



Market Insight Report Reprint

Hitachi Vantara's investment in partner channel pays off, drives growth

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The vendor says its commitment to its partner and channel strategy over the past several years has led to business expansion, as well as increased satisfaction and engagement among partners, as it continues to emphasize its partner channel.

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Introduction

Hitachi Vantara has made an increasing commitment to its partner and channel strategy over the past several years, which has led to shifts in when and how it introduces partners into a customer engagement, tracks the positive profitability impact that partners have on its business, and emphasizes the development and health of individual partners over the volume of such partners. The vendor claims that 100% of its fast-growing commercial business is conducted via partners, and it expects this strategy to continue.

THE TAKE

Hitachi Vantara's evolving view of partner enablement aligns with what respondents to our Voice of the Service Provider surveys are saying about the most valuable aspects of partner program participation (namely, roadmap access and influence, as well as opportunities to engage and collaborate with other partners within the ecosystem). All but the largest service providers face capacity limits on the amount of time and resources they can commit to actively participate in vendor and supplier partner programs, with most indicating that they have the means to meaningfully participate in fewer than five such programs. By working with partners to grow their business, Hitachi Vantara is likely making the value of its program more explicit to partners and increasing the likelihood that it makes the cut.

Context

The company notes that its emphasis on partner strategy has been building over the past five years. Hitachi Vantara reports that it has grown its partner count by roughly 20% this year. They range in size from small two-person specialty shops to global systems integrators and resellers.

It reports that 100% of its commercial business is currently transacted via partners, and that business is increasing rapidly, seeing 22% growth in the past quarter. Hitachi Vantara estimates that its enterprise business is just over 50% partner-based in North America, approximately 70% in Europe, Middle East and Africa, and 90% in Asia-Pacific, with those percentages increasing. Emphasizing its partner strategy has taken the company from generating less than half its revenue through partners five years ago to expecting to reach 95% in the next 24 months.

Partner strategy

Hitachi Vantara says it has evolved over the past five years from wanting to work with partners but not necessarily understanding where value was being created, to viewing partners as a key piece of its overall go-to-market strategy. Its partner strategy focuses not only on maintaining business, but also on understanding each partner and working collaboratively to grow sales.

Over time, the company has moved away from a program structure built on strict categorizations such as partner tiers based on volume of business or number of certifications, and instead now focuses on identifying partners based on what they do, primarily in categories such as resell, deliver, create and manage. Hitachi Vantara suggests that this approach allows it to connect opportunities with the right partners, as well as identify the best opportunities for partners to collaborate on building, delivering and managing services. Partner collaboration is increasingly necessary, for example, in the IoT space.

For partners that aren't necessarily expanding at the rate they want, Hitachi Vantara approaches them to review what they are doing in ways that can accelerate their business. The company says it has also trained the large distributors that manage the long tail of its partner program to do the same. It claims that its recent partner surveys have seen satisfaction increases relative to its rivals.

Products and technology

Partners can sell any of Hitachi Vantara's products or services across the three major technology areas of its business — datacenters, data integration and analytics (Pentaho), and DataOps (Lumada). These includes prepackaged services partners can sell, such as its EverFlex as-a-service offerings — the company introduced its storage-as-a-service product to market entirely through partners.

For complex managed services, Hitachi Vantara can deliver services sold by partners, but its managed services division can also collaborate on a service developed with a partner's own team. The vendor's approach to alliances is intentionally complementary to its channel strategy. It emphasizes co-creation of technology services that its partners can bring to market. Hitachi Vantara is careful to make services work for partners by making them part of its rebate program, and accounting for partnerships they may have with those other vendors. The company notes strong engagements of this type with AWS, Microsoft Azure and Google Cloud, as well as VMware Inc., Cisco Systems Inc., Broadcom Inc., Veritas and Commvault Systems Inc.

Program details

Hitachi Vantara says its program is structured around providing dependability (in its interactions, pricing and indirect approach), focusing on building profitability (for instance, by avoiding having multiple partners bidding for the same clients), and being innovative (e.g., working with partners to explore new business plans).

In addition to client opportunities and development support, the vendor notes that it involves partners in discussions around product roadmap and future capabilities. It says this provides valuable insights into a breadth of requirements that go beyond just the largest customers.

This connects to prelaunch product training. Hitachi Vantara spends the roughly 90 days prior to a product launch training partners, doing testing and validation, and developing promotion, pricing and packaging for the product. The vendor says it works with partners to build out offerings that lean on their strengths, rather than just handing off a product.

Additionally, Hitachi Vantara is extending its compliance training and sales coaching to its partner ecosystem through bootcamps and events. It offers its training to partners for free, which is especially valuable to smaller partners that might not otherwise have access to high-level sales training.

Future focus

Hitachi Vantara wants to expand its roster of midmarket and locally focused regional partners, which should expand its market from enterprise customers to smaller enterprises and midmarket firms. These partners, while valuable, can be more difficult to identify. One of its strategies is enlisting distributors to identify partners of their own that might be good candidates to engage with and access its partner portal, while maintaining the relationship via the distributor. Over time, or at a certain volume of business, they could sign on as partners.

Competition

With respect to its channel program, the breadth of Hitachi Vantara's services puts it in competition with a wide range of companies, including some areas of services overlap with existing partners. In the storage and infrastructure space, it vies with major vendors such as Cisco Systems Inc., Dell EMC, Hewlett Packard Enterprise Co., NetApp Inc. and IBM Corp.

On the hybrid IT and advanced managed services side (including Hitachi Vantara's Lumada and Pentaho offerings), the rivalry includes a more complex mix of companies that may include hyperscale public cloud suppliers such as AWS, Microsoft Azure and Google Cloud Platform; systems integrators such as Accenture PLC, Capgemini SE, Cognizant Technology Solutions Corp. and Deloitte; as well as a long tail of managed service providers. Many of these players are also potential partners for Hitachi Vantara, and navigating such overlap is part of the company's partner strategy.

SWOT Analysis

STRENGTHS Hitachi Vantara's portfolio breadth is a strength for partners seeking to build out their own offerings. Its partner focus also adds value by offering product roadmap insight and opportunities for partners to collaborate.	WEAKNESSES The flipside of portfolio breadth — especially where that breadth was built in part via M&A and reorganizations within the larger Hitachi Ltd. business — means that partners aren't necessarily aware of the extent of what the vendor offers.
OPPORTUNITIES As service providers of various types begin to advise customers on their digital transformation efforts, Hitachi Vantara's focus on data architecture and insights — as well as the underlying technologies — is a strong fit to expand the capabilities of those service providers.	THREATS Service providers typically have the resources to participate meaningfully in a small number of supplier partner programs. Hitachi Vantara is competing for this space with other infrastructure providers, hyperscale public cloud suppliers, software platform developers, and other vendors that may have deep existing relationships.

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