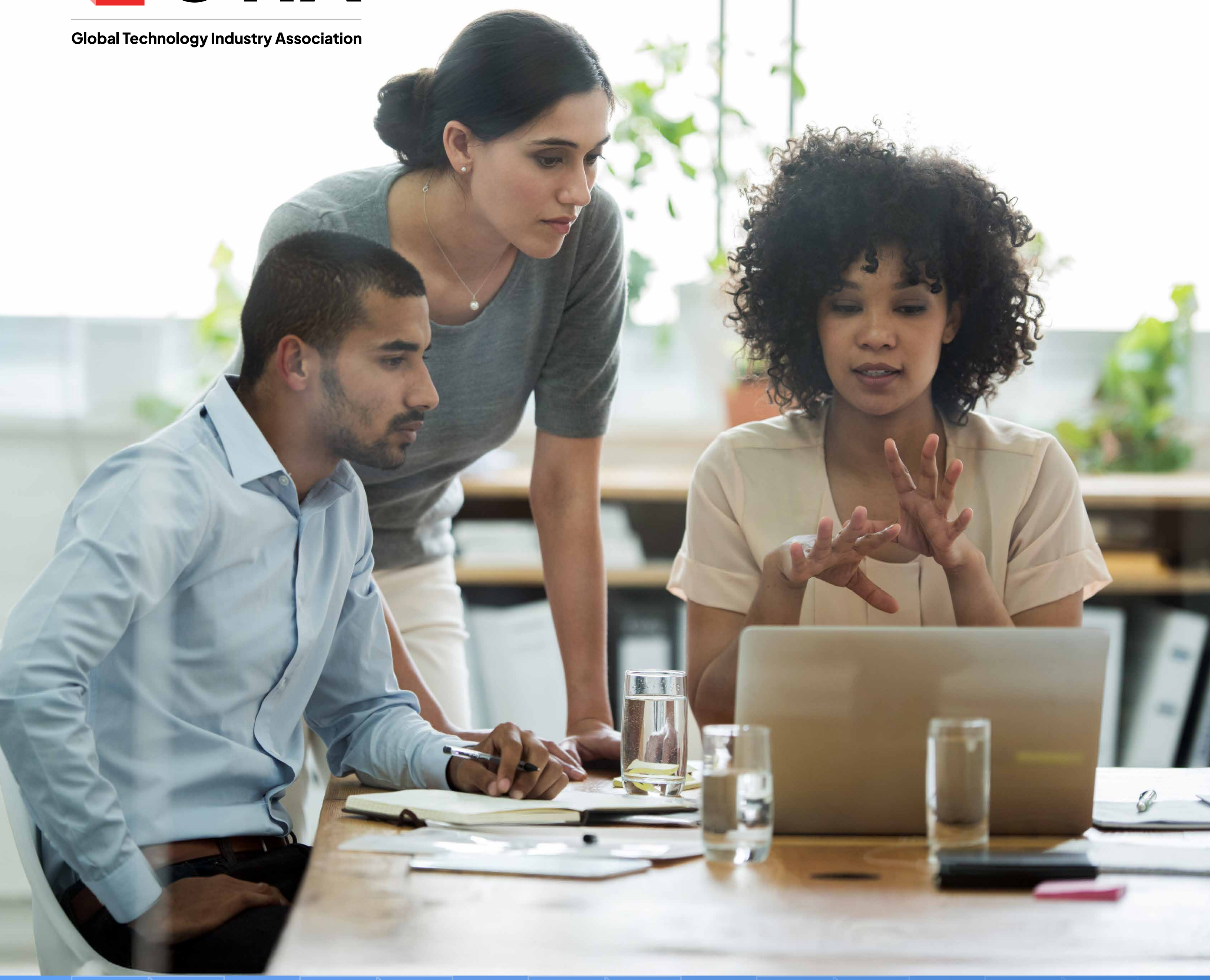
GTIA

Global Technology Industry Association



State of the Channel 2025

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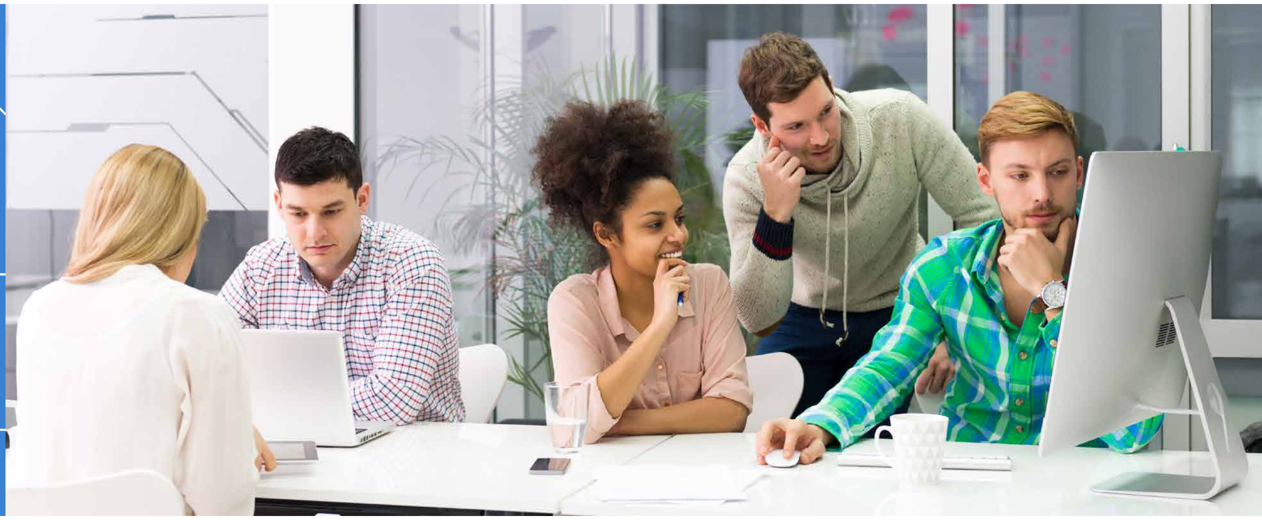
Introduction



Technology today is complex and only growing more so. Just ask anyone in the tech industry trenches. In 2025, there are more products and services to sell, recommend, integrate and secure than ever before. There are more disruptive change agents like artificial intelligence (AI) to reckon with. And, especially of late, there are more new business models and competitor types that redesign the very fabric of the go-to-market ecosystem.

It's a lot. But for businesses operating in the IT channel, complexity isn't necessarily a negative. In fact, it is a kind of lifeblood that assures continued relevancy in the marketplace. For IT solutions experts, aka channel practitioners, complexity is what keeps customers calling and business in demand.

Through that lens, many in the channel see complexity as their friend. Nearly 6 in 10 respondents to GTIA's *State of the Channel 2025* research indicated as much, identifying technology's growing complexity as the No. 1 factor driving future positive demand for the channel's expertise. Indeed, more and more customers are looking for help with everything from developing an AI strategy to ensuring their data and networks are safe to applying technology to broader business goals.

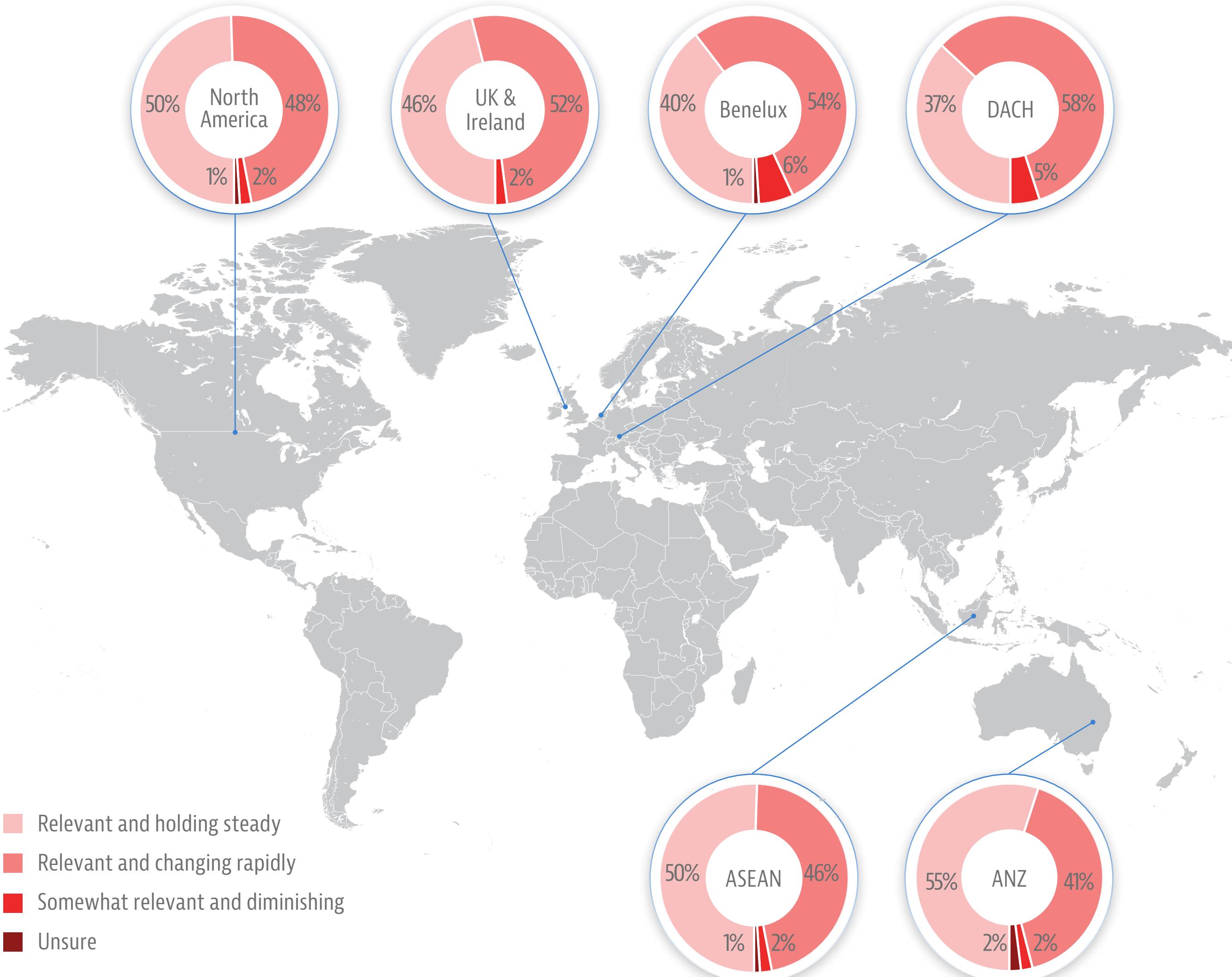
There are caveats of course to the positive side of complexity. Increased demand for the channel's services, especially in newer disciplines such as AI and data, puts pressure on firms in terms of their capacity and resources to deliver. Evidence of that concern can be seen in nearly 4 in 10 study respondents who cited the difficulty finding workers with the right skills to meet today's needs as a potential inhibitor to success. Workforce issues will be highlighted in this report.

Complexity also touches relationships in the channel. The ecosystem has expanded in the type and number of players that interact along the go-to-market chain, from resellers and solution providers to MSPs, consultants, influencers and vertical industry specialists. Building alliances with complementary businesses will be one key to filling skills gaps and differentiating offerings to customers. Strength in numbers is a clear advantage in this more complex environment where the ability to be all things to all customers isn't always realistic.

And then there are the external complexities that seem particularly acute in 2025. Consider the roiling uncertainty of the global economy and geopolitical landscape that will no doubt impact channel firms, their vendor partners and customers alike. Industry regulation, the supply chain, trade and tariff issues, and inflation each loom as potential sources of good or bad news.

What follows in GTIA's *State of the Channel 2025* report is an examination of each of these subjects based on data captured from channel executives across the globe. Divided by section, the study findings cover trends spanning the health and composition of today's channel; current revenue and profitability sources; the impact of AI; vendor relationships; competition; and workforce issues.

Global Channel Outlook



Source: GTIA State of the Channel 2025 survey | n=1042

Finally, for purposes of this report, six geographic regions across the globe participated in the research: North America, the United Kingdom and Ireland, Benelux (Belgium, Netherlands, Luxembourg), DACH (Germany, Austria, Switzerland), ASEAN (Southeast Asia) and ANZ (Australia-New Zealand). A few top findings will be detailed across all six regions, but the rest of this report will reflect North American data. Individualized report briefs are also available separately to highlight study results from the other regions.

Key Stats

$1.73 trillion

Estimated spending on IT services globally in 2025, a 9% growth rate year-over-year. (Source: Gartner, January 2025 projection).

53%

of North American channel firms say they expect significant growth in AI-related revenue for their business in 2025, up from 32% that said so in 2024.

30%

of U.S. channel firms say they are ahead of pace for business goals and financial health for the year. More than half (53%) say they are on target.

88%

of North American channel firms are satisfied with their vendor relationships, including 39% that report the highest level of contentment.

Nearly 4 in 10

North American channel firms say a lack of skilled workers, particularly in fields like cloud computing, cybersecurity and AI, poses a significant challenge that could hinder the success of the channel.

4 in 10

U.S. channel firms expect significant revenue in the next two years from cloud services, yet only 3 in 10 believe profitability from those services will be as robust.

> *“My most important advice for a young entrepreneur starting a channel business is to focus on building a partner ecosystem that prioritizes customer-centric solutions and leverages AI-driven tools for scalability and efficiency.”*
>
> *— Otto Schobert, managing director at thefi.com*

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SECTION 1: Market Overview

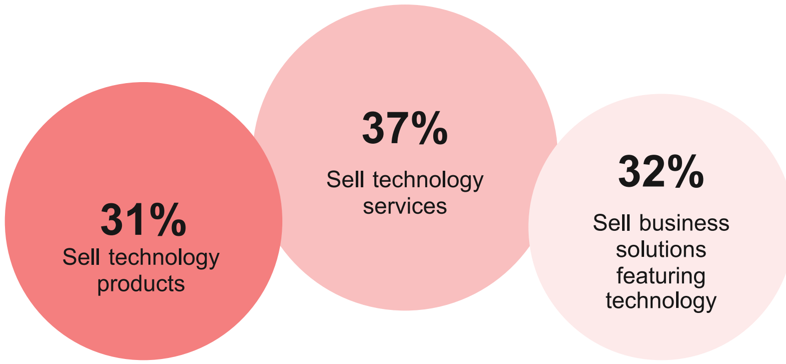
The overall appetite for technology has not dampened. As of 2025, the global technology market continues to demonstrate resilience despite the prevailing economic uncertainties and geopolitical challenges. Gartner is expecting worldwide spending on IT to reach a record $5.6T in 2025, representing a nearly 10% increase compared with $5.1T in 2024. For its part, Canalys, a market research firm focused strongly on the channel, estimates 2025 global IT spending at $5.4T, and estimates that 70% of those dollars flow through that channel ecosystem in some fashion.

In terms of geographic breakdown, Gartner finds that North America remains the dominant region for IT spending, followed by Europe and Asia Pacific. The United States alone is expected to drive a significant share of the global market growth, with particular emphasis on technology adoption within healthcare, finance and public sectors.

Notably for the channel, the largest bucket of spending for the last two years has been on IT services. Gartner says worldwide spending on IT services will reach $1.73T this year, up from $1.59T in 2024. This represents a 9% spending increase year over year, which is roughly on par with Gartner's forecast of the entire tech market growing at 10% in 2025. In 2024, global spending on IT services increased 5.6% compared with 2023.

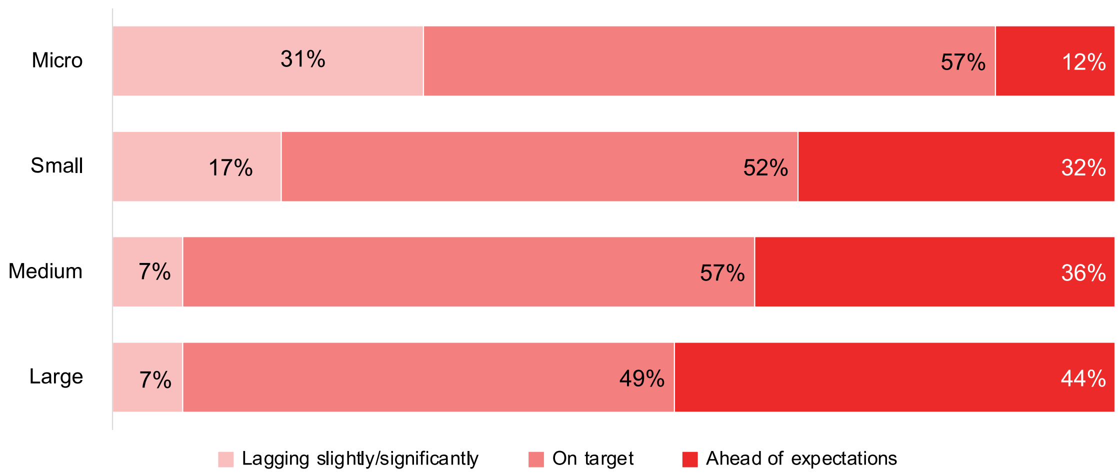
Robust IT services spend is a harbinger of opportunity for the channel, both for the largest integrators to the smallest MSPs and solution providers that benefit downstream. Why? Customers are looking for expertise and guidance around their technology strategies and investments, as well as showing ample interest in third-party managed services to oversee it all. Spending in these areas is driving many channel firms to embrace services as a prime source of revenue. Many are either transitioning away from or reducing the role of pure product reselling as their business model. Consider the following findings from this study data: When given the chance to describe what their company does, 37% and 32% of respondents, respectively, identified as either a technology services company or business solutions firm. The remaining 31% called themselves technology product sellers. Just five years ago, and certainly a decade or more, most channel firms would have checked the product box as their primary business model.

How Channel Firms Describe Their Primary Business



Source: GTIA State of the Channel 2025 NA survey | n=404

Reported Progress on Current Business Goals by Company Size



Source: GTIA State of the Channel 2025 NA survey | n=404

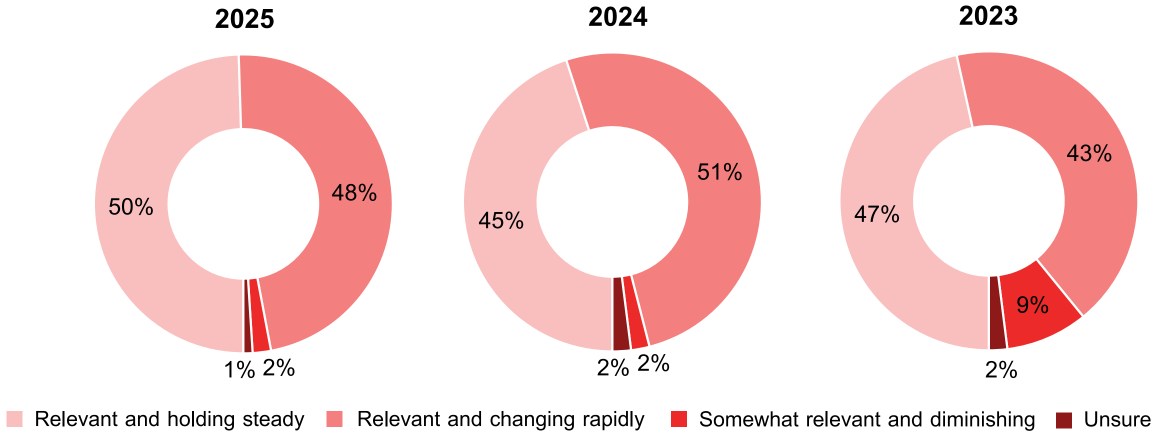
In addition to services, several factors are the main drivers for growth in 2025. One is the continued migration to cloud computing, especially as the biggest players – Amazon Web Services, Google Cloud, Microsoft Azure – continue to build out their infrastructure in response to demand. The other major driver, which is directly responsible for the cloud buildout, is investment in artificial intelligence and machine learning, which companies are leveraging for automation, predictive analytics, customer experience enhancement and optimization of business operations. The AI ecosystem touches myriad areas, from software, data services and hardware infrastructure, which could drive growth in all. Finally, also driving steep revenue expectations this year is cybersecurity, a perennial technology must-have and one that will only grow more urgent with the adoption of AI.

Of course, there are potential roadblocks to revenue growth in the year ahead. The list of them is mainly filled with external factors and events that could thwart success. These include general economic uncertainty worldwide, a steep talent shortage in IT, regulatory issues, trade friction, etc. More on specific concerns the channel has cited for the year ahead will be detailed in the next section of this report.

2 SECTION 2: Drivers & Inhibitors for Channel Health

The channel's own prevailing outlook for the year ahead tends to be positive, but with distinct definitions of what that means. For example, with respect to the current state of channel in general, respondents were essentially evenly split into two primary views. About 50% characterized the channel as "relevant and holding steady," indicating stability without explosive growth. These companies are likely focused on maintaining existing relationships and delivering established products and services. In contrast, 48% described the channel as "healthy and changing rapidly," reflecting a perception of dynamic growth driven by new technologies and evolving customer needs. This reflects the newer channel firms or those embracing transition to emerging tech and/or services.

Self-Reported State of IT Channel Health/Relevance

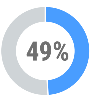


Source: GTIA State of the Channel 2025 NA survey | n=404
GTIA State of the Channel 2024 NA survey | n=417
GTIA State of the Channel 2023 US survey | n=397

Bottom line, the duality in perception of channel health truly highlights the varied experiences within the channel, influenced by factors such as company size, location and service offerings.

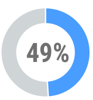
Drilling down into the specific drivers and detractors for channel health, the list in 2025 mirrors that of last year's study. As mentioned in the introduction, technology's sustained and growing level of complexity is the No. 1 reason for optimism. As IT systems grow more complex, businesses are increasingly seeking experts for solutions and support. MSPs are among those that stand to benefit by offering an integrated solutions stack to address these complexities. And not just MSPs. Study respondents that identified as business solutions companies tended to rank complexity highest as a positive driver. Sixty-eight percent of them did so, which suggests that tying technology solutions to a customer's specific business goals and needs–be it vertical specialization or compliance or other niche–ups the degree of difficulty. But mastering this also increases revenue and profitability opportunities.

As indicated in the corresponding chart, the following comprise other top-ranked health drivers for the channel today:



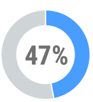
Adoption of AI Tools (49%):

The widespread adoption of AI in business operations 49% is expected to drive growth for channel firms that offer AI-driven solutions, such as automation and predictive analytics. But it will also fuel high-margin consulting opportunities and the data services that go along with that.



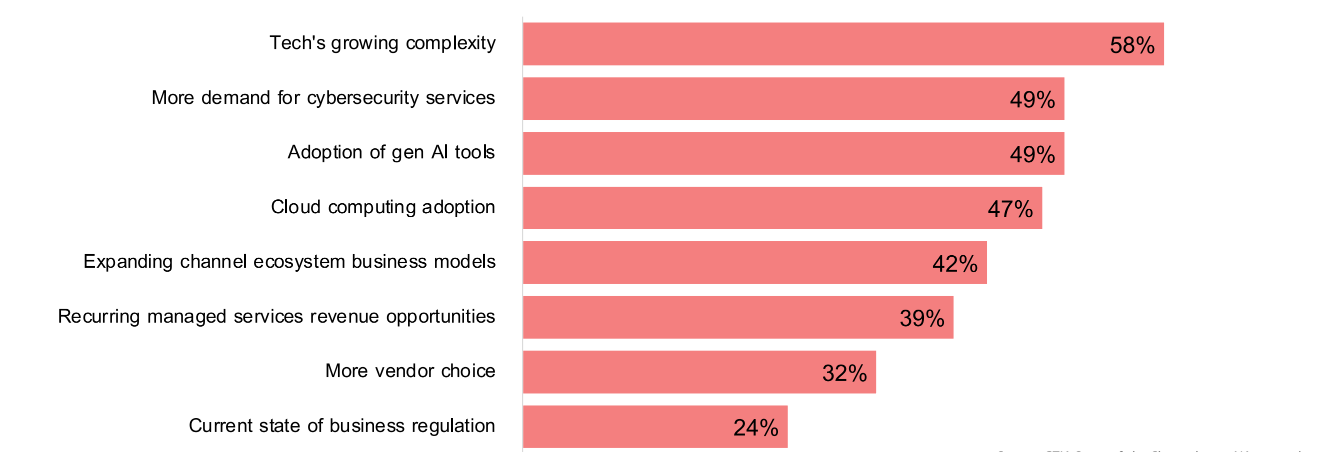
Cybersecurity Services Demand (49%):

With rising cyber threats continuing unabated, 49% businesses are investing more in cybersecurity. Channel firms that specialize in managed security and compliance solutions are poised to capitalize on this trend. It's worth noting that the push into AI is also going to be a huge driver of spending on cybersecurity services.



Continued Cloud Adoption (47%):
As more organizations adopt cloud solutions for scalability and efficiency, IT channel companies specializing in cloud infrastructure and services will see sustained demand. Many of these channel firms will combine their use of public cloud infrastructure with their own data center capabilities and those of their customers. The ability to deftly manage the integration between myriad environments, applications and data sets will be critical to success.

Factors Contributing to Healthy IT Channel

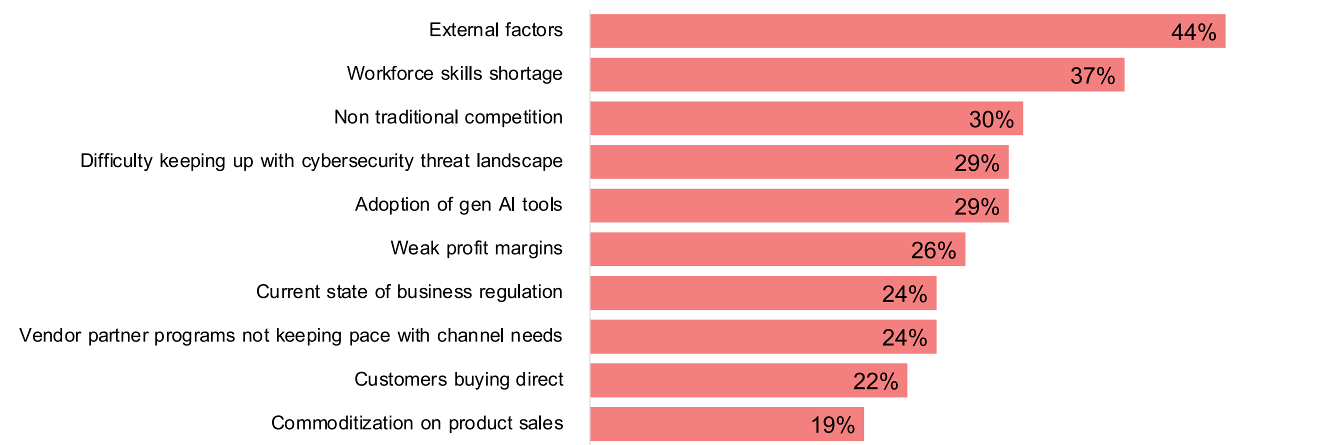


Source: GTIA State of the Channel 2025 NA survey | n=404

When it comes to potential inhibitors to channel health in 2025, external factors, as cited above, lead the respondents' rankings. Economic instability in any of its forms (geopolitical unrest, inflation, supply chain issues, trade wars, etc.) could lead to reduced IT spending or delayed investments by customers, requiring channel firms to focus on cost-efficiency and adjust their pricing models, in some cases.

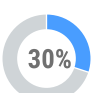
After external factors, the one big change in the negatives list from last year is the increased percentage of respondents that singled out workforce skills/talent shortages as a potential problem. Rising to No. 2 on the list, 37% of respondents cited challenges in finding skilled workers, particularly in fields like cloud computing, cybersecurity and AI, as a significant concern. Companies will need to invest in recruitment, training and retention strategies to address this gap. Upskilling the current workforce is another tactic.

Factors Contributing to Diminishing IT Channel



Source: GTIA State of the Channel 2025 NA survey | n=404

Other potential disrupters to channel health include:



Competition from Online Marketplaces (30%): This concern held steady on the list year over year. The rise of e-commerce marketplaces and/or platforms from the likes of Amazon, Google, Microsoft, etc. that sell IT products directly to consumers may undermine traditional channel models. Since competing on price and time to market with these giants is a tough one, channel firms looking to win over customers must differentiate by offering value-added services such as consulting and support. Additionally, it's wise to consider that the initial transaction might not be the sweet spot for the channel. In other words, work with customers to help them figure out their best purchase, let them source it from a marketplace, then circle back in with adjacent services and ongoing support of the solution. This is where vertical specialization and other differentiating characteristics help the channel shine.

29%

Difficulty Keeping Up with Cybersecurity Threats / Adoption of AI Solutions (tied at 29%):
No doubt that cybersecurity threats are both relentless and increasingly sophisticated. It's a full-time job and more to keep pace with this as a tech provider. No single type of channel firm can afford to ignore cybersecurity as a focus area across its offerings, but not all have to be full-on specialists. This is why GTIA research is seeing an increase in partnering arrangements between channel firms to help fill skills gaps–particularly with respect to more sophisticated cybersecurity needs.

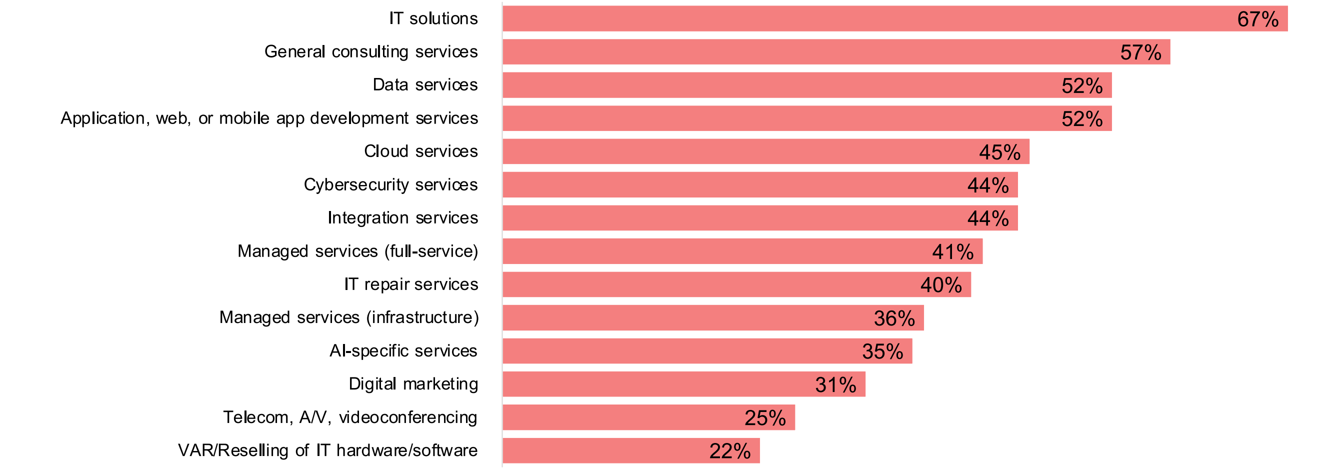
Finally, as far as AI adoption being a potential drag on channel health, the fear here appears to be customer use of AI to the point that automation inside their organizations reduces the need for outside providers. Given the learning curve with AI at present among most customers, especially the SMBs that most channel firms serve, this worry is mostly theoretical for now. Given that many respondents also consider AI adoption as a positive driver for channel health, as described above, it's clear that the dust is far from settling on how the channel will absorb AI's impact or take advantage of its opportunity. One segmentation difference to note in the data, companies that are focused more on services (technical or business) as their business model reported a more positive take on AI than their product reselling counterparts. This suggests that the consulting opportunity many services firms have pursued with AI has been more promising, at least initially.

SECTION 3: Business Lines, Profit & Revenue

The diversity of the channel is evident in many data points throughout this report, including the findings around business model types, portfolio compilation and other defining traits. This section explores those characteristics in the context of the channel's top revenue and profitability drivers.

When it comes to business models, most respondents say they sell IT solutions, which covers a lot of technology work from product reselling and implementation to integration, bundling, services and other tasks. Sixty-seven percent of channel firms in the study identify IT solutions as a primary business line,

Current Business Line Offerings

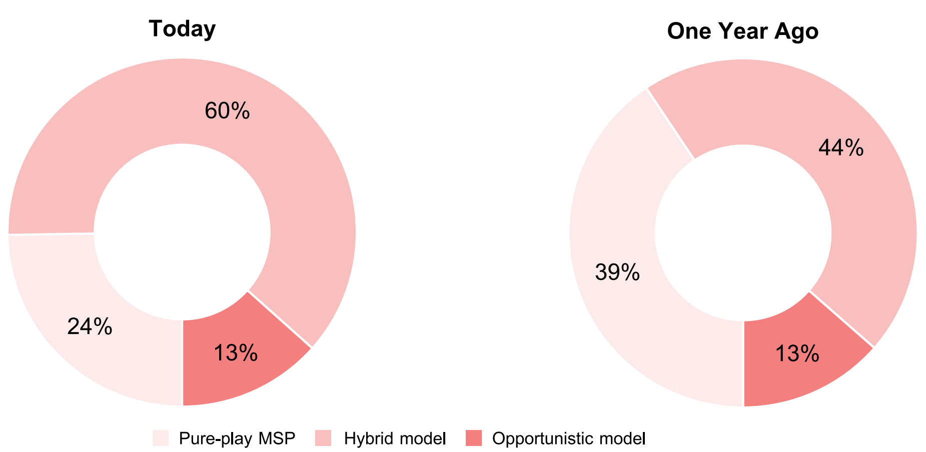


Source: GTIA State of the Channel 2025 NA survey | n=404

ahead of the next two most prevalent portfolio items, consulting (57%) and data services (52%). These top 3 business lines sold mirror last year's study rankings, though the percentage checking off consulting as part their portfolio increased by 5% year over year. This suggests the ongoing shift from transactional product reselling as the main business activity to more of a services/consultative orientation.

That so many companies categorize the primary work they do under the umbrella of IT solutions speaks to a reality of the channel: Most firms remain hybrid in the types of services they provide to customers. It's important to note though that hybrid doesn't mean jack of all trades necessarily. Instead, it usually means that the company banks on one or two primary sources of revenue as their main business strength but have adjacent skills that comprise smaller pieces of their portfolio. That's likely why, for example, 52% of respondents today say they offer application development services (a discipline not historically known as a channel mainstay). App dev might comprise a tiny sliver of a firms' total revenue but because the company does some coding work as part of other projects, they put it on their line card as a business offering. For example, something like integration often involves coding to tie applications together from cloud to on-premises, a type of work channel firms routinely conduct. Website development might also fall under this category.

Managed Services Business Models

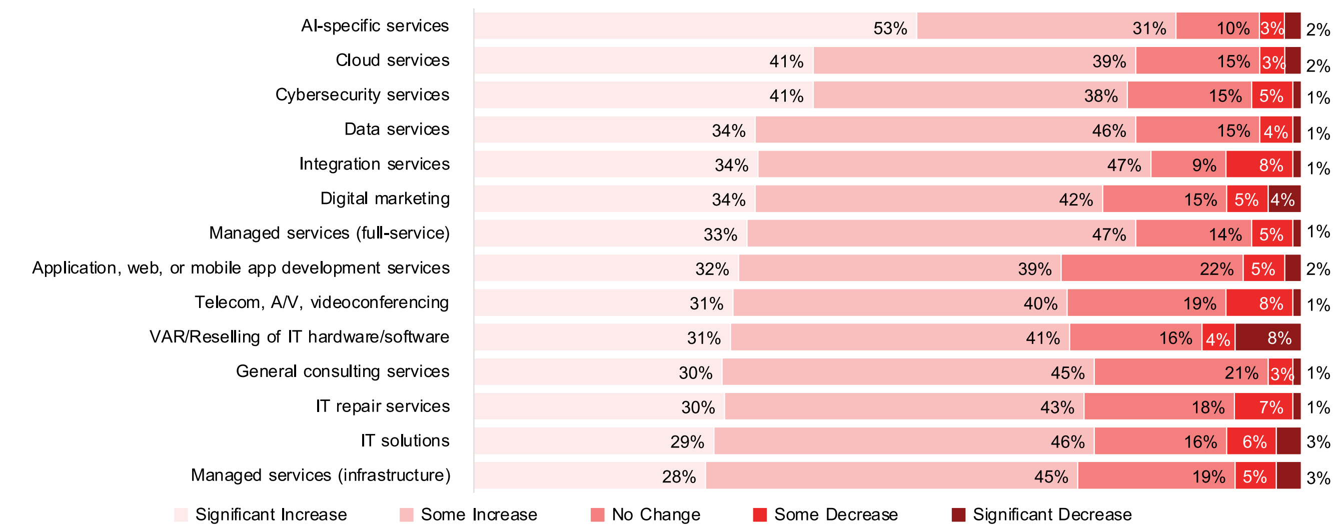


Source: GTIA State of the Channel 2025 NA survey | n=226
State of the Channel 2024 NA survey | n=61

One of the most illustrative examples of the hybrid approach to business models and portfolios can be found in the data about MSPs. When asked to categorize their companies as product sellers, tech services sellers or business solutions sellers, roughly 3 in 10 of both types of MSPs–traditional infrastructure and full-services–identified their companies as sellers of products. The other two-thirds in both groups said they were either tech or business solutions services firms primarily, as you would expect. And while 3 in 10 self-identifying as product resellers might not seem like a lot, it shows how reliant many MSPs continue to be revenue-wise on transacting hardware and software to their customers, in addition to their recurring revenue sales.

MSPs are also more likely to identify their businesses as hybrid, as seen in the chart above. Most of their revenue might come from the MSP stream of their business, but they still rely heavily on product reselling and project work.

Revenue Growth Expectations in Next 2 Years



Source: GTIA State of the Channel 2025 NA survey | n=404

When it comes to revenue expectations for the next two years, AI has the clear momentum, bumping even cybersecurity from the top perch of business lines forecast to be most fruitful. Consider this jump in revenue expectation year over year: In 2024, 32% of channel firms said they expected revenue from AI-related solutions and services to grow significantly over the next two years; this year, 53% of respondents said the same.

Now, it's important to note that major jumps in year-over-year sales percentages don't necessarily mean that a business line is a major revenue source for a company. In fact, AI sales could comprise just a small portion of annual revenue today for a firm, so a doubling or tripling in sales–while impressive–might still reflect a relatively small overall contribution to the top line. This could be especially true of AI since most channel firms in the last year were just beginning their experimentation with the technology, much of it internally focused and not monetized.

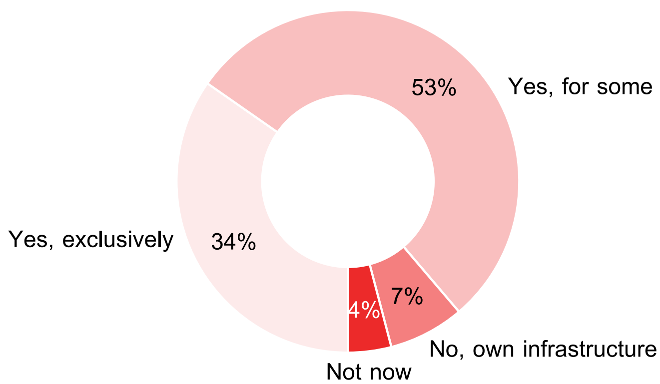
That said, the jump is noteworthy and clearly demonstrates a level of maturity and progress happening in the channel with respect to AI. It also suggests greater customer demand, and adjacent services opportunities tied to AI such as cybersecurity, data services, and governance. The next section of this report will dive into more detail about what the channel is doing today with AI by describing use cases both internally and externally.

> *"As we leverage AI to make our organizations more effective, we have to step back and realize that the data we use to feed these tools directly are correlated to the outcomes. And since AI is so emergent, organizations should look towards data governance as the real revenue opportunity."*
>
> – John Harden, director, strategy and technology evangelism at Auvik

In terms of other top revenue drivers, expectations for cybersecurity growth remain high. The 2025 data though remains largely unchanged from the predictions in 2024. Forty-one percent of channel firms said they expect a significant increase in cybersecurity-related sales in the next two years, while 38% anticipate some increase.

Cloud services moved up alongside cybersecurity as an equal in significant revenue expectations. Four in 10 respondents predicted as much for cloud services, a major bump from last year when 29% said so. This likely reflects several factors. One, the continued march of all things digital transformation among customers and a growing reliance on the largest cloud providers (Amazon Web Services, Microsoft Azure, etc.) to be the back-end platform maintaining that software. More than ever, channel firms, especially MSPs, are tasked with managing the flow of data and use of SaaS apps, e-commerce implementations and other tools that operate between the customer environment and the public cloud. The other major driver for cloud services is the AI boom and that technology's insatiable need for data center compute power. There is one caveat about cloud services to understand. While revenue is coming in, profitability remains a struggle for many in the channel. See the discussion of profitability trends below for more detail.

Channel Firms' Intent to Use Public Cloud to Fuel AI Offerings

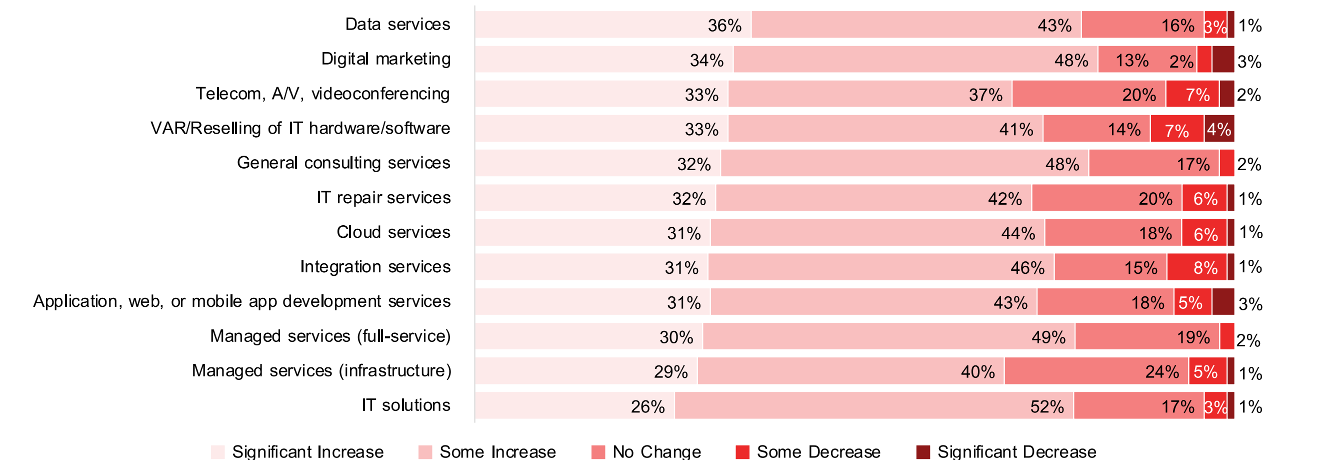


Source: GTIA State of the Channel 2025 NA survey | n=384

Of the categories where the biggest revenue declines are anticipated, there are no real surprises. Year over year, the traditional reseller business line of selling hardware and software remains the category with the lowest expectations for growth by respondents. In 2025, 12% expect a decrease in revenue from this business activity, reflecting the category's maturity, changing tech landscape, and continued commoditization driven by pricing pressure.

Also notable, however, are the categories where status quo and little significant growth is forecast, such as IT solutions and infrastructure-based managed services. These categories are also mature, and a portion of respondents operating here tend to expect more of a flat or low-growth sales performance in the two years ahead. Tepid or flat growth can either be acceptable or not acceptable to an individual channel firm, depending on that company's growth goals and/or the relative importance of these business lines to overall annual revenue.

Profitability Expectations in Next 2 Years



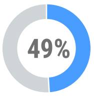
Source: GTIA State of the Channel 2025 NA survey | n=404

As far as profitability predictions for the next two years, the list lines up with the same high revenue drivers. AI, cybersecurity and data services are signaled to reap significant profits by respondents.

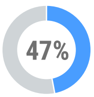
The notable exception, however, is cloud services. While respondents expect cloud services to bring in significant revenue in the next two years, fewer believe profitability will be similarly robust. One of the main problems is the compensation structure between vendors and channel partners for SaaS subscriptions, which comprise a major chunk of the channel's typical cloud-based services offerings. Vendors typically offer lower upfront margins on subscription-based sales compared to traditional product reselling, which significantly reduces immediate profit for partners. Furthermore, channel firms often face challenges with recurring revenue models, as they may not receive consistent compensation for renewals, leading to unpredictable cash flows. Incentive structures, which may focus heavily on acquisition rather than retention, exacerbate the issue by neglecting the long-term value that partners generate through customer success and upsell opportunities. This misalignment in compensation models can undermine the sustainability of channel partnerships and impacts overall profitability.

> *"The main challenge [for the channel in 2025] is dealing with economic uncertainty and fast-changing technology. High interest rates, inflation and market unpredictability can slow growth. Plus, adapting to new tech like AI and hybrid cloud."*
>
> – Hannah O'Donnell, vice president of sales at GreatAmerica Financial Services

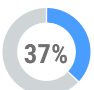
Predictions are always subject to caveat, and those made about revenue and profitability are no exception. Respondents highlighted several inhibitors that could tap the brakes on their optimistic projections for the coming two years. The top three are:



Competition and Pricing Pressures (49%): The difficulty of balancing competitive pricing with desired profit margins threatens overall profitability. As noted above, MSPs, along with traditional hardware resellers, feel this pinch specifically due to commoditization of their recurring services and products. Both infrastructure and full-service MSPs, for example, reported low projections for significant profitability over the next two years compared with other business line categories.



Global Economic Uncertainty (47%): Economic instability, including inflation and market fluctuations, was a concern for 47% of companies. This uncertainty impacts demand and operational costs, ultimately affecting profitability.



Keeping Pace with Technological Changes (37%): Staying ahead of rapid technological advancements requires significant investment. This is one of the downsides to technology's growing complexity: While complexity increases demand for the channel's services, it also ups the need for the right workforce skills and capacity to fulfill that demand.

Channel's Main Inhibitors to Desired Profitability

49% **Competition and pricing pressure**

47% **Global economic uncertainty**

37% **Rapid technological changes**

30% **Regulatory compliance challenges**

29% **Customer service quality expectations**

28% **Supply chain disruptions**

Source: GTIA State of the Channel 2025 NA survey | n=404

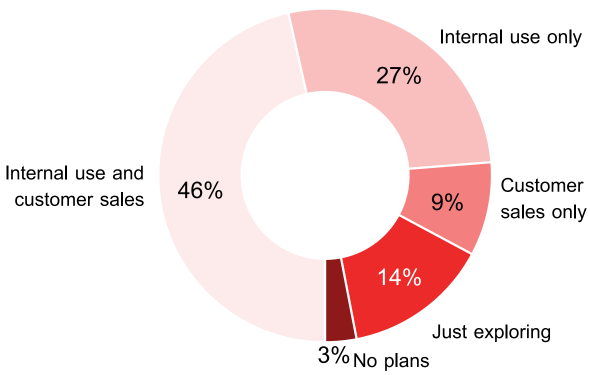
4 SECTION 4: Artificial Intelligence

Amid discussion of channel business lines, revenue and profit projections, now is a good spot to drill down more specifically on the tech star of the moment, AI. After two years of tremendous hype set in motion by the widespread introduction of ChatGPT, the industry, both vendors and the channel, is starting to grasp some of the more practical aspects of the AI business opportunity as well as its challenges.

On a positive note, the channel is forecasting notable growth expectations for AI services revenue. To reiterate from an earlier report section, the year-over-year change is major. In 2024's *State of the Channel* study, 32% of respondents indicated that they anticipated significant growth in AI services revenue. This year that figure increased to 53%, reflecting a sharp uptick in optimism and confidence regarding the potential for AI-driven sales.

From a customer demand perspective, AI is catching on fast, with the tools and capabilities increasingly viewed as a strategic necessity. Channel firms are beginning to leverage AI to provide clients with competitive advantages and accelerating investments in AI as part of their own and their clients' digital transformation initiatives. This effort is tangibly seen in the investments the many channel firms are making to expand their portfolios to include AI tools for automation, cybersecurity, data services, etc.

Company Adoptions of AI and Motivations



- **46%** Revenue opportunity
- **46%** Operational efficiency/automation efforts
- **41%** Customers demand has grown
- **37%** Enter new market
- **37%** Support workforce
- **35%** Current offerings are AI-enabled

Source: GTIA State of the Channel 2025 NA survey | n=404
GTIA State of the Channel 2005 NA survey | n=384

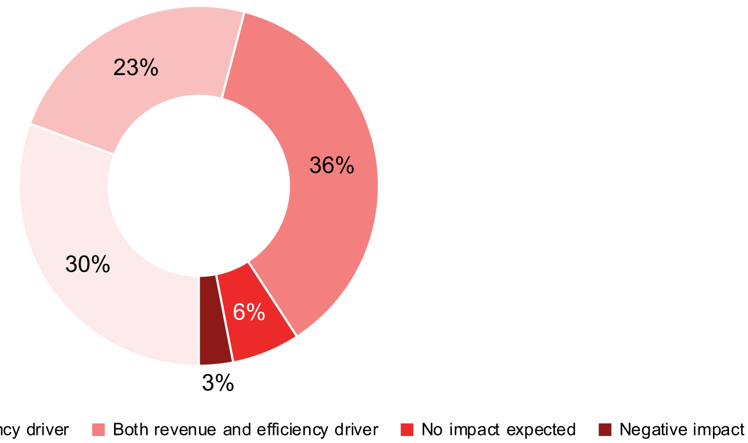
Monetizing AI reflects an evolution from the past year or two when channels were more likely to be researching and experimenting internally with the technology vs. rolling it out to customers. Today, both internal and external uses are in full play as companies look to reap the dual benefits of revenue growth and operational efficiency/automation for their own firms and customers.

Among different channel firm sizes, there are some differences in the adoption of AI to date. The largest are the most accelerated with their plans to sell AI solutions to customers, while the smallest (especially companies with 10 or fewer employees) are still mainly experimenting with AI internally. Of those two groups, just 5% of the largest in size reported no definite AI-related plans yet for this year compared with 26% of those micro-sized firms that said the same.

The two-pronged approach to using AI to both drive revenue and cut costs is enticing and clearly motivating the channel's adoption. Those two drivers–along with an increase in customer demand for AI solutions–are setting the stage for a transformative time in the industry, with the channel smack in the middle of how the technology is rolled out and managed. Looking ahead at the impact they expect AI to have on their companies over the next 12 months, respondents didn't single out one of the two main drivers over the other, suggesting that the benefits of both will affect them and are worth pursuing.

One group of respondents that do see the two main drivers for AI adoption differently are infrastructure-based MSPs. Fifty-six percent of these respondents cited operational efficiency/automation efforts as their main motivating factor for adopting AI, a full 10 percentage points higher than those that identified revenue opportunity. This preference makes sense given the nature of an MSP's business, where repeatable processes, workflow and automation are critically essential to wringing the most profit out of a recurring revenue model of service.

AI's Impact on Channel Business in the Next 12 Months



Source: GTIA State of the Channel 2025 NA survey | n=404

Revenue opportunity. Operational efficiency. Customer demand. Those are the big bucket reasons the channel's adoption of AI is accelerating. But that begs the question of what that adoption looks like in practice. Today, the lead use case for AI by the channel is automating processes for activities like customer support, incident response, patch management and other tasks that MSPs and other types of channel firms do routinely. This was cited by 41% of respondents.

Following automation at the top of use cases in 2025 is an otherwise balanced list with no clear standout. Thirty-five percent of respondents reported using AI for content generation, reflecting one of the earliest use cases companies seized upon when ChatGPT broke onto the scene in 2023. Another 35% are applying AI functionality to sales and marketing activities. AI-fueled content generation of promotional materials, website content, customer communications and other collateral feeds naturally into the activities of sales and marketing teams, illustrating a sensible connecting of internal AI use to external revenue-generating activities.

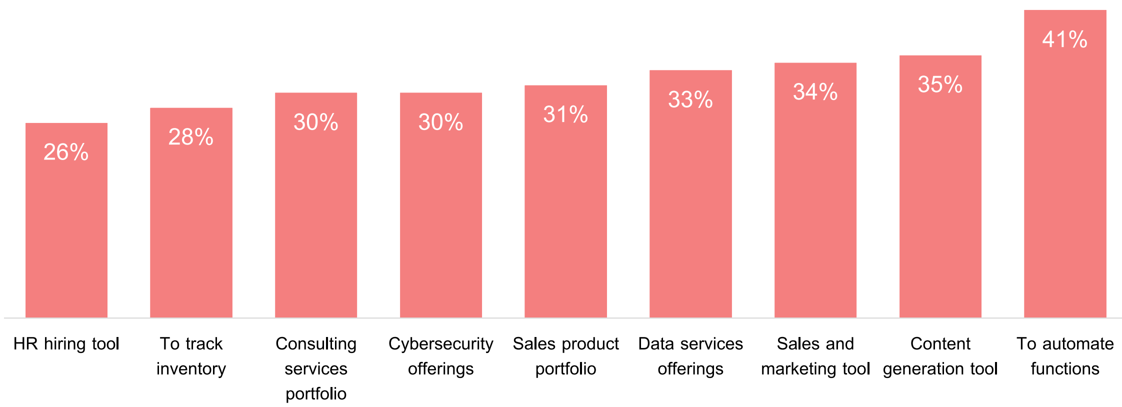
> *"AI is a tool, not a replacement for leadership, discernment and relationships. MSPs that leverage AI to augment — not replace — their expertise will probably thrive."*
>
> – Luis Giraldo, chief evangelist at ScalePad

The rest of the list showcases how AI is making its way into the channel's portfolio offerings. Roughly 3 in 10 channel respondents said AI has made its entry into each of the following parts of their business sold to customers: Data services, consulting work, cybersecurity services and traditional hardware and/or software product offerings.

Rounding out the list are two internal uses: To aid in tracking inventory and with HR functions.

While ambitious, each of these use cases for AI are going to require channel firms to have the right people in place with the right skills to exploit the new technology safely and effectively for customers and the internal business. This will mean attaining new skills, either through hiring or training, or potentially partnering with other channel firms in the industry. More on workforce issues below in this report.

How Channel Firms are Adopting AI in Business



Source: GTIA State of the Channel 2025 NA survey | n=384

Top Uses of AI by Channel Firm Size

Micro	Small	Medium	Large
43% Content generation tool	**47%** To automate functions	**39%** Consulting services portfolio	**42%** To automate functions
34% Consulting services portfolio	**36%** Content generation tool	**38%** To automate functions	**41%** Sales product portfolio
34% Sales and marketing tool	**35%** Data services offerings	**33%** Sales and marketing tool	**37%** Data services offerings

Source: GTIA State of the Channel 2025 NA survey | n=384

Agentic AI Breaks onto the Scene

If you're unfamiliar, agentic AI goes beyond what generative AI can do. While generative AI excels at creating content such as text, images, music, or code based on human input, agentic AI accomplishes tasks without human input. With guidance at the onset, agentic AI works autonomously. It can log into applications, make determinations, and even learn from its mistakes. This is why it's the technology of choice for autonomous driving vehicles and sophisticated chatbots.

The market for this technology is huge. The agentic AI market size is estimated to reach $28.3B in 2024, according to Markets Research Reports. It is expected to grow at a compound annual growth rate (CAGR) of 35%. By 2029, the market size is expected to reach $126.9B.

In terms of impact, agentic AI, experts say, could have as much influence on automation as cloud computing did on technology. Consider some potential business use cases: An agentic AI system could analyze sales data and actively pursue qualified leads. It could anticipate bottlenecks in supply chains and automatically implement solutions before issues arise. It could also orchestrate entire marketing campaigns and adjust messaging and targeting as it learns what resonates with each audience segment.

5

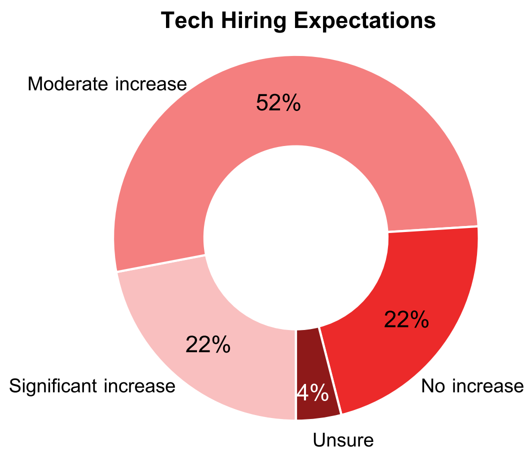
SECTION 5: Workforce Issues

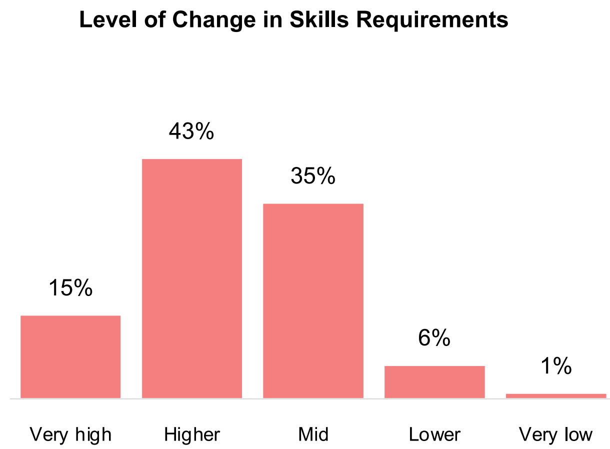
The disruptive nature of AI in all its forms is clearly contributing to the overall complexity associated with technology today. As discussed in the opening of this report, much of the channel views the increase in complexity as good generally. They see it as a key driver of good fortune, cementing the tech services they offer to customer demand for help and innovation. And yet, as with most good things in life, complexity doesn't come without its challenges. The big one for the channel concerns the workforce. In their quest to meet today's sophisticated demands around AI, cybersecurity, data services, vertical specialties, etc., channel firms say they are struggling to find and compete for workers with the right skills.

Challenge or not, hiring is strategic to channel firms' plans today. Three-quarters of respondents said they intend to increase hiring this year for positions in software, tech support, data sciences, AI, cybersecurity and beyond. Of that group, 22% expect hiring to be significant in nature.

Part of the hiring spree is being driven by the fact that most channel firms also believe that the level of skills requirements for the existing job roles in their organizations is changing. Nearly 6 in 10 respondents believe skills requirements are growing for roles already in their organization. So, for example, the typical duties of a network engineer for an MSP now might necessitate far more advanced levels of cybersecurity acumen or a comprehensive understanding of how data integrity impacts AI. Companies can address these skills demands through hiring, which many seek to do, but also through training and upskilling, another approach that is top of mind for the channel today.

Channel Tech Hiring and Assessment of Skills Needs



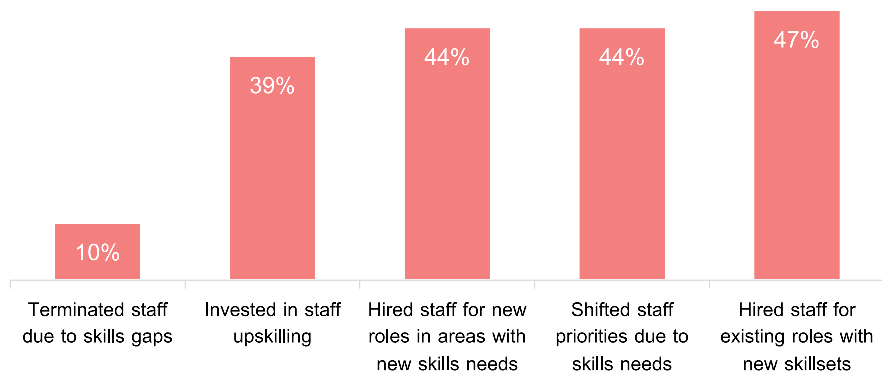


Source: GTIA State of the Channel 2025 NA survey | n=404

Looked at more granularly, the skills-change picture is a bit more nuanced. Thirty-five percent of respondents said it's the depth of skills requirements that have grown more insistent, so they see the need for workers in specific disciplines such as cybersecurity to take their knowledge there up a notch or two. On the flip side, 38% identified the breadth of skills that require more attention, meaning workers must expand outside their own lane and gain knowledge of other areas of the tech portfolio and tasks. The other 27% said it's both depth and breadth of skills that require expansion, underscoring that the upheaval is happening on all fronts for some companies.

As further evidence that skills requirements are changing rapidly for the channel workforce, consider a study conducted last year by CompTIA's market research team that surveyed a host of different vertical industry executives on workforce matters. Of the six industries polled, three quarters of respondents in the technology industry (vendors, channel firms, distributors, etc.) reported a high level of change in the skills requirements for tech-based job roles at their organization. That exceeded the same response from those in the finance, healthcare, manufacturing, government, professional services and retail sectors by between 10–20 percentage points.

Actions Taken in Past Year to Address Skills Needs



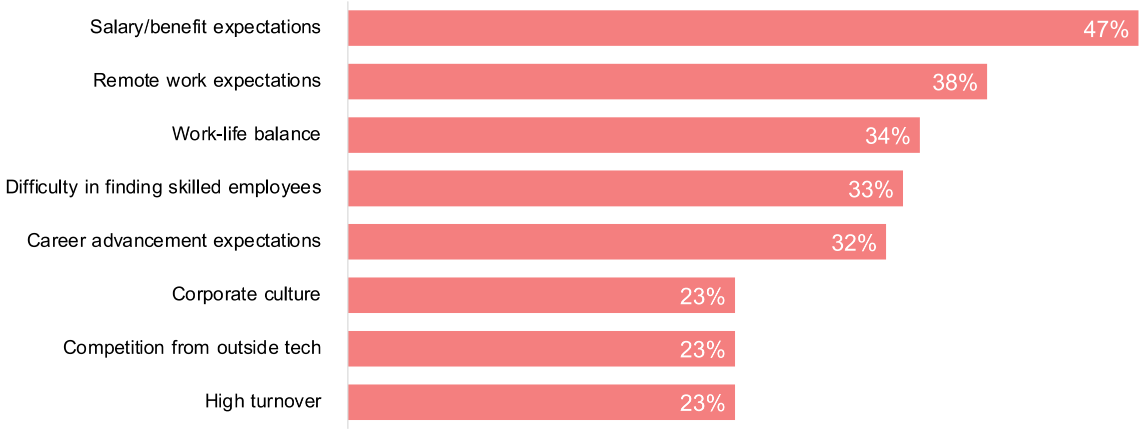
Source: GTIA State of the Channel 2025 NA survey | n=404

How channel firms are addressing skills gaps and hiring challenges reflects a balance of buy vs. build approaches. For those opting to buy their way to filling skills gaps, 47% of respondents are hiring for job roles that already exist in their organization, say a software developer or network tech, but expanding the position's requirements to include additional skills suited to today's needs. Or, another 44% are creating brand-new positions altogether that reflect skills they do not currently have in their organization. On the build side of the equation, 44% are shifting existing staff priorities in response to newer skills needs, while another 4 in 10 are investing in retraining and upskilling their staff.

The data reveals some differences in skills gaps approach across different business models. Product-centric channel firms, for example, had the highest incidence of hiring for newly created job roles that address skills needs. Technology services-based firms tended to favor filling job roles that already exist with candidates that had broader skill sets. This suggests the product firms might be taking on new, unfamiliar vendor solutions to their line cards, such as those with AI-related products, that will require them to build entirely new staffing around. At the other end of the spectrum, business solutions-oriented firms tackled skills deficiencies primarily through retraining and upskilling existing staff or shifting those workers' priorities to more high-demand activities.

For any channel type, training and upskilling might be the magic bullet if they are struggling with the costs and roadblocks associated with hiring employees from the outside. The list of challenges for outside hiring is daunting, from salary expectations that can be difficult for SMB-sized channel firms to meet to remote work demands that can be problematic for MSPs that want techs to work on-site. Training and upskilling don't come cost-free, obviously, but give employers the advantage of dealing with workers already on staff and accustomed to the culture and work environment. Likewise, investing in existing staff to meet new skills needs can be seen as a professional development commitment that boosts employee morale.

Factors Contributing to Challenges in Filling Positions



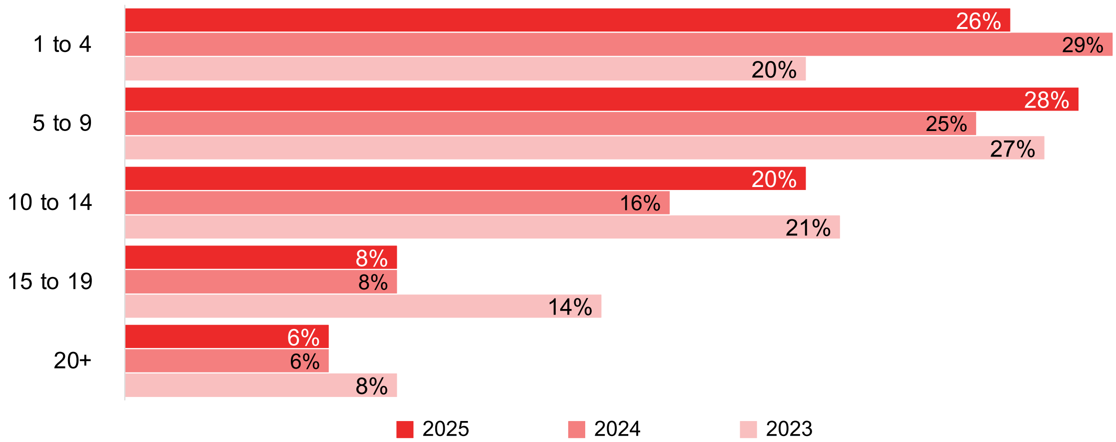
Source: GTIA State of the Channel 2025 NA survey | n=404

6 SECTION 6: Vendor Relations & Competitors

No *State of the Channel* report would be complete without a pulse check on the status of channel ecosystem relationships. Given the interconnectedness of the technology go-to-market chain, it's important to know to what degree channel firms are working with vendors and what factors are driving satisfaction or dissatisfaction in those relationships. Likewise, and especially pertinent in today's fast-changing ecosystem, is an understanding of the landscape of channel competitors.

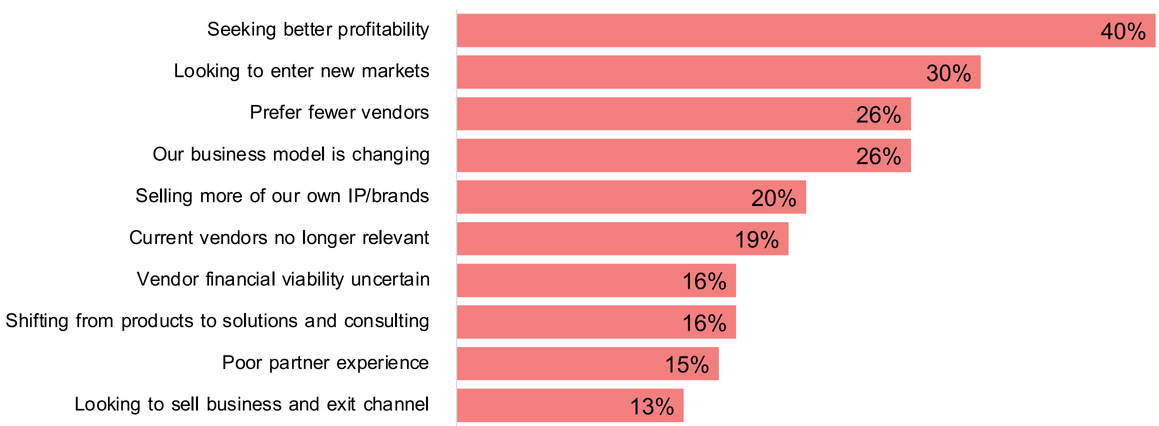
One thing was clear from last year's study results that continues to hold true this year: Channel firms have grown more selective about vendor relationships in recent years. This has manifested in many of them reducing the total number of vendor partner programs they join. Of all respondents in this year's study, the largest portion (54%) say they participate in between 1 to 9 vendor programs, with the sweet spot falling between 5 and 9 programs. In years past, that number has been far higher, typically with a healthy chunk of channel firms reporting formal participation in 10 or more vendor partner programs. This reduction in program numbers began last year and tracks clearly when comparing numbers from 2023 to 2025. See accompanying chart.

Number of Vendor Channel Partnerships



Source: GTIA State of the Channel 2025 NA survey | n=404

Reason for Changes to Vendor Relationships



Source: GTIA State of the Channel 2025 NA survey | n=404

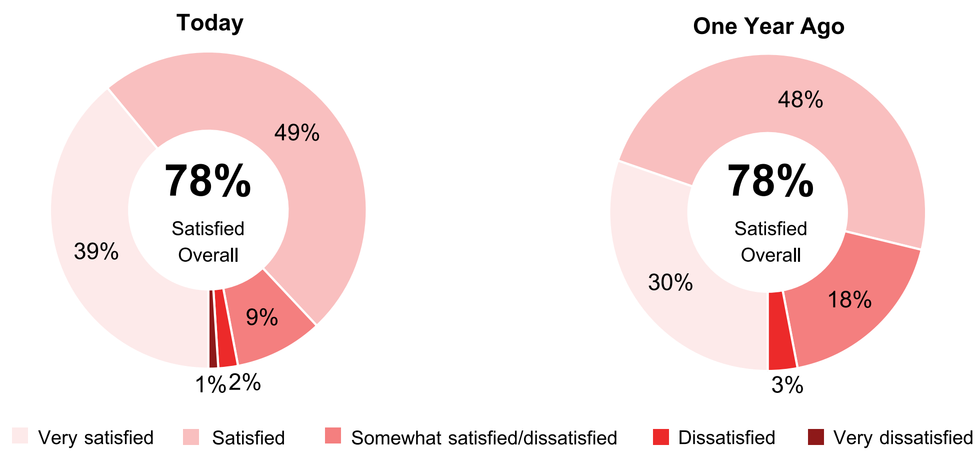
What accounts for the drop-off in program numbers? Many factors could be in play. Differing business models and new adjacent roles have allowed channel partners to thrive in new and varied ways in the industry. That has impacted how they interact with vendors. The same programs, resources, incentives and other engagement/enablement mechanisms aren't as relevant today, leading channel firms to shop around for a better fit. This could mean settling on fewer, more relevant and/or profitable vendors on their line card.

Another major factor is the increased focus on IT and business services by many channel firms. A services business model is far less vendor-dependent than one that leans heavily on product sales, which could account for the reduction in partner programs. The numbers show it: 43% of channel firms that identify as sellers of tech products belong to 10 or more partner programs compared with 31% of technology services firms and 29% of business solutions firms. There's also the unique structure of an MSP business that reduces the need for a high volume of vendor program enrollments. MSPs often select a primary PSA platform vendor to work with, go all in on that partner program, and then build a stack of applications that integrate to that platform. This applications stack is often heavily weighted to one vendor's technology (i.e. Microsoft Office 365), further reducing the number of programs the MSP needs to be involved in.

> *"Vendors who can effectively and safely incorporate AI, automation and seamless integration into their tech stack to reduce friction and provide added value for MSPs and their customers will have a competitive advantage."*
>
> – Vicky Bruns, principal product marketing manager ecosystem at Connectwise

Finally, a less specific but very real reason for fewer program enrollments across all channel types might be a matter of quality over quantity. That's evident in the satisfaction rates channel firms have with the vendors they do work with today. Satisfaction ratings jumped last year to higher levels despite lower program participation and that endorsement has held true in this year's study. In fact, the percentage of those most satisfied of all with their vendor partners grew by 9% (30% to 39%) while those with mixed reviews declined by half from 18% to just 9%. The only logical explanation for these high satisfaction rates is that channel firms are getting what they want and need from a smaller stable of vendor partners. These relationships would appear to be more strategic, symbiotic and as a result fruitful.

Satisfaction Level with Vendors

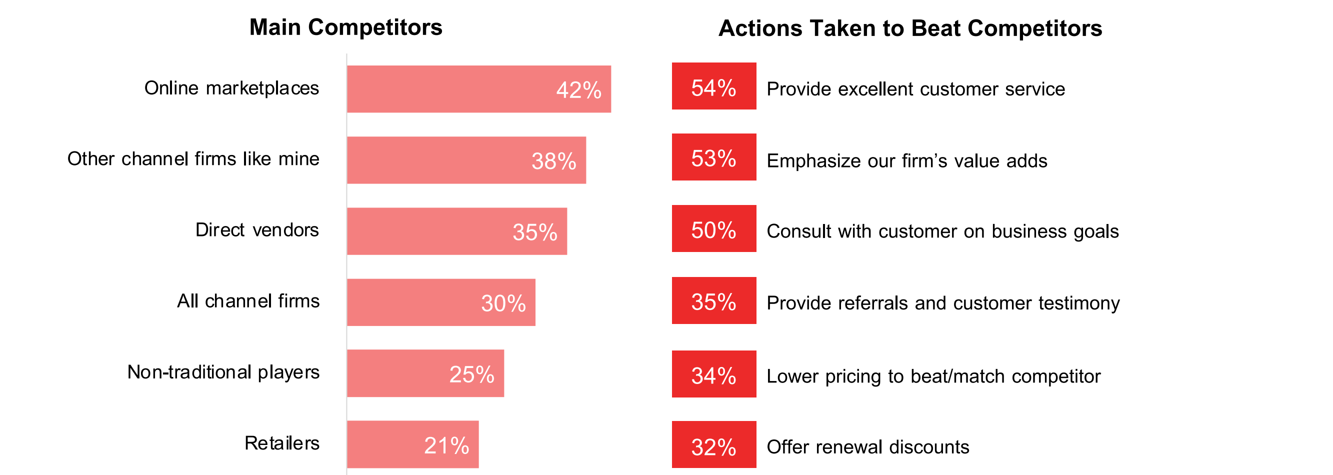


Source: GTIA State of the Channel 2025 NA survey | n=404

The other relationship in the average channel firm's everyday orbit is its competition. Today's primary competition for the average solution provider, reseller or MSP is an online marketplace, reflecting a trend that has established itself firmly over the past several years. Forty-two percent of respondents say they are competing against Amazon Web Services, Google Marketplace and other juggernauts in the online e-commerce space, compared with 38% going up against other channel firms like themselves.

Those giants might seem daunting, but they need not be the channel's mortal enemy. Some channel firms have figured out how to work with and around them, selling their own offerings through these marketplaces or by linking from them to their own e-commerce storefront. Another tack to take is simply to cede the initial product transaction to the online giant. Instead, work with customers to choose what they need to buy but then let them do the procurement on their own. This leaves the door open for the channel firm to re-engage with the customer post-transaction to provide services for integration, implementation, cybersecurity, managed services, etc.

Channel Main Competition and Tactics to Win Business



Source: GTIA State of the Channel 2025 NA survey | n=404

Conclusion

The IT channel remains a dependable mainstay of the technology industry ecosystem–a system of connected, yet diverse companies that serve as technology and business solutions experts. Seventy percent of worldwide IT spend is expected to flow through the channel ecosystem in 2025, only underscoring its critical role in the go-to-market chain.

In the year ahead, the channel will continue its adoption of new technologies like AI, while upping its game in disciplines like cybersecurity where more complex and ubiquitous threats continue to vex the business and consumer markets. The complexity of technology overall will continue to accelerate, prompting customer demand for expertise across many of these new and emerging areas to rise too. That will open more doors for the channel.

And while there are significant opportunities for growth in 2025, challenges such as economic uncertainty, talent shortages and online marketplace competition must be addressed. By focusing on specialization, flexibility, talent development and innovation, IT channel businesses can position themselves for success in a rapidly evolving market.

Methodology

GTIA's State of the Channel 2025 study provides insights around key channel trends in business environments.

The quantitative study within North America consisted of an online survey fielded to channel professionals during December 2024. A total of 404 respondents participated in the survey, yielding an overall margin of sampling error at 95% confidence of +/- 4.4 percentage points. Sampling error is larger for subgroups of the data.

As with any survey, sampling error is only one source of possible error. While non-sampling error cannot be accurately calculated, precautionary steps were taken in all phases of the survey design, collection and processing of the data to minimize its influence.

GTIA is responsible for all content and analysis. Any questions regarding the study should be directed to GTIA Research and Market Intelligence staff at research@gtia.org.

GTIA adheres to internationally respected and accepted code of standards and ethics for market research.

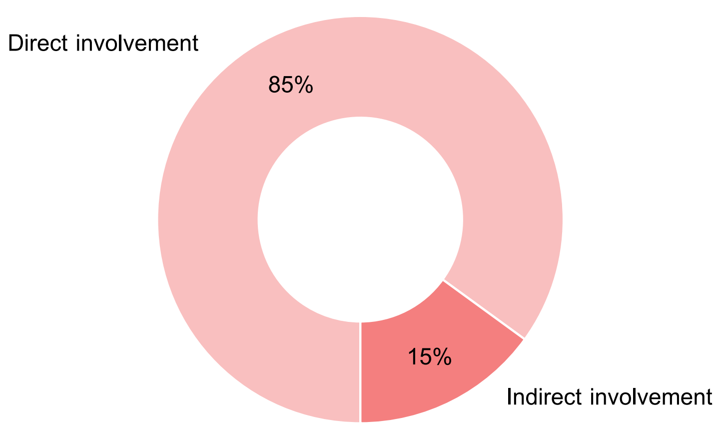
Appendix

Top Priorities in Maintaining a Relevant and Future-Oriented IT Channel

	North America	UK & Ireland	Benelux	DACH	Australia & New Zealand	ASEAN
Top Positive Opportunity	Technology's growing complexity creates demand for expertise	Technology's growing complexity creates demand for expertise	Availability and adoption of gen AI	Technology's growing complexity creates demand for expertise	Technology's growing complexity creates demand for expertise	Availability and adoption of gen AI
Top Negative Development	External factors	External factors	External factors	External factors	External factors	External factors

Source: GTIA State of the Channel 2025 International survey | n=1042

Firm Involvement with IT Channel



Source: GTIA State of the Channel 2025 NA survey | n=404

Top Revenue Growth Expectations in Next 2 Years

Significant increase

- 53% AI-specific services
- 41% Cloud services
- 41% Cybersecurity services
- 34% Digital marketing

Significant decrease

- 8% VAR/Reselling of IT hardware/software
- 4% Digital marketing
- 3% IT solutions
- 3% Managed services (infrastructure)

Source: GTIA State of the Channel 2025 NA survey | n=404

Top Profitability Expectations in Next 2 Years

Significant increase

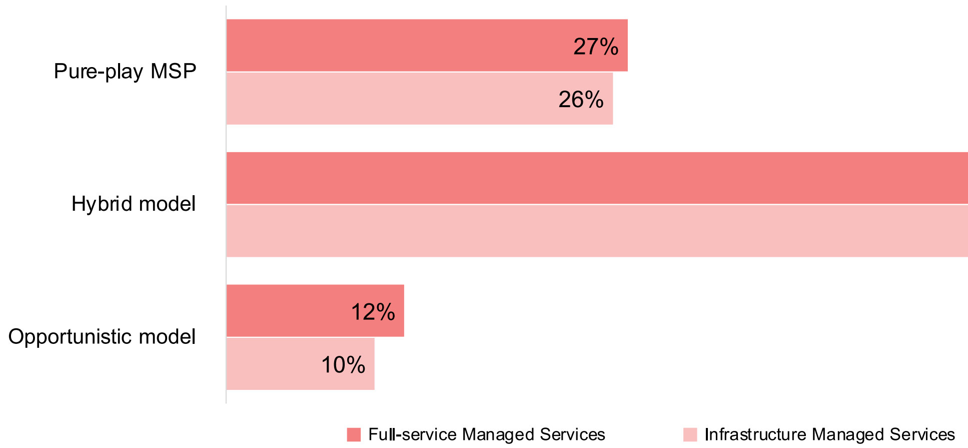
- 52% AI-specific services
- 43% Cybersecurity services
- 36% Data services
- 34% Digital marketing

Significant decrease

- 4% VAR/Reselling of IT hardware/software
- 3% Digital marketing
- 3% App, web, mobile dev services
- 2% Telecom, A/V services

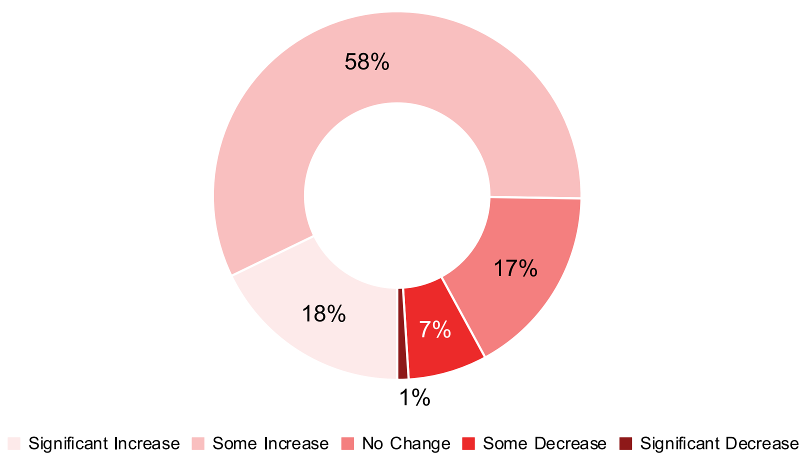
Source: GTIA State of the Channel 2025 NA survey | n=404

Managed Services Business Models by MSP Type



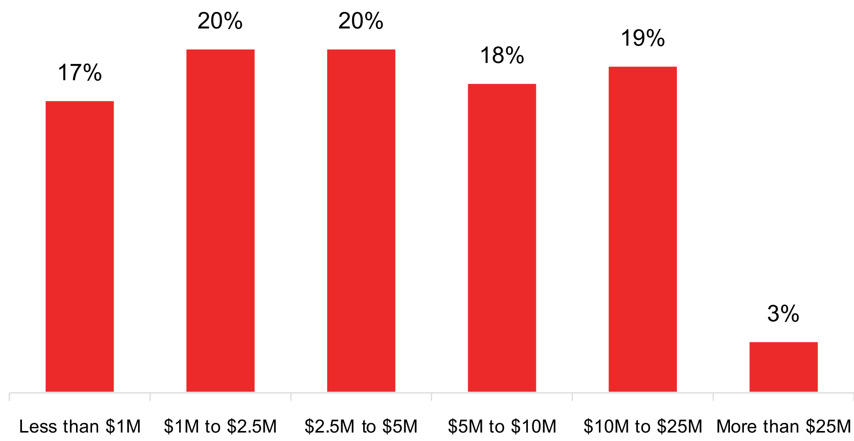
Source: GTIA State of the Channel 2025 NA survey | n=226

MSP Reported Growth Trajectory Over Past Two Years



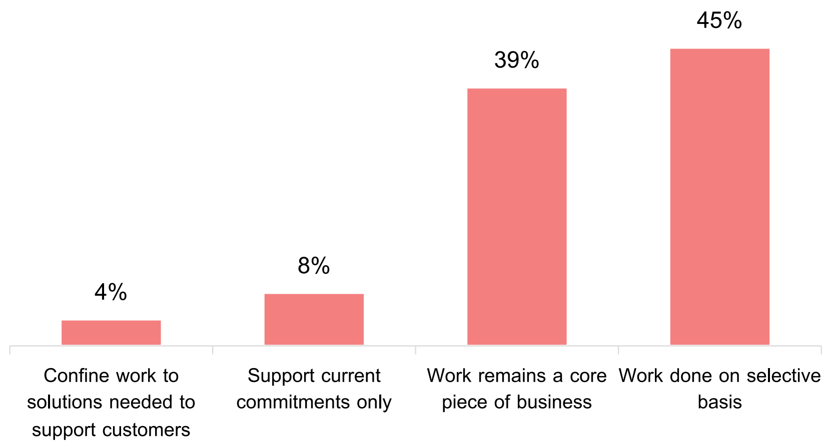
Source: GTIA State of the Channel 2025 NA survey | n=226

Managed Services Annual Recurring Revenue



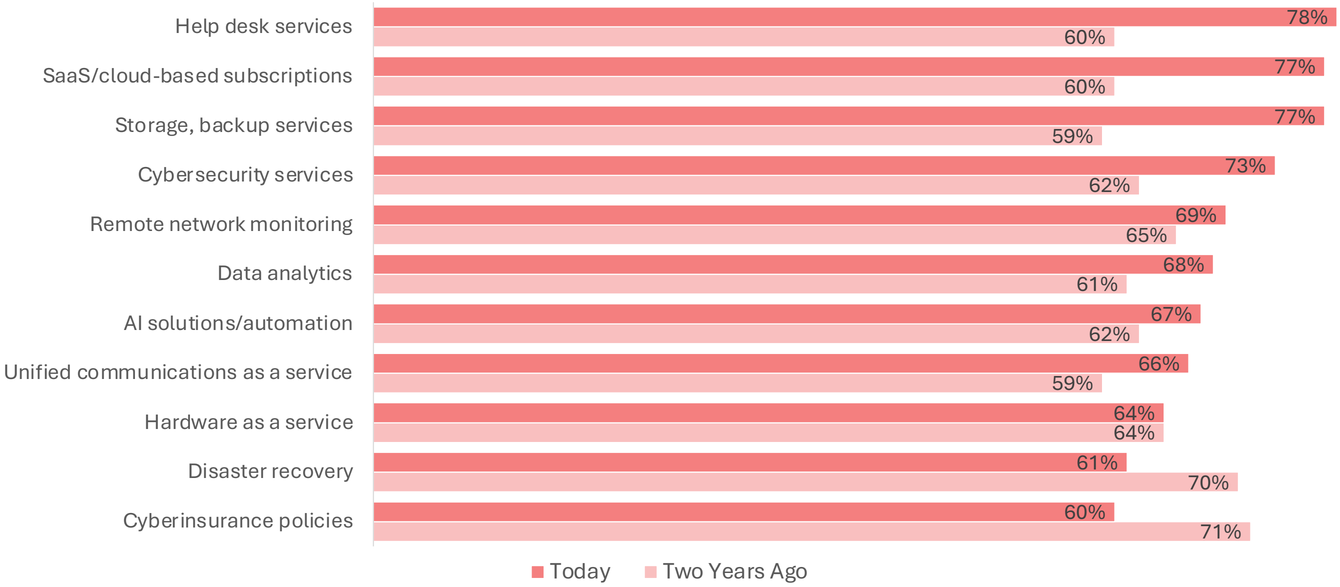
Source: GTIA State of the Channel 2025 NA survey | n=226

MSP Approach to Non-Recurring Revenue Projects & Sales



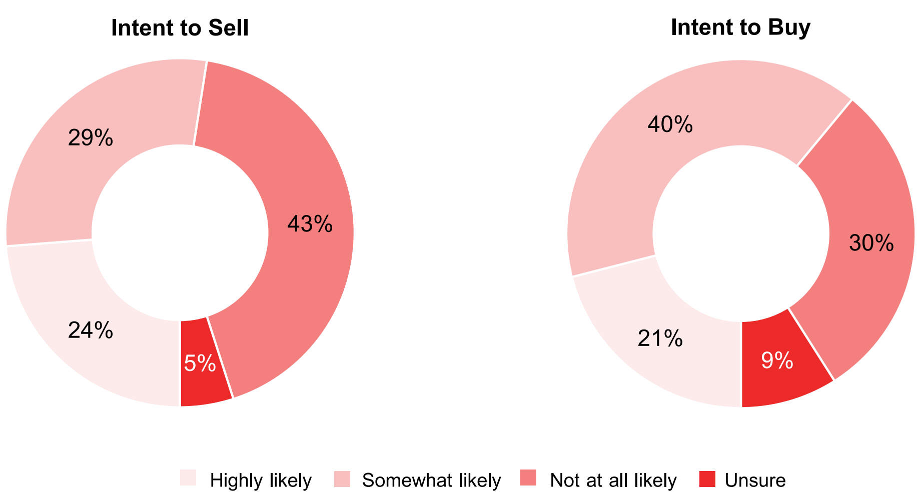
Source: GTIA State of the Channel 2025 NA survey | n=226

Most Requested MSP Services



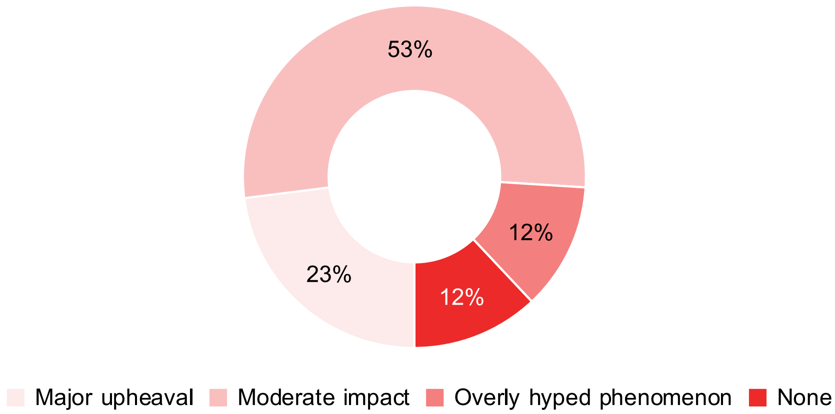
Source: GTIA State of the Channel 2025 NA survey | n=226

Intent to Sell or Buy Business in 2–5 Years



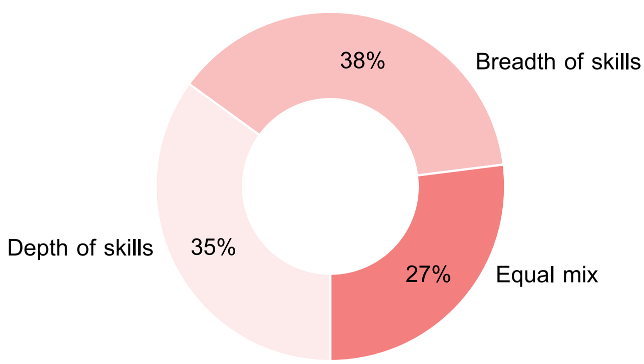
Source: GTIA State of the Channel 2025 NA survey | n=404

Reported Views on Current Channel M&A Activity



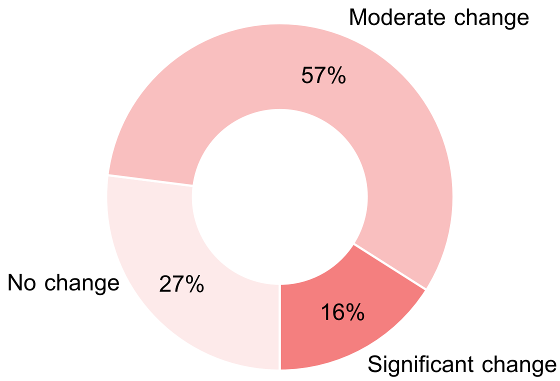
Source: GTIA State of the Channel 2025 NA survey | n=404

Type of Skills Needs Increasing for Channel Job Roles



Source: GTIA State of the Channel 2025 NA survey | n=404

Level of Change in Mix of Channel Competitor Types Today



Source: GTIA State of the Channel 2025 NA survey | n=404

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