New GTDC Report Highlights Effective Methods for Building Optimal Channel Strategies

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The Global Technology Distribution Council (GTDC) has released a groundbreaking new industry study titled “Building the Optimal Distribution Strategy.” This comprehensive guide provides insights and valuable best practices for evaluating market and channel coverage needs and determining which types of distributors provide the best fit for technology suppliers. Former global channel chief and partner route to market specialist Donna Grothjan led the development of this member-inspired GTDC project, adding her personal knowledge and experience creating and managing distribution strategies, as well as gathering and sharing insight from respected industry peers and subject matter experts.

Distribution remains the most cost-effective route-to-market for technology suppliers. That value is rising rapidly in the cloud era as emerging and legacy vendors look to scale sales, support and other operations around these virtual offerings without requiring onerous investments in resources and training. Leveraging distributors to accomplish those objectives provides a greater return on those limited funds and allows technology companies to expand more readily into new markets. A common challenge for vendors is determining the mix and number of these partnerships required to achieve their objectives, which is addressed in this GTDC report.

"One of the most critical responsibilities of a channel leader is ensuring their company achieves strong and profitable sales growth and building an optimal distribution coverage plan should be a key focus of their overall business strategy," says **Grothjan**. *"Successful channel vendors regularly evaluate their objectives, company characteristics, and market maturity, and then match those variables to each current and potential distributor's unique value proposition and capabilities to ensure resilient, scalable outcomes."*

Rationalizing channel ecosystems is imperative in today's highly competitive technology sales environment. When vendors have excess distribution capacity, more teams will be competing for a share of revenue, which negatively impacts margins and investment capabilities for all alliance partners. Optimization of distribution channels alleviates those concerns.

"To achieve a resilient channel ecosystem, vendors must align their key partnerships, capacity needs and investments," says Frank Vitagliano, CEO of GTDC. *"Distributors have become an even more vital component of IT suppliers' market and sales expansion objectives in recent years, especially in the ultra-competitive cloud, cybersecurity and AI fields that require fast, cost-effective growth. An optimal distribution strategy boosts channel performance and ROI and provides greater incentives for everyone, including current and potential investors."*

GTDC's new report highlights best practices to improve that process, including:

1. Focus on strategic alignment. Distribution coverage must support the organization's overall goals, including capacity management and providing distributors enough margin to invest in partner expansion. Overextended capacity can reduce prices, margins and investment in growth-related activities.

2. Do not overpopulate. Excess capacity creates internal competition and reduces vendor profitability. Optimization strengthens the organization's financial health and investment capabilities.

3. Distributors are strategic partners. Modern IT distribution is more than logistics-these orchestrators provide technical enablement, market development, financing and digital transformation support. They are force multipliers that help vendors scale and innovate.

4. Digital platforms create new channel opportunities. Vendors may leverage existing distribution partner platforms or independently evaluate other options to expand their channel reach. Leveraging established relationships can reduce risk and improve onboarding efficiencies, but new distribution alliances could broaden market coverage.

5. Tailor strategies by company needs and market maturity. There is no one-size-fits-all approach to distribution optimization. Each strategy should reflect company offerings (i.e., hardware, software, services) and the maturity level of the channel partners with these solutions. Tactics may vary by region, specialization and acquisition situation.

Access the Building the Optimal Distribution Strategy report, as well as other invaluable industry research and resources in the GTDC Knowledge Hub.

About the GTDC

The Global Technology Distribution Council is the industry consortium representing the world's leading tech distributors. GTDC members drive more than $180 billion in annual worldwide sales of products, services and solutions through diverse business channels. GTDC conferences support the development and expansion of strategic supply-chain partnerships that continually address the fast-changing marketplace needs of vendors, end customers and distributors. GTDC members include AB S.A, Arrow Electronics, CMS Distribution, Computer Gross Italia, D&H Distributing, ELKO, Esprinet, Exclusive Networks, Exertis, Infinigate, Ingram Micro, Intcomex, Logicom, Mindware, Redington Limited, SiS Technologies, Tarsus, TD SYNNEX, TIM AG, VSTECS Holdings and Westcon-Comstor.