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Sales Pulse Research Update   **July 11, 2021**

Channel Pulse Check - Monthly Update

This update provides brief summaries of our recent research and links to the full reports.

What is in our recent reports:

- 7.8.21 - Field views - Channel comments, competitive feedback on security vendors (SAIL, ZS, PANW, FTNT, CHKP, TENB, S, CRWD, PING, OKTA)

- 7.6.21 - UCaaS - Channel Feedback; Input from IT Expo

- 7.5.21 - Sale Pulse Research - Welcoming Sarah Crane as our new Director of Channel Relationships and Business Development

- 7.1.21 - Preliminary Channel Views, IT Spending, Cyber Security, UCaaS

- 6.18.21 - SPR Summary - SentinelOne - Upcoming IPO - Strong contender in a very large cyber security market

- 6.15.21 - SPR Flash Note: (FSLY, NET, AKAM); Some quick channel feedback on Fastly's internet interruption

- 6.9.21 - Link to Call Recording - Sales Pulse Research - Security Call 6/8/21

- 6.2.21 - Incremental Channel Views - CIEN, SPLK, AYX, ESTC, Equipment Lead Times

- 6.1.21 - UCaaS / CCaaS - ZM, PLT, RNG, VG, EGHT, FIVN, OOMA, LiveVox

- 5.25.21 - Brief summaries for upcoming vendor reports (ZS., OKTA, CRWD, NTNX, NTAP, PSTG, DELL, SNOW, CLDR, AI, BBY)

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Report 7.8.21 - Field views - Channel comments, competitive feedback on security vendors (SAIL, ZS, PANW, FTNT, CHKP, TENB, S, CRWD, PING, OKTA)

Key Takeaways:

- SAIL - Improved channel feedback on Sailpoint as ID NOW (SaaS solution) is ramping.

- CHKP - Despite continued "bleeding market share", input on Check Point has improved based on the "rising tide' in security spending, refresh and add-on sales.

- FTNT - So far, Q2 views for Fortinet have been fairly strong domestically. We have heard of some concern regarding performance in EMEA but have not yet been able to verify any weakness.

- TENB - Channel views for Tenable have been improving over the past few quarters. VM's ability to scan network and ID assets has become viewed as critical.The move to Zero Trust (ZTNA) and the Fed Gov Executive Order is driving the need to know what assets are on-network including IOT, OT etc.

- S, CRWD, ZS, PANW - SentinelOne, Crowdstrike, Zscaler and Palo Alto are among vendors most often mentioned by channels as benefitting from rising security budgets. In this note we provide some views of market strategies and competitive issues.

Read more… (Access to the full report is for SPR clients only or requested trials; respond to this email and we are happy to provide access to recent reports)

Report 7.6.21 - UCaaS - Channel Feedback; Input from IT Expo

We attended ITExpo in Miami last week. This update is based on our discussions with 25 - 30 industry contacts, mostly at the conference. Now that calendar Q2 is over, we are continuing our checks and will provide on-going updates.

Key Takeaways:

- This was the first major in-person show we have attended since pre-pandemic. Although attendance was estimated to be ~60% of previous levels, the show was deemed a success by vendors and attendees we spoke with.

- No slowdown in demand trends as more organizations move to cloud based communications. We expect strong reports from Ring, Zoom Five9, 8x8, Vonage and Ooma.

- Competition continues with very low prices offered for UC seats, particularly in large opportunities. Providers are trying to offset the resulting lower margins by cross-selling platforms, longer contract periods and selling advanced features such as AI and Analytics.

- RNG partnerships with ATT, ATOS, Avaya and ALE are going well and driving top line revenue growth.

- More evidence that Avaya is stabilizing their business and slowing share loss.

- Poly is still impacted by component issues for some products. Despite continued share loss to Jabra, overall demand for headsets is strong. Demand for video products also continues to be strong.

Read more… (Access to the full report is for SPR clients only or requested trials; respond to this email and we are happy to provide access to recent reports)

Report 7.5.21 - Sale Pulse Research - Welcoming Sarah Crane as our new Director of Channel Relationships and Business Development

I am pleased to announce that Sarah Crane has joined Sales Pulse Research as our new Director of Channel Relationships and Business Development.

Sarah has been a Territory Manager for Gigamon for the past 2.5 years where she developed new business through her work with channel partners and end users. Sarah previously worked for a national mortgage company where she was responsible for business development and recruiting new loan officers for all of New England. Prior to that she worked for a boutique VAR, Enterprise IT Solutions, as a Technical Recruiter and was promoted to Account Manager within her first year.

Sarah is a mother of a 7 year old son and step daughter, wife of a veteran and application developer, and daughter of one of my late employees, Sam Page. In her spare time when she isn't running two kids around, Sarah enjoys working out at Orangetheory, ISI or training for her next half marathon. Her other hobbies include paddle boarding, playing tennis, traveling and DIY house projects.

We are excited that Sarah will bring her enthusiasm and skills to assist Sales Pulse Research further, develop our research relationships with IT channels and industry experts.

Read more… (Access to the full report is for SPR clients only or requested trials; respond to this email and we are happy to provide access to recent reports)

Report 7.1.21 - Preliminary Channel Views, IT Spending, Cyber Security, UCaaS

Key Takeaways:

- Although much initial feedback on IT spending for Q2 is similar to previous quarters there are some hints of change. Channels are seeing a greater impact of supply chain issues on the availability of appliances, including some firewalls, switches, routers and WiFi access points.

- Spending on cyber security and SaaS applications continues to be strong. We had expected that spending on enterprise infrastructure refresh and new BI and Analytics projects might improve, but channels are still not seeing the increased demand that they had hoped would come as the economy recovers.

- Vendors in cyber security are benefitting from the "rising tide" impact of high profile breaches. There is evidence of strength across the whole segment. In particular, CRWD, S, ZS, PANW, OKTA and FTNT continue to benefit. Even Check Point, who channels often single out as losing share, appears to be benefitting from strong budgets and upgrades by some of their very large end users.

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- Regarding supply chain issues, some of the most extreme examples include lead times pushed into next year for WiFi devices from Arista. Channel contacts believe this is the result of a shortage of Atheros (Qualcom) chips. Lead times for some switch / routers from Cisco, Juniper and others are also said to be extended into next year. As a result of extended lead times for hardware, we have heard examples of channels suggesting to end users that they move more budget away from hardware devices and focus even more on software and services to avoid "use it or lose it" budget issues.

- Despite supply chain issues, some appliance vendors who channels cite as benefitting from improved demand include Juniper, A10 and Extreme.

- Demand in the UCaaS market remains strong, however channels are reporting that increased competition is driving price points down, especially for large deals. Vendors are trying to make up for lower UCaaS seat pricing by cross selling CCaaS and CPaaS. We will provide a separate note on this segment shortly.

Read more… (Access to the full report is for SPR clients only or requested trials; respond to this email and we are happy to provide access to recent reports)

Report 6.18.21 - SPR Summary - SentinelOne - Upcoming IPO - Strong contender in a very large cyber security market

Key Takeaways:

SentinelOne (S) As the next generation end point protection market has developed over the past 2 - 3 years, SentinelOne has emerged as one of the strongest competitors and is perceived by many to be the #2 vendor behind Crowdstrike.

SentinelOne benefits from the same market drivers that have provided a a very strong opportunity for Crowdstrike and that we have written about in past notes. These include:
- A large and growing market that has a strong (maybe desperate) need for a next generation solution.
- A competitive environment that includes legacy vendors, ie Symantec, McAfee, who have fallen behind.
- New software tools that have made it easier for end users to tackle the challenge of upgrading end point systems.

Read more… (Access to the full report is for SPR clients only or requested trials; respond to this email and we are happy to provide access to recent reports)

Report 6.15.21 - SPR Flash Note: (FSLY, NET, AKAM); Some quick channel feedback on Fastly's internet interruption

FSLY, NET, AKAM

Since Fastly's high profile service interruption last week we have reached out to some channels and were surprised that they had already heard from some Fastly customers who were looking for alternative CDN services. A number of these end users asked these channels about Cloudflare, although most of these VARs do not yet have relationships with this service provider.

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As we previously noted, we are just starting to see Cloudflare gain visibility among enterprise VARs. This incident would seem to give them a boost among channels and end users. We will follow up to see if end users actually make changes and how negative this may be for Fastly and positive for Cloudflare and / or Akamai.

Read more… (Access to the full report is for SPR clients only or requested trials; respond to this email and we are happy to provide access to recent reports)

Report 6.9.21 - Link to Call Recording - Sales Pulse Research - Security Call 6/8/21

Below is a link to the recording of yesterday's call, discussing security trends. The call was hosted by Tom Morphis and Mike Rothman. We covered a the top trends in cyber security as we see them. Our ability to go into depth on the call was obviously limited. We are happy to discuss any of these topics and vendors in more detail.

Key Takeaways from the call:

- Security segments seeing acceleration - SASE, IAM, EPP, XDR
- Just about all security vendors benefitting by the "rising tide"; Continued strong momentum anticipated for - ZS, CRWD, SentinelOne, PANW, FTNT, OKTA
- Less known vendors positioned well in fast growth segments: NET, KNBE, DARK.L
- Discussion - balanced views for FEYE, SPLK

Read more… (Access to the full report is for SPR clients only or requested trials; respond to this email and we are happy to provide access to recent reports)

Report 6.2.21 - Incremental Channel Views - CIEN, SPLK, AYX, ESTC, Equipment Lead Times

Key Takeaways:

- Feedback on Ciena has been consistent with the recent view from Dell'Oro, that reported that the optical market was stagnant in Q1, but that was an improvement over Q4 with the anticipation of improvement as the year progresses.

- Systems Integrators are still reporting a pause in demand for new BI / Analytics projects, especially on-premise. Demand has been more consistent for cloud based projects, impacting Splunk, Elastic and Alteryx. All these vendors are expected to benefit as end users gain more confidence in the recovery and move forward with new projects. We continue to watch for evidence of that acceleration.

- We are also picking up more speculation that Alteryx may be seeing increased interest from PE firms and may follow the same path as recently taken by Talend and now, Cloudera.

- There is confusion in the channel about lead times as vendors often beat quoted deliver times. In some cases there are signs that problems are getting worse.

Read more… (Access to the full report is for SPR clients only or requested trials; respond to this email and we are happy to provide access to recent reports)

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Report 6.1.21 - UCaaS / CCaaS - ZM, PLT, RNG, VG, EGHT, FIVN, OOMA, LiveVox

Key Takeaways:

- Overall UCaaS / CCaaS market - Channel feedback on sales and pipeline development continues to be strong. As we mentioned last month, there has been some concern that this momentum may soften as the year progresses and large Mid and Enterprise customers reassess what they did over the past year to meet the crisis. Most recent info is that there is no slowing of new projects. Cloud Migration and Digitalization are still top priorities at large customers.

- ZM - Channels indicate that Zoom has had a strong May and a robust pipeline to begin their new quarter. Competition is heating up and Zoom, which obviously benefited from the Covid induced need for immediate video capability, will need to retain business as the customer base assesses longer term remote distributed workforce needs in a more deliberative manner.

- PLT - May Channel checks indicate continued strong sales of Commercial Headsets and Video products, but still facing challenges with unit sales of SIP Phones and MSFT Teams Phones. Poly appears to have abandoned their consumer headset business. Checks still indicate that previous concerns regarding supply shortages of Chipsets and LCD screens used in the VVX250 model SIP phone and other models will still continue to at least end of June.

- RNG - Continues to show strong sales through May and growing pipeline according to Channel checks, but as mentioned in prior month, pricing pressure is beginning to show for large opportunities. ATT and Avaya related sales are reported to be continuing their positive trends, with similar expectations for ATOS, Alcatel-Lucent, etc. Sources do caution that margins on these opportunities are slim.

- VG - Channels reports that May sales and pipeline are strong; some are still landing some significant large TCV deals.

- EGHT - May Channel checks indicate solid sales revenue and pipeline going into June; Westcon Partnership is bearing fruit, especially in UK. China Mobile partnership is executing well in Asia. 8x8 added UC and CC features integrated with MSFT Teams, strengthening their position on those opportunities.

- FIVN - Channel checks indicate strong sales activity and robust pipeline for May; increased competition may start to put pressure on GM in coming quarters, though FIVN seems to be selling more on value than price compared to some competitors.

[Read more](#)… (Access to the full report is for SPR clients only or requested trials; respond to this email and we are happy to provide access to recent reports)

Report 5.25.21 - Brief summaries for upcoming vendor reports (ZS., OKTA, CRWD, NTNX, NTAP, PSTG, DELL, SNOW, CLDR, AI, BBY)

- We have published notes reporting channel input on many of the names reporting in the next two weeks. Below are brief summaries with links to our recent research as well as some incremental views.

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Read more… (Access to the full report is for SPR clients only or requested trials; respond to this email and we are happy to provide access to recent reports)

As always, we are happy to discuss in more detail,

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Important Disclosures