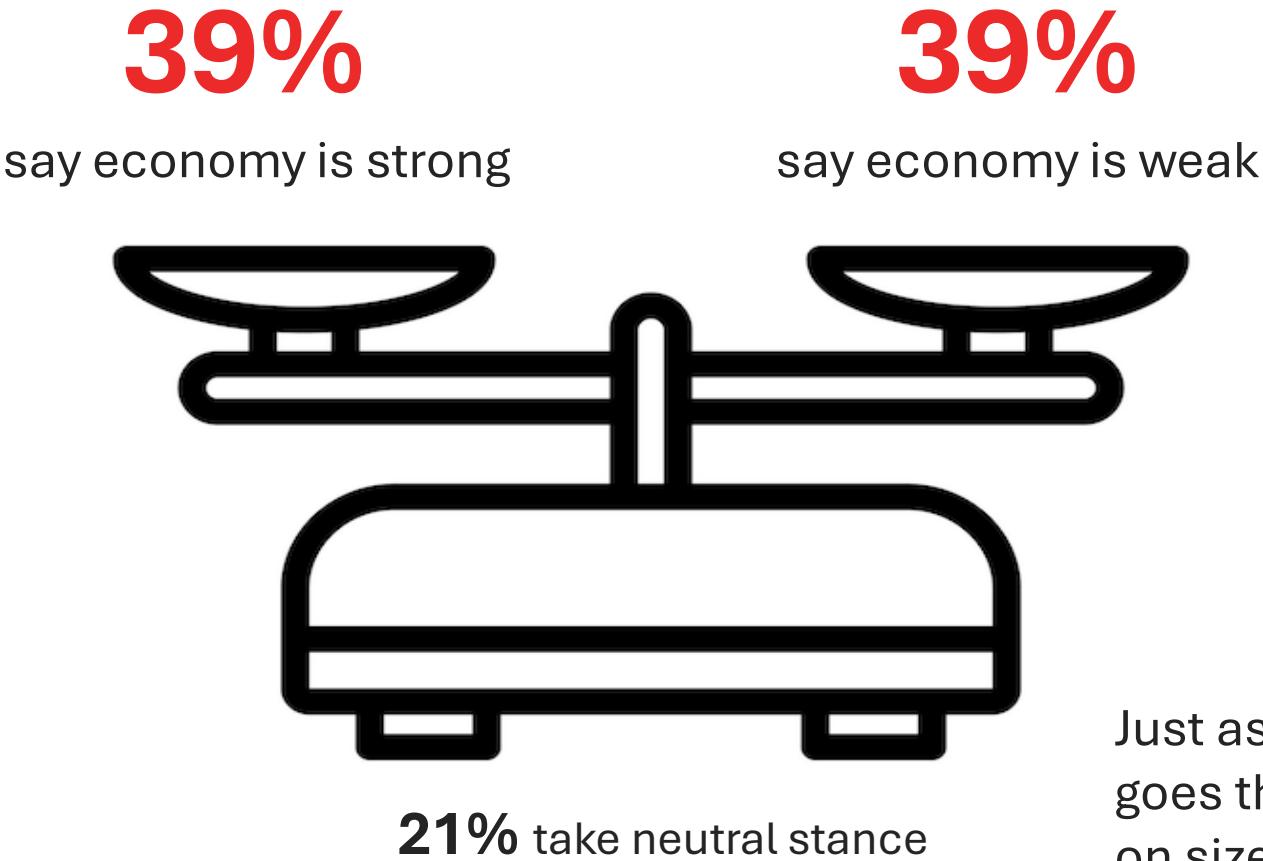




Channel Economic Tracker

May 2025

Channel Businesses Evenly Divided on Current State of U.S. Economy



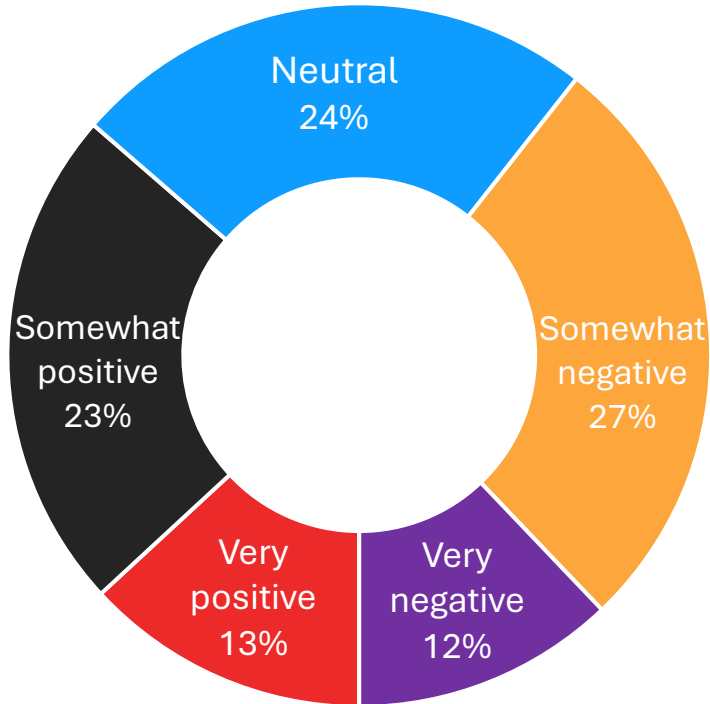
Looking ahead however...

45%
of respondents believe the economic outlook will be **positive** in the next 12 months.

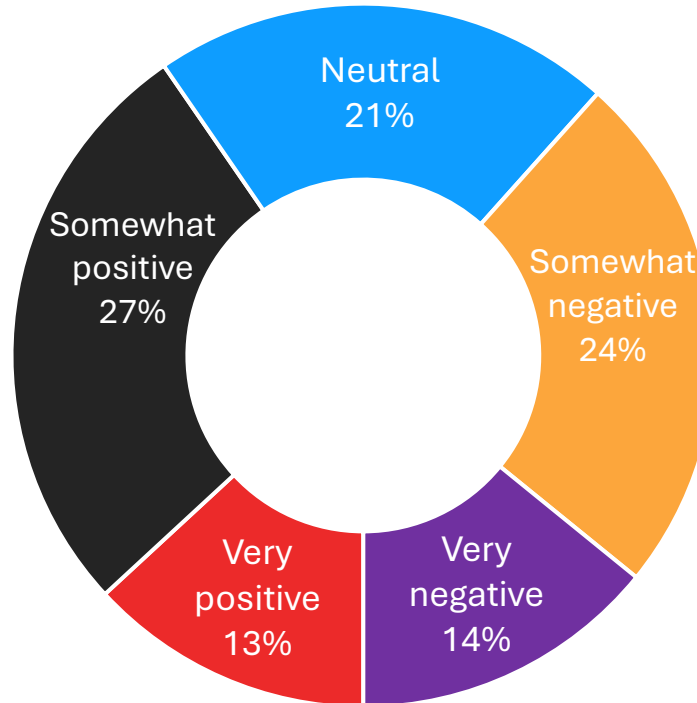
Just as the political divide in the U.S. is split sharply, so goes the channel’s take on today’s economy. Depending on size of ITSP company, its business model, vertical focus, and other traits, its stakeholders’ views on the economy may differ widely from others in the industry.

Impact of Tariffs Thus Far Also Varies across the Channel Space

Impact Felt Today



Impact over Next 12 Months



How ITSPs are experiencing the impact of tariffs is mixed today, reflecting both the unpredictable ways tariffs are being applied generally as well as the degree to which an individual channel business type relies on imported goods and supply chain activity from outside the United States.

70% of ITSPs report conducting business with companies outside the US either regularly or occasionally

Tariff Pros and Cons as Reported by Channel Firms Today

Favorable Effects

51% indicate a rise in revenue from product sales

51% experience growth in service sales

46% achieve competitive edge

31% attract new customers

Adverse Effects

66% encounter increased costs for goods sold

45% observe a reduction in customer spending on tech

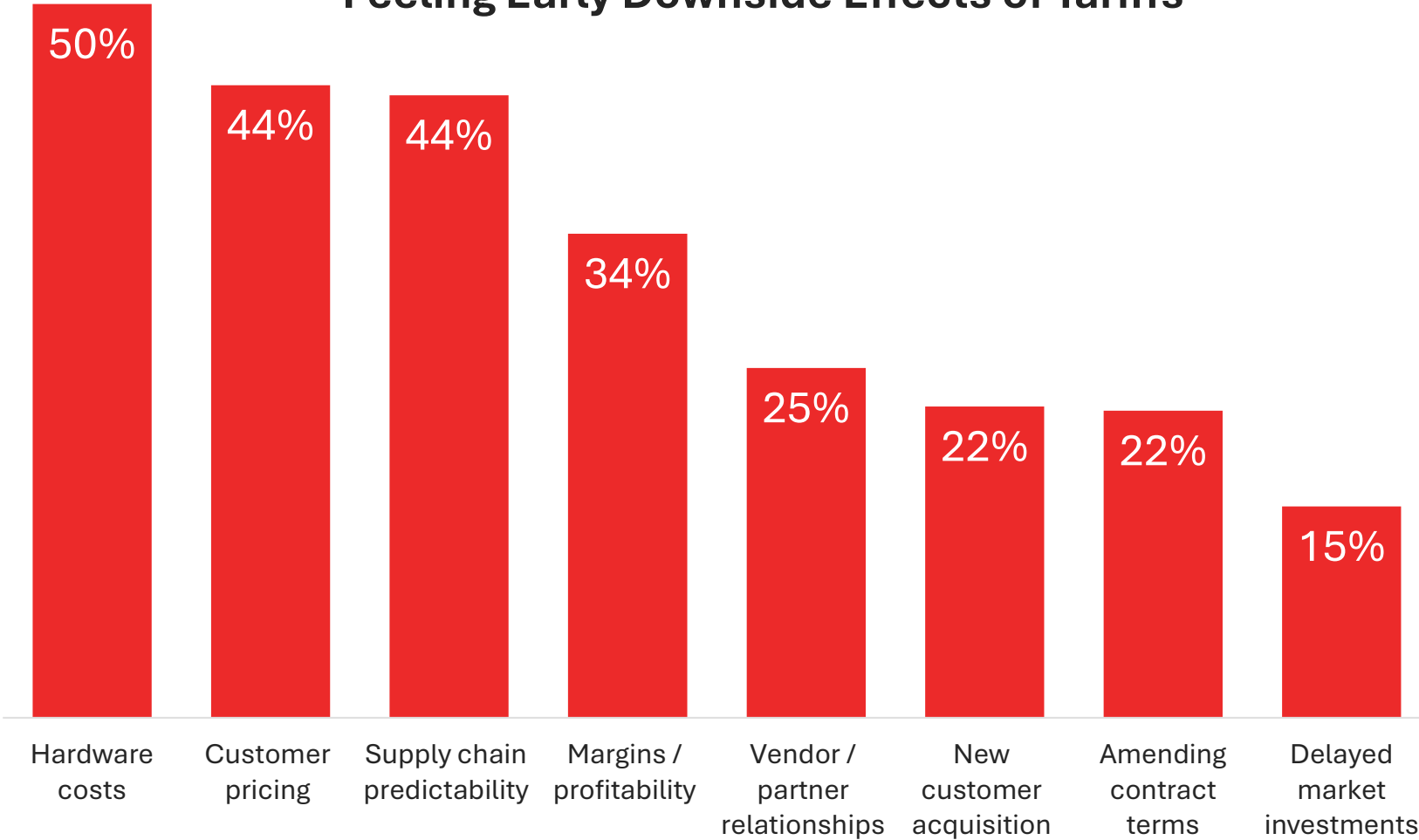
37% see drop in product sales

35% indicate a drop in service revenue

While some ITSPs benefit from tariffs through increased sales, others face significant challenges with rising costs and customer spending reductions. It should be noted that increases in sales could be temporary as customers rush to buy tech before the tariffs take full effect. Among ITSPs' main concerns, hardware costs and supply chain disruptions loom largest, affecting half of all respondents. In general, 34% feel that tariffs negatively impact the overall U.S. market.

Hardware Costs Rate as Area of Business Most Affected by Tariffs

Feeling Early Downside Effects of Tariffs



Steps Taken to Mitigate Impact

- Adjusting Pricing**
59% pass tariff costs to customers (26% fully, 33% partially)
- Reorienting Supply Chain**
46% diversify suppliers, 36% source from alternative countries
- Bulking Inventory**
43% increase inventory in advance of tariffs

Policy Actions Channel Firms Believe Would Best Temper Tariff Effect

