
What percentage of deals do you expect will involve Artificial Intelligence projects in the next 12 months



Appendix

Figure 14

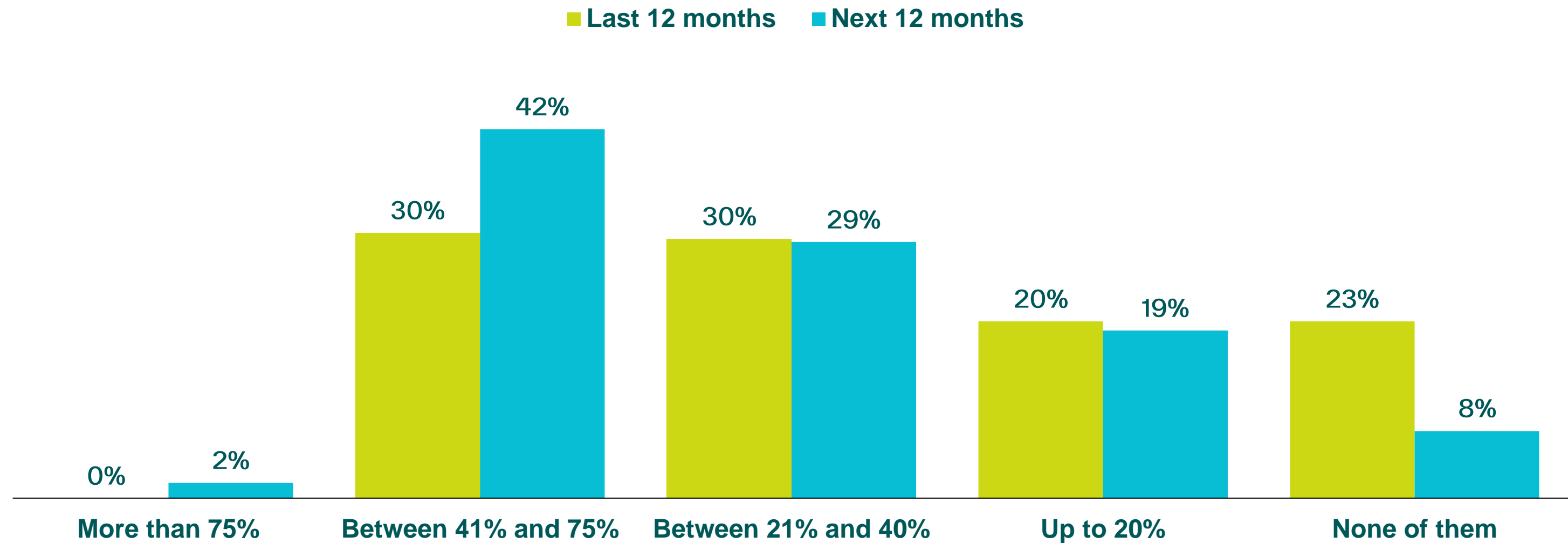
What percentage of deals do you expect will involve Artificial Intelligence projects in the next 12 months?



Appendix

Figure 15

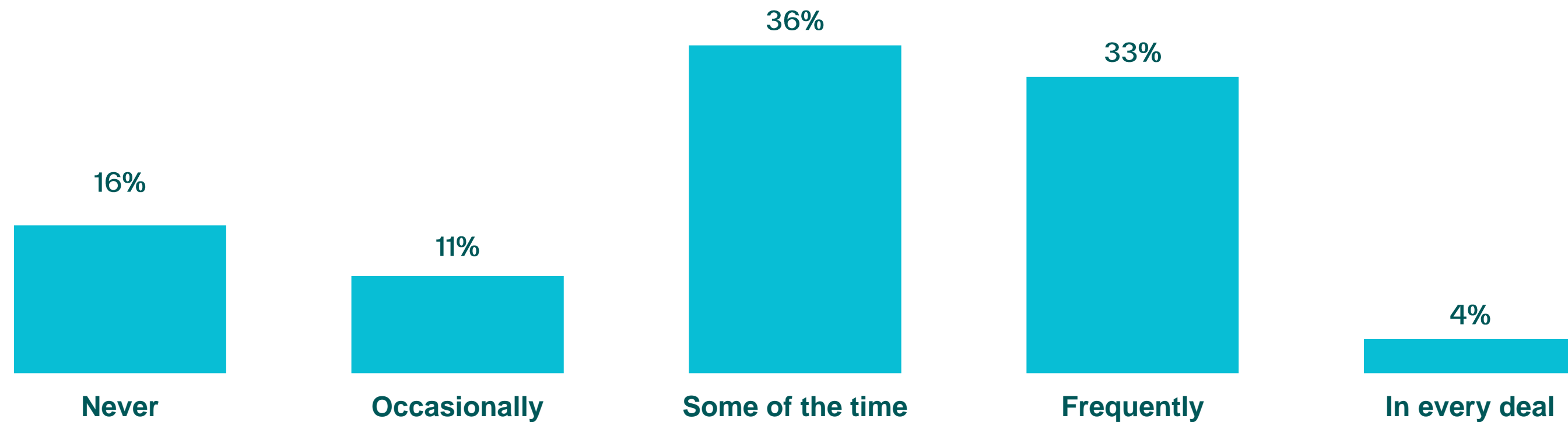
What percentage of deals that you have closed in the last 12 months involved Artificial Intelligence and what do you expect in the next 12 months?



Appendix

Figure 16

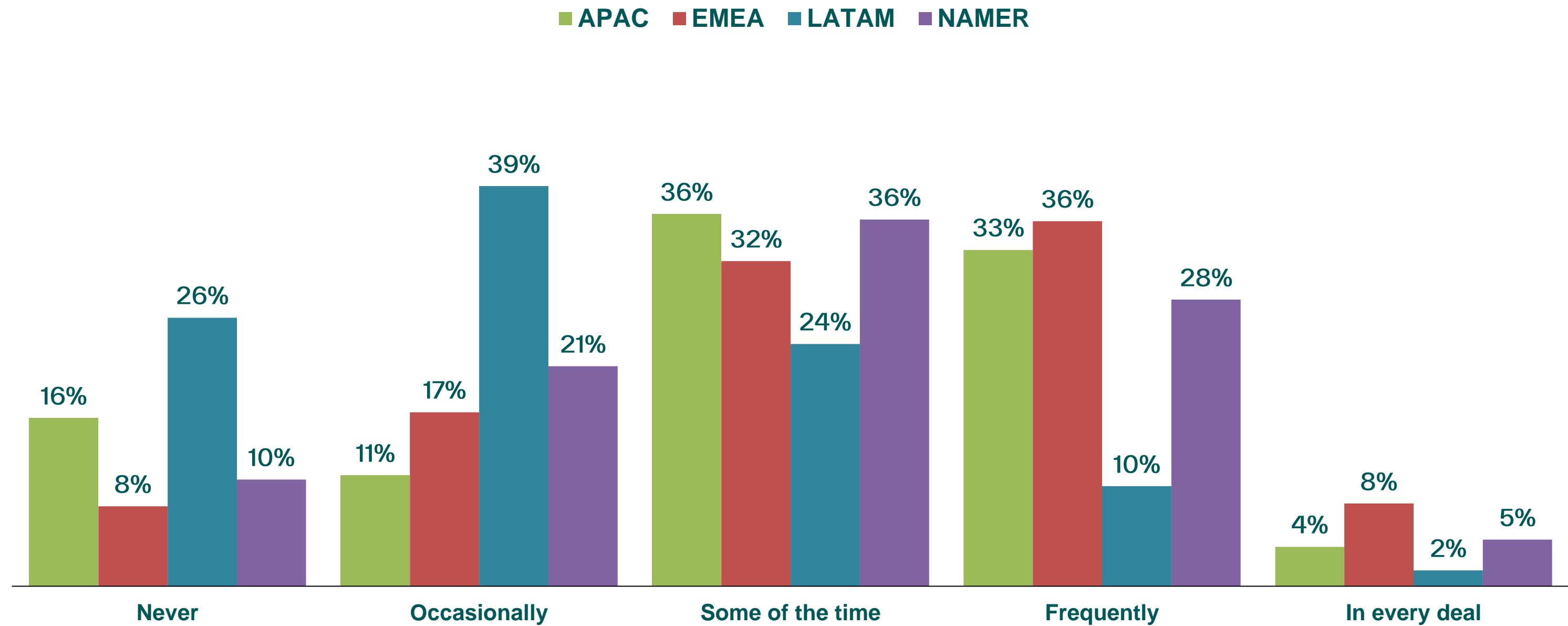
How frequently are your customers requesting projects with GenAI proof-of-concepts?



Appendix

Figure 17

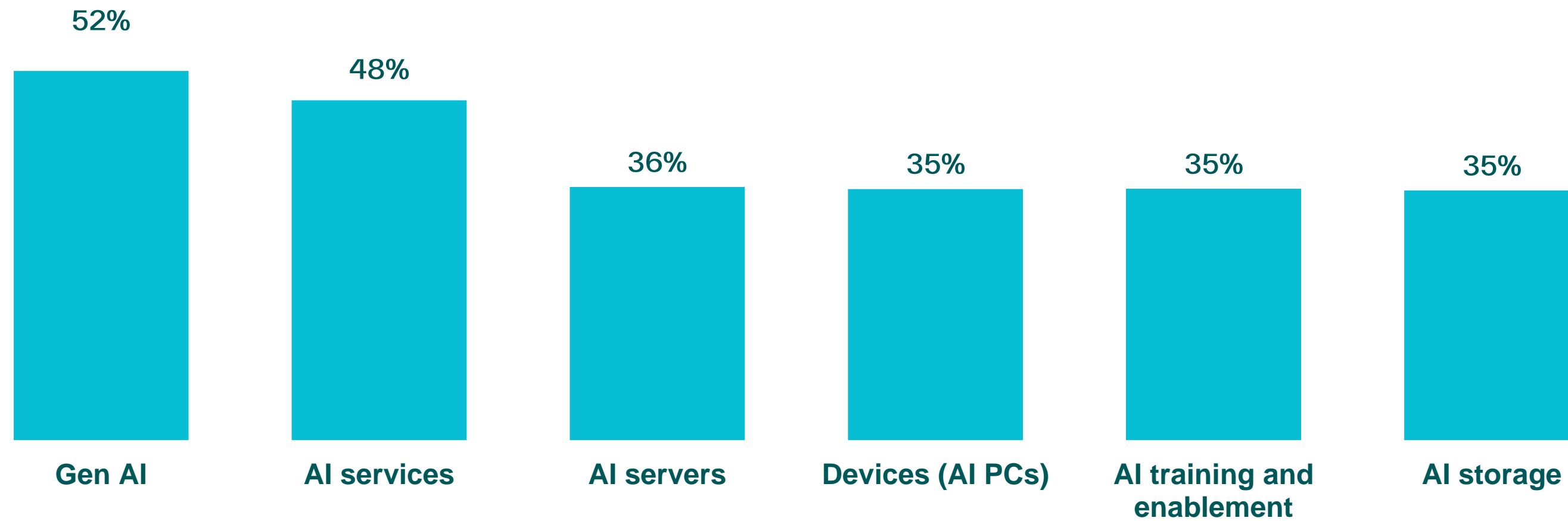
How frequently are your customers requesting projects with GenAI proof-of-concepts?



Appendix

Figure 18

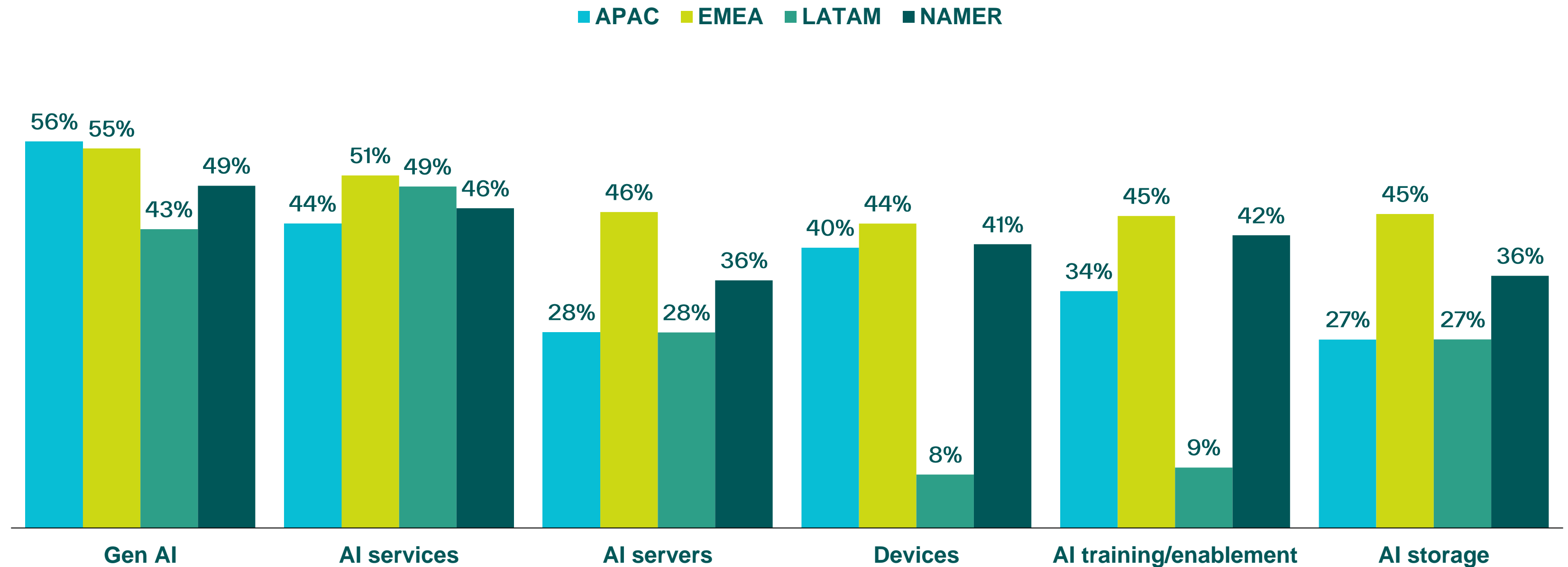
What types of Artificial Intelligence solutions do plan to offer in the next 12 months?
Choose all that apply



Appendix

Figure 19

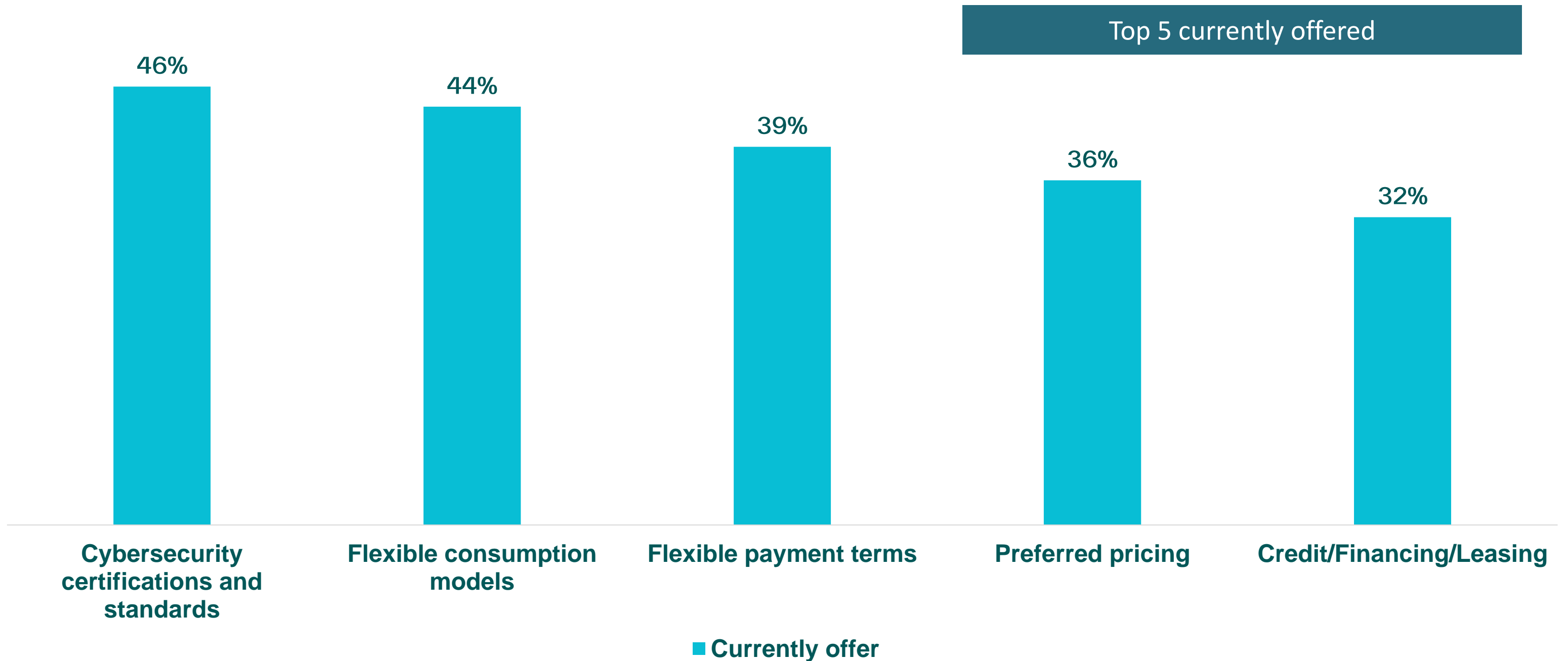
What types of Artificial Intelligence solutions do plan to offer in the next 12 months?
Choose all that apply.



Appendix

Figure 20

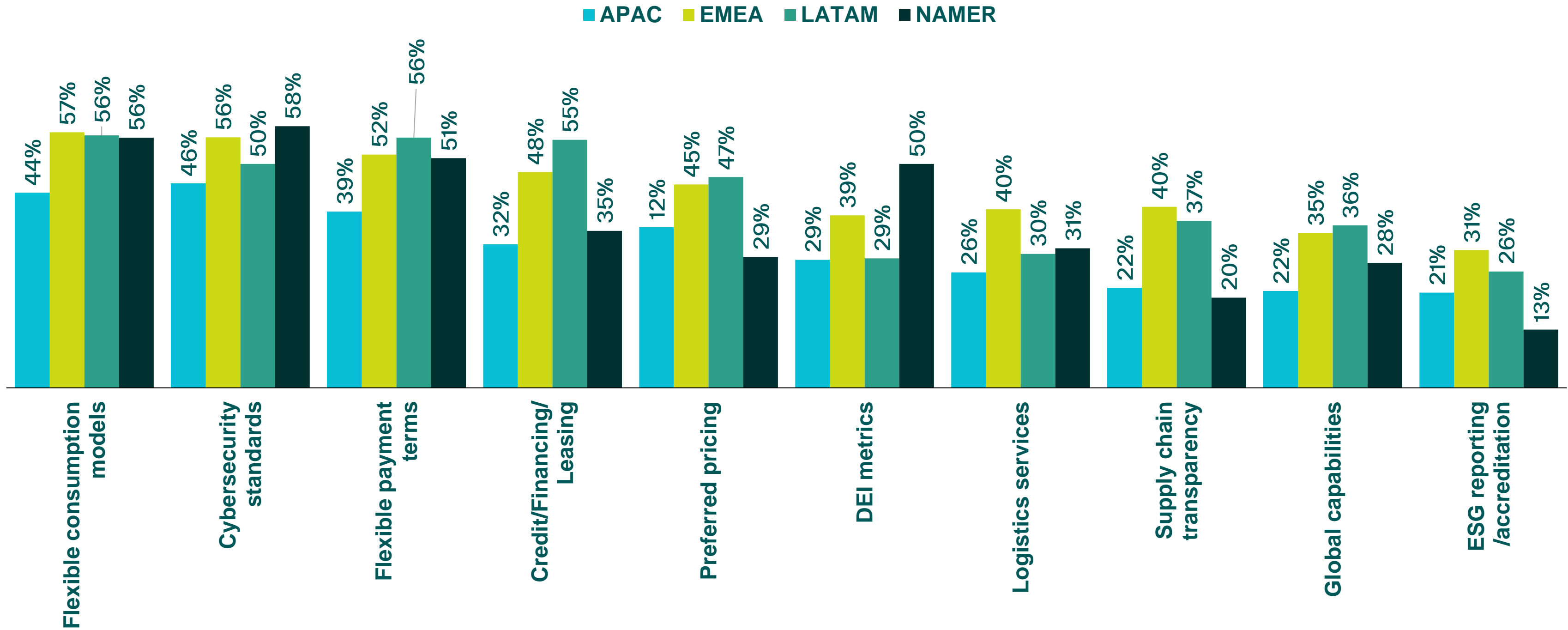
Which business solutions do you currently offer? Select all that apply.



Appendix

Figure 21

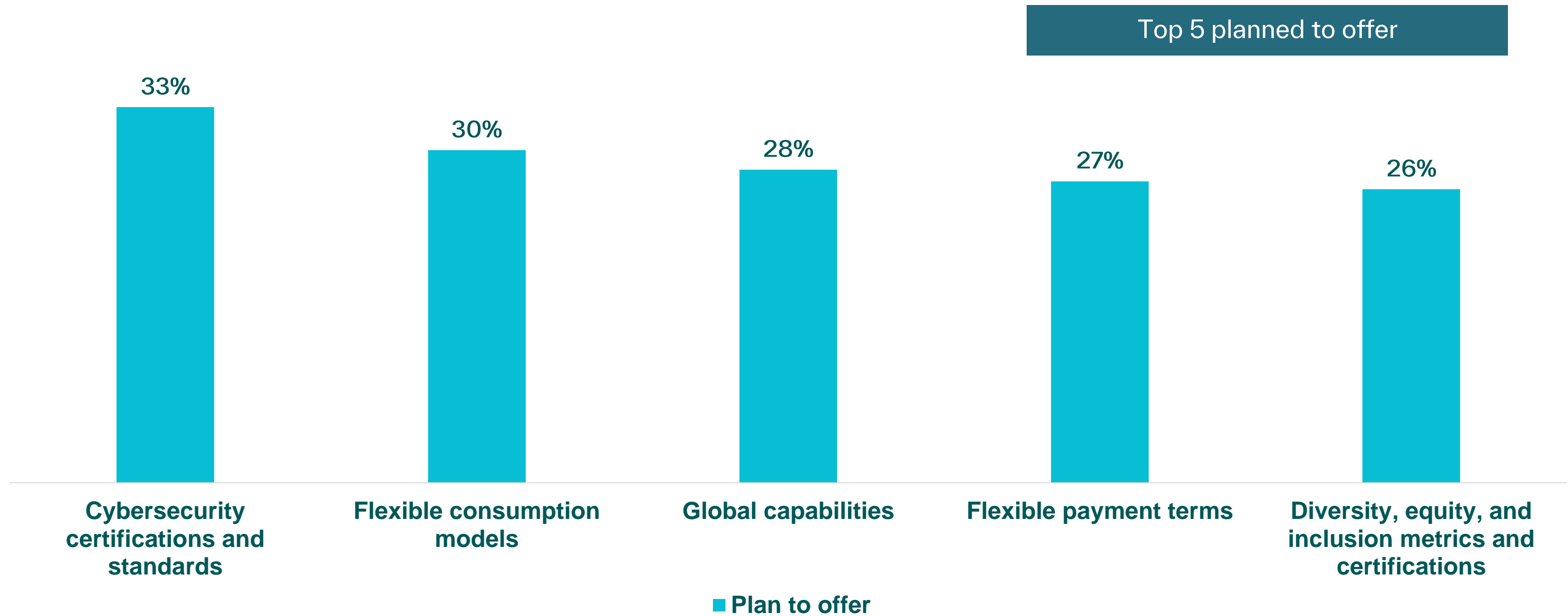
Which business solutions do you currently offer? Select all that apply.



Appendix

Figure 22

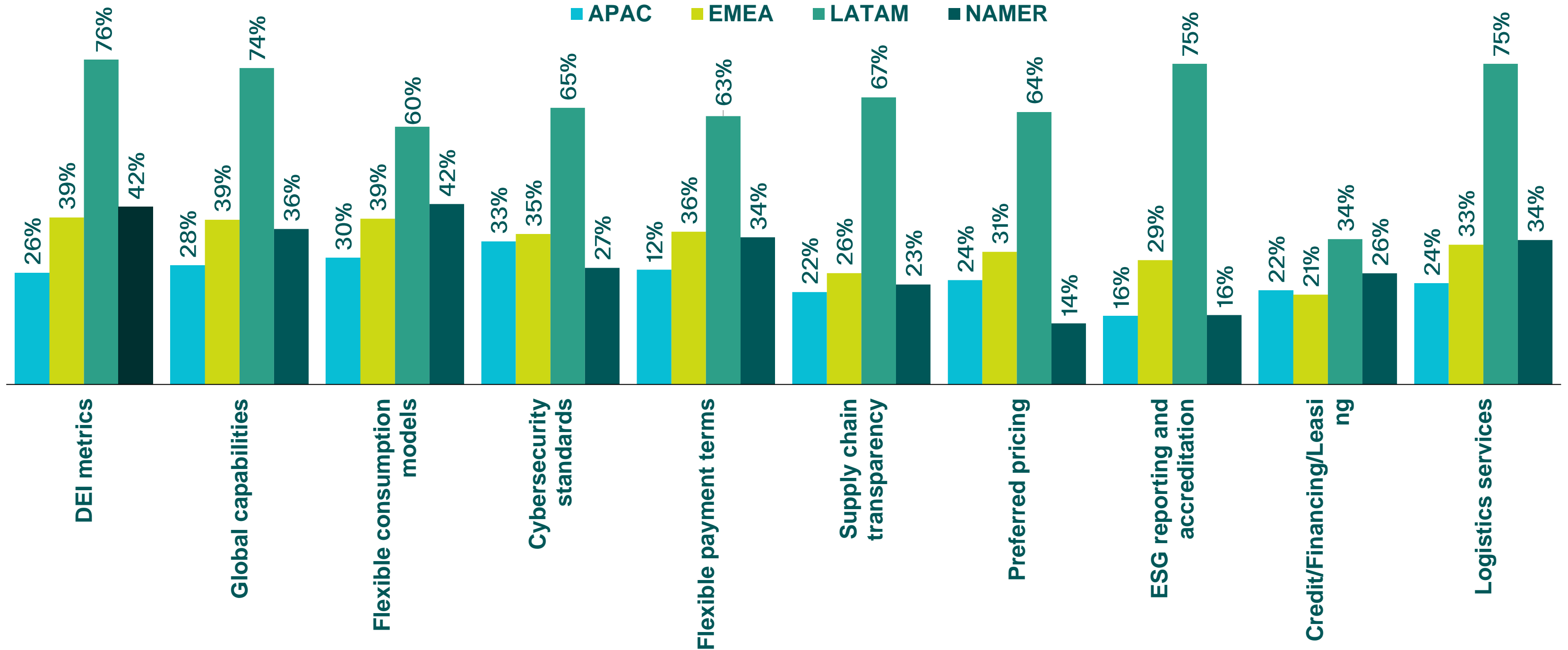
Which business solutions do you plan to offer within the next 24 months?
Select all that apply.



Appendix

Figure 23

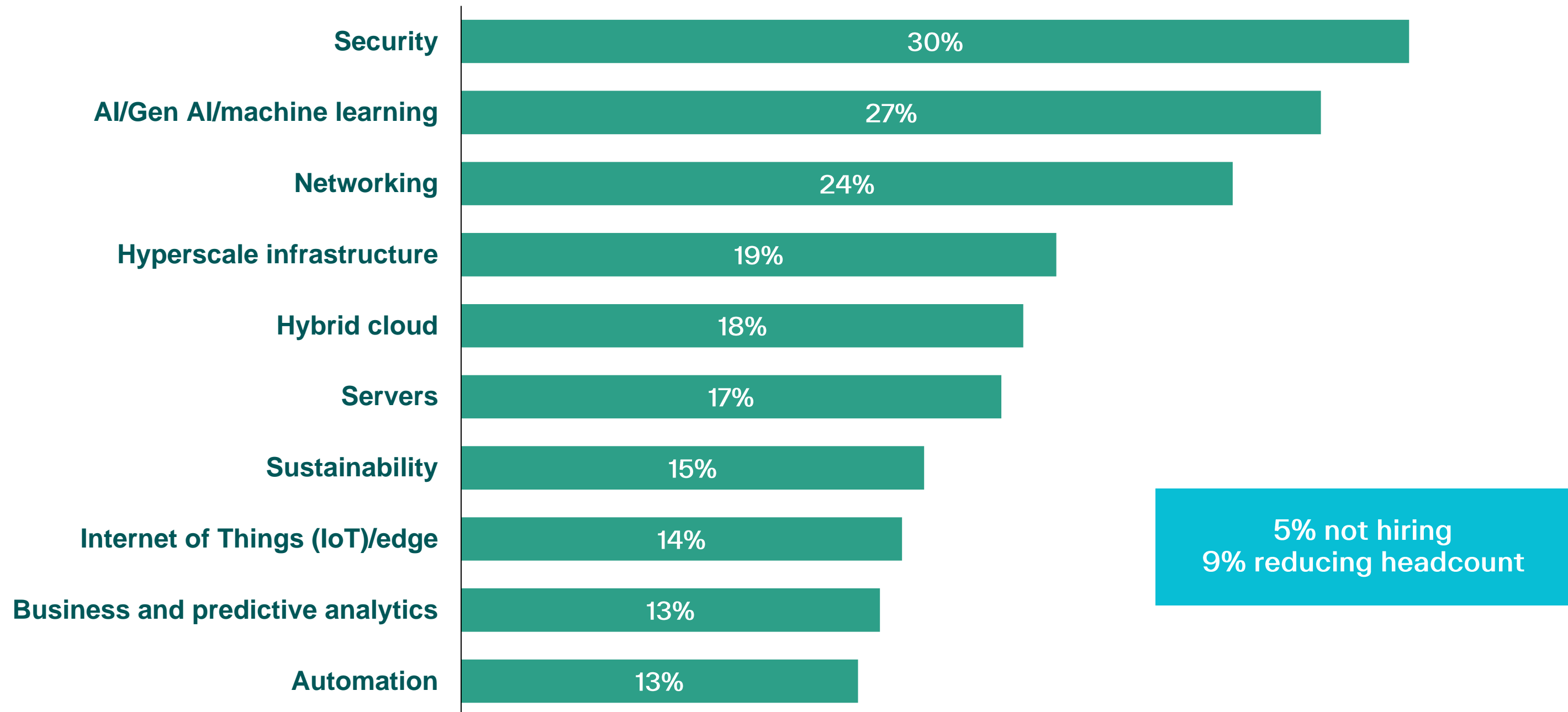
Which business solutions do you plan to offer within the next 24 months?
Select all that apply.



Appendix

Figure 24

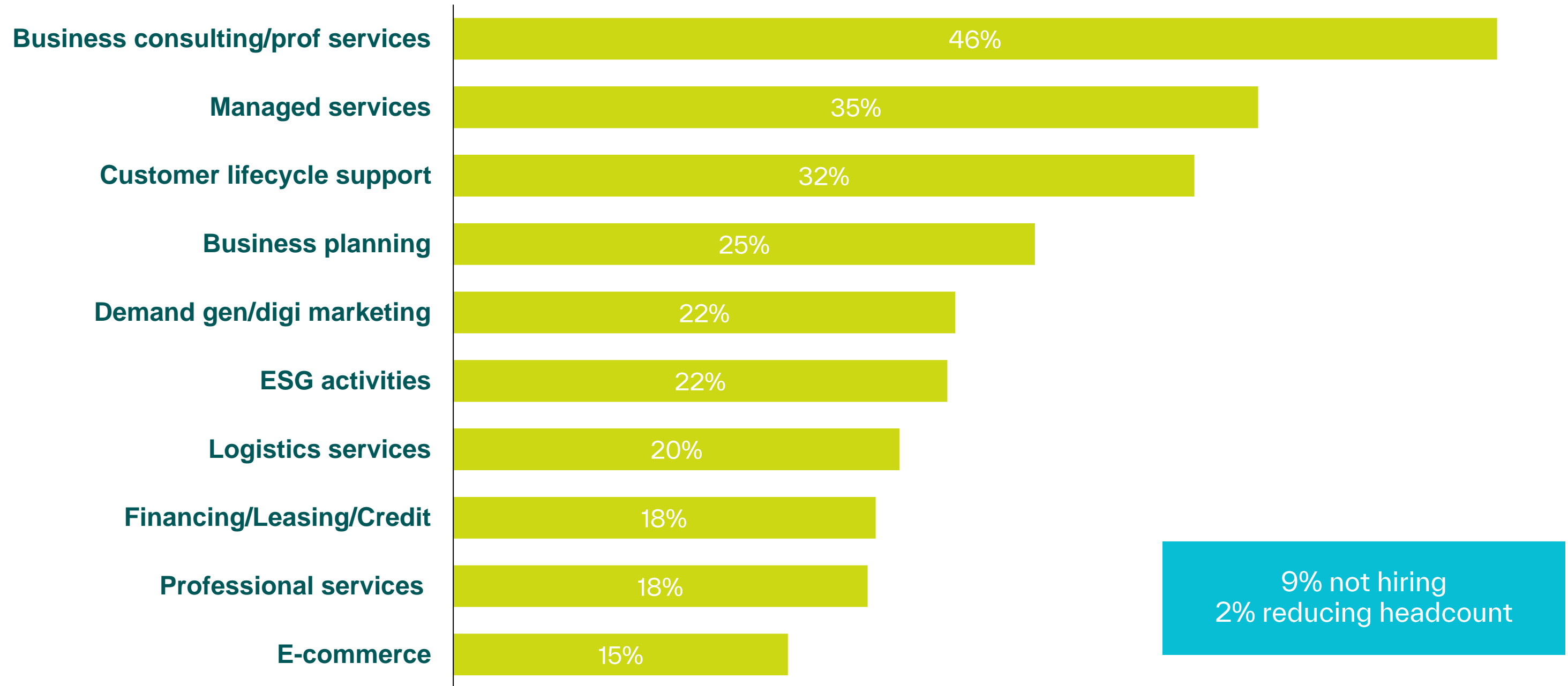
Which technology skill sets are you hiring for? Please consider both general technology skills and vendor-specific knowledge. Please choose top three priorities.



Appendix

Figure 25

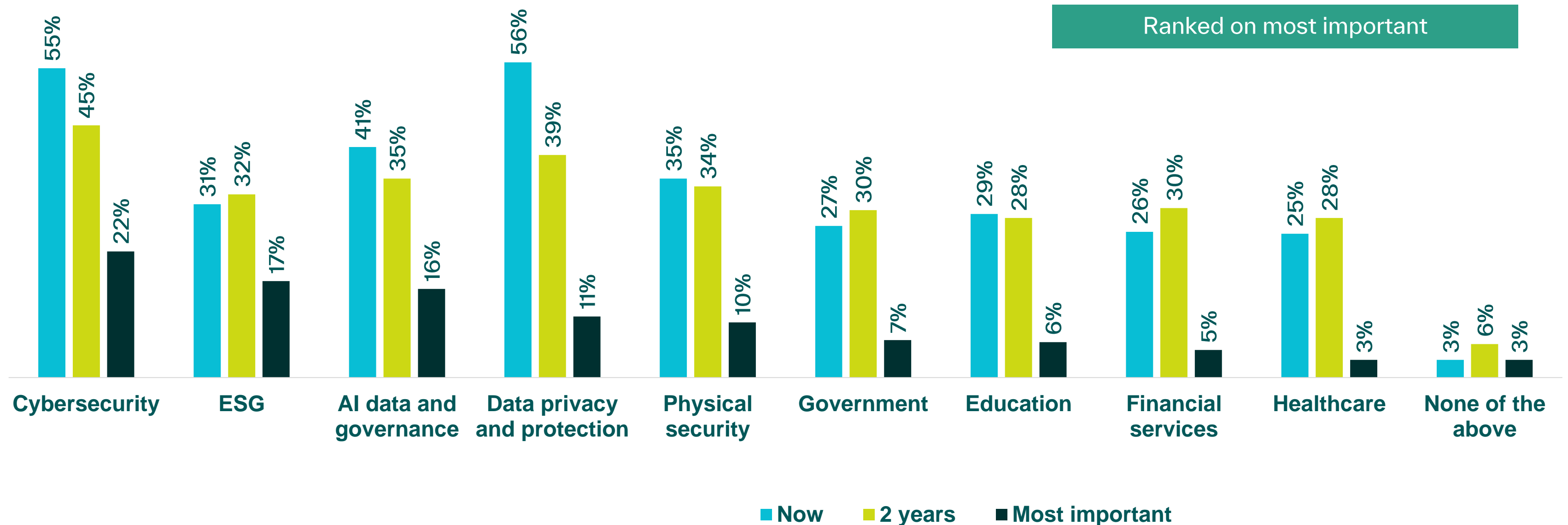
Which business skill sets are you hiring for? Please choose top three priorities.



Appendix

Figure 26

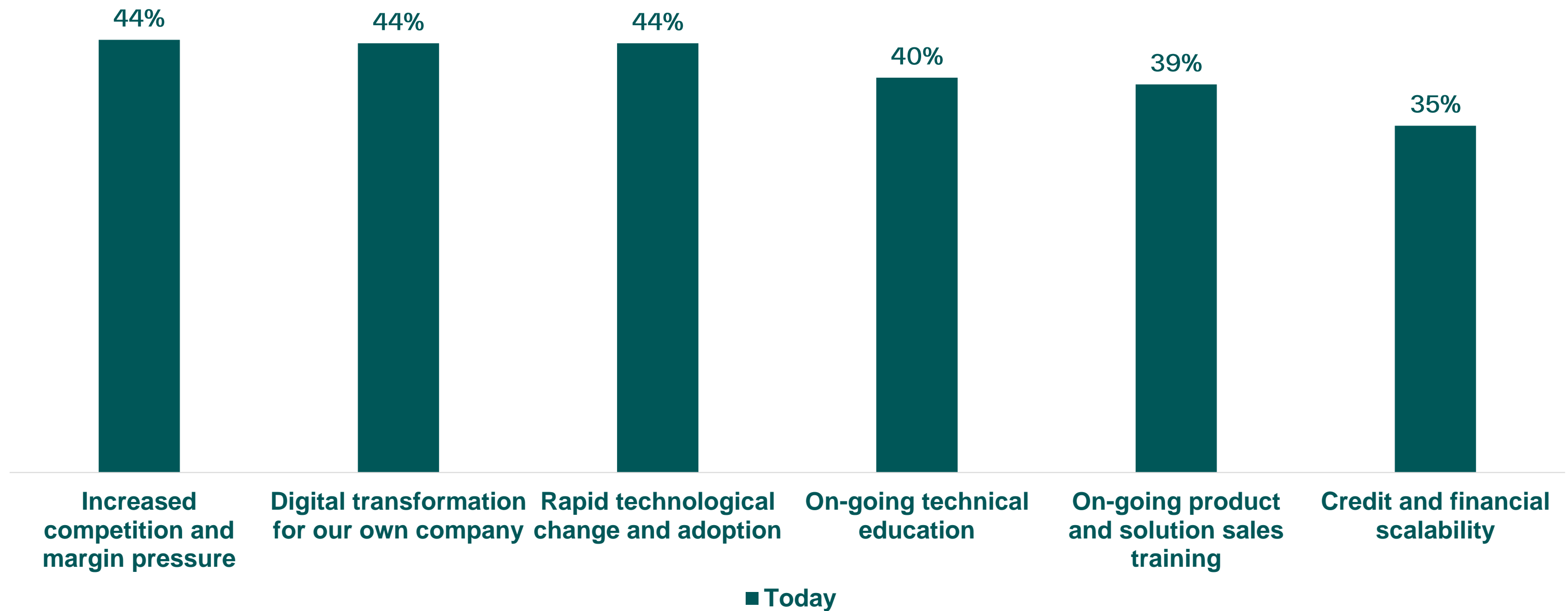
Which areas of regulatory expertise or certification are most important to your business today? Please choose all that apply today and in two years time and then select the most important area in two years time.



Appendix

Figure 27

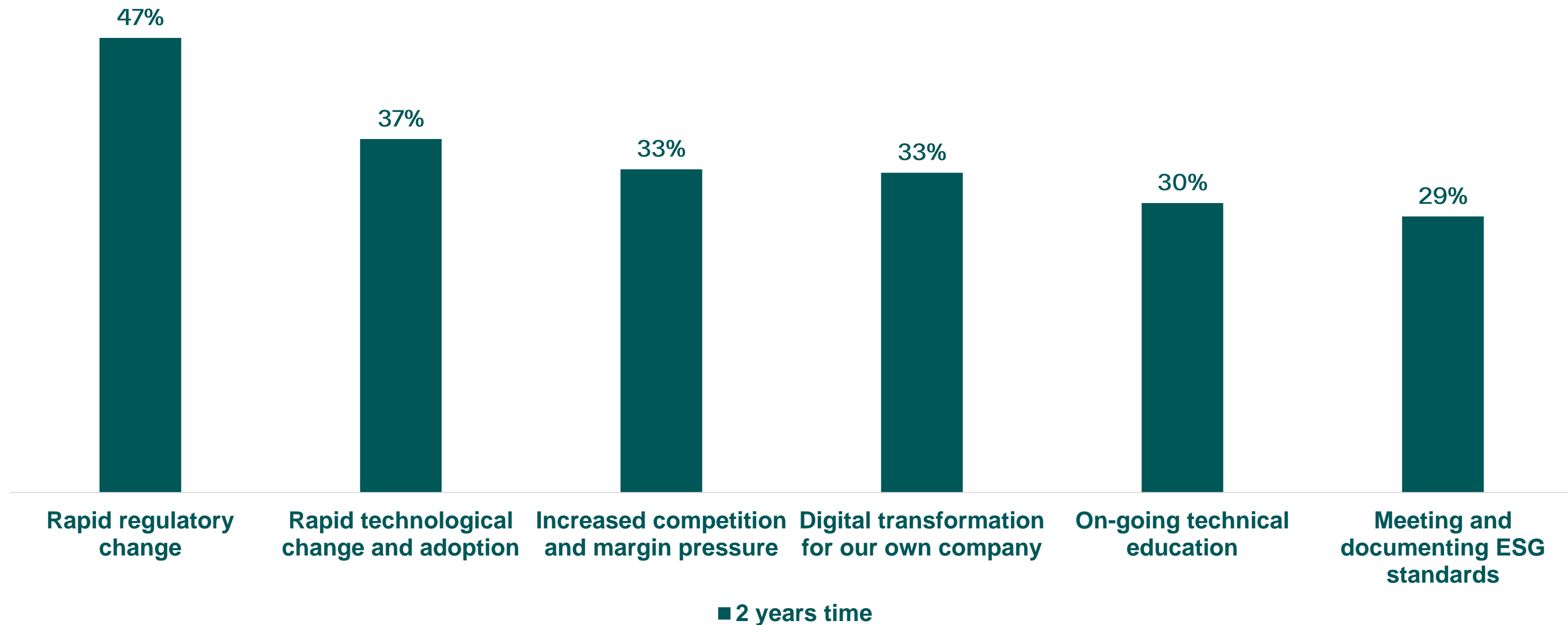
Considering the following business challenges, please select all that currently impact your business.



Appendix

Figure 28

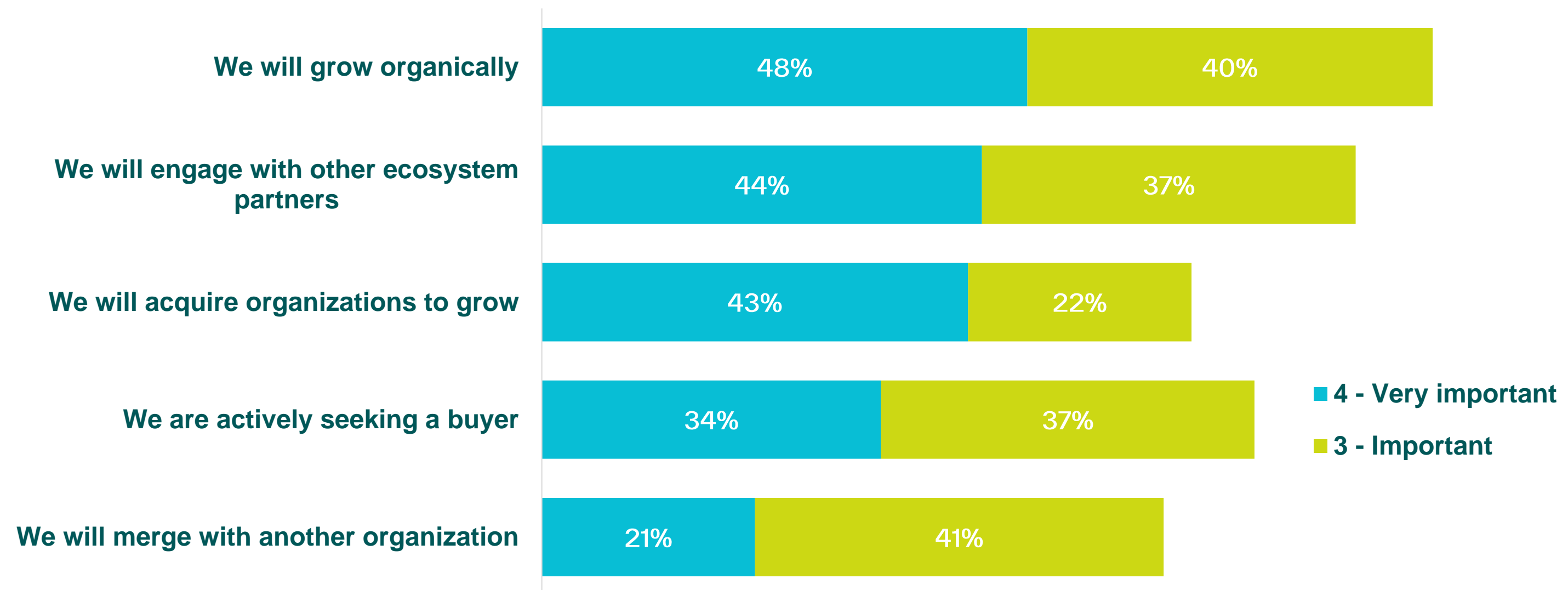
Considering the following business challenges, please select all that will impact your business in two years time.



Appendix

Figure 29

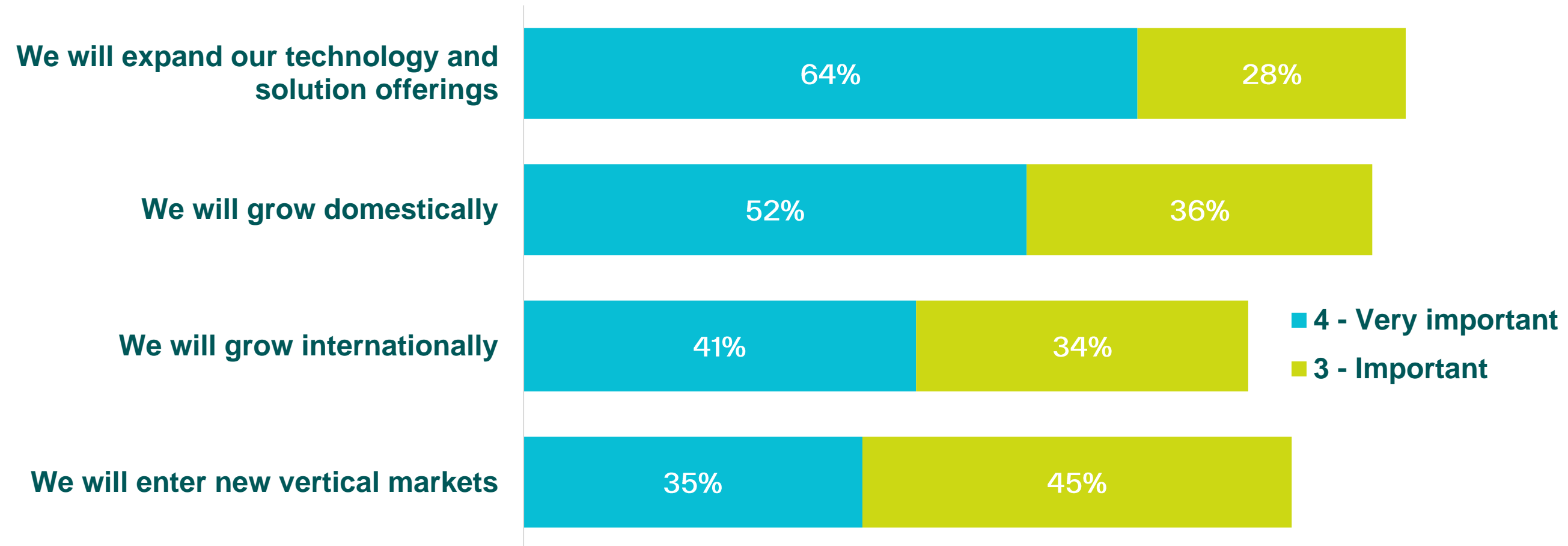
Which of the following statements describe your organization's attitude toward growth? Please rank in order of importance where 1 is not at all important and 4 is very important.



Appendix

Figure 30

Which of the following statements describe your organization's growth strategy? *Please rank in order of importance* where 1 is not at all important and 4 is very important.



Safe Harbor Statement

A note regarding forward-looking statements: Statements in this report regarding TD SYNEX Corporation which are not historical facts may be forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. These forward-looking statements may be identified by terms such as believe, expect, may, will, provide, could and should and the negative of these terms or other similar expressions. These forward-looking statements include, but are not limited to, statements regarding strategies and goals. These are subject to risks and uncertainties that could cause actual results to differ materially from those discussed in the forward-looking statements. Please refer to the documents filed with the Securities and Exchange Commission, specifically our most recent Form 10-K and subsequent SEC filings, for information on risk factors that could cause actual results to differ materially from those discussed in these forward-looking statements. Statements included in this report are based upon information known to TD SYNEX Corporation as of the date of presentation and TD SYNEX Corporation assumes no obligation to update information contained in this report except as otherwise required by law.