canalys

A Canalys Special Report

The AWS Partner Opportunity: How cloud customers select and differentiate their partners

November 2023

Contents

1 Executive Summary

Study Outline

The value of the cloud infrastructure market is expected to be worth US$304.14 billion globally by the end of 2023 and this market will continue to expand rapidly. Amazon Web Services (AWS) remains the global market leader in providing public cloud infrastructure. Partners play a critical role in delivering this public cloud infrastructure, and within the AWS ecosystem, for every US$1 of AWS infrastructure sold, there is up to US$6.40 available to partners who can deliver the variety of services customers require to operate their cloud environments effectively according to the Canalys Partner Ecosystem Multiplier study of AWS in 2022 (PEM).

As macroeconomic conditions continue to cause uncertainty, IT budgets across the globe have come under further scrutiny, and procurement processes for partner selection have become increasingly challenging. While partners look to differentiate their value from competitors, the AWS partner program provides validated partner specializations to assist in these differentiation efforts. To evaluate the impact of these programs, and to understand how customers differentiate during their partner selection process, Canalys has conducted an in-depth worldwide study. Canalys has focused on the various ways in which partners differentiate in their go-to-market, including vendor-validated specializations. In addition, Canalys sought to investigate the various factors and changing demands that exist for customers who seek partner support in their cloud environments.

Research Methodology

To conduct this study, Canalys leveraged its Candefero platform to survey 303 global cloud customers to understand their partner procurement process as it pertained to their cloud environments. The respondents were carefully selected to ensure the opinions of key IT decision makers (such as CIOs, CTOs, and Heads of IT) were gathered across several industries and company sizes to ensure a diverse information set. Customers surveyed operated in AWS, Azure, Google Cloud, and multi-cloud environments.

In addition, Canalys conducted 62 total interviews with AWS customers and partners around the world. 40 of these were with AWS customers are various maturities, industries, and sizes to ensure a good spread of experiences in the interviews conducted. 22 of the conducted interviews were of AWS partners from around the world across four partner types (SIs, ISVs, Resellers, and MSPs). For both partners and customers, interviews took the form of 30-minute open discussions resulting in over 30 hours of discussions with the AWS ecosystem.

Definitions

While conducting interviews with both customers and partners, language used around specializations, certifications, and validations as provided by the various cloud providers in their partner programs for simplicity in this report, the various anecdotal verbiage will be simplified in the following definitions:

Specialization: A vendor-validated qualification of an organization's ability to provide services related to cloud environments

Certification: A vendor-validated qualification of an individual employee's ability to provide services related to cloud environments.
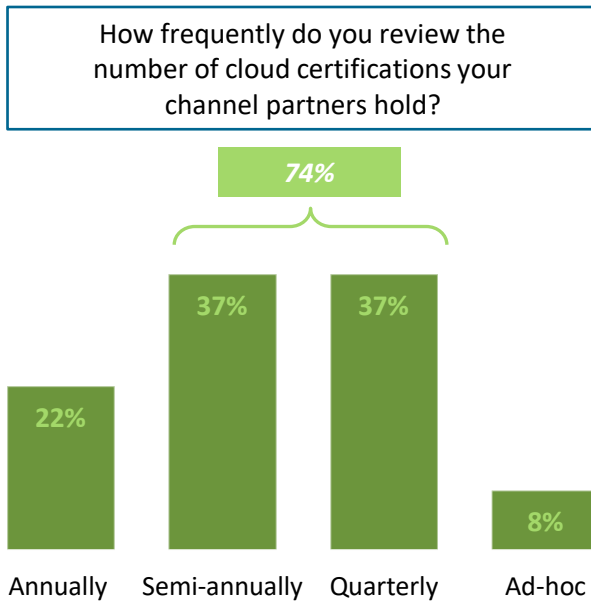
Key findings

AWS partner economy
US$512.0 billion

*Economy unlocked
by competencies*

**US$307.2
billion**

- 60% of customers highlighted competencies as the top criteria for their partner selection and are the beginning of a customer procurement journey when selecting partners.

- Partner access to US$307.2 billion of the US$512.0 billion AWS partner economy is significantly dependent on the number of competencies they hold. Without these competencies partners simply will not make it to the end of a customer procurement process.

- While competencies are critical for the journey to begin and unlock a significant Total Addressable Market, they are only one of several differentiating factors considered by customers. Customers cited cost and value, cloud expertise, and industry solutions as some of the other top factors they used in their consideration.

- Customers have an expectation of constant learning and progression from their partners. Partners who are most successful with customers are consistently updating their specializations and certifications.

- 52% of customers seek at least two different types of services (PEM services such as Advise, Design, Manage or Adopt) from the partners they work with, which provides clear opportunities for partners to expand their potential PEM revenue of up to US$6.40 for every US$1 of AWS sold, should they be able to provide the breadth of necessary services.
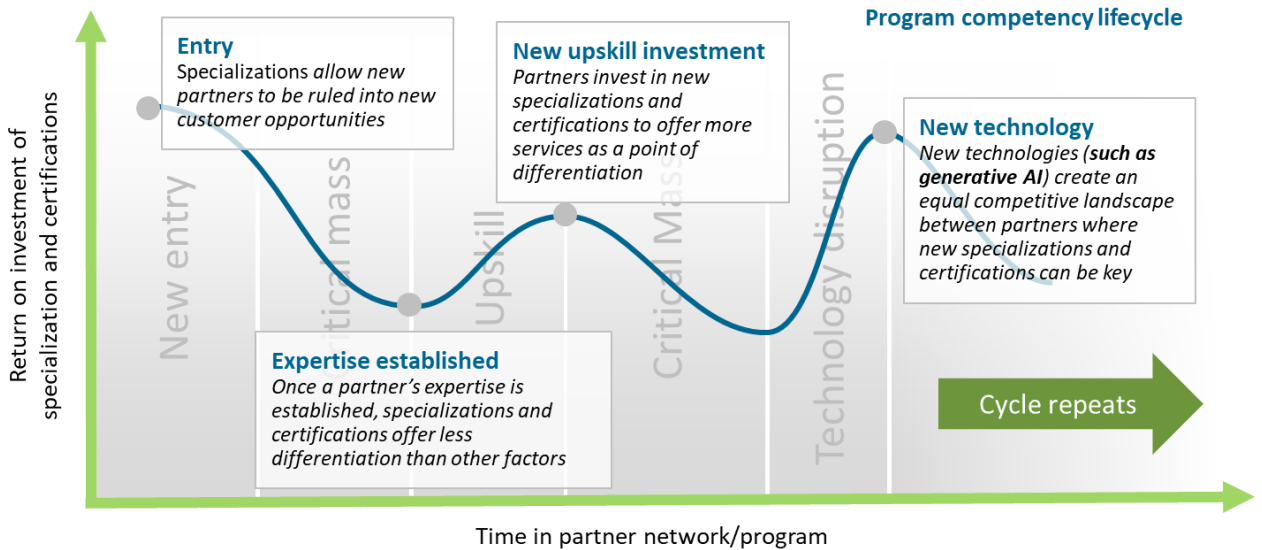
2 Vendor certifications

Customer and partner interviews made it clear that one of the challenges faced by partners is the battle to differentiate from the competition did not end with the procurement process. It became clear customers were constantly reviewing their partner suitability throughout the year to ensure they were keeping themselves and their delivery teams up to date with the latest vendor qualifications. 74% of customers review the number of cloud certifications held by their channel partners at least twice a year. Furthermore, 37% of customers review this figure every quarter. These review processes aim to assess and ensure the return on investment they are receiving through chosen partnerships. There is of course variation in the depth of review conducted dependent on its timing, but across the board, what remains consistent is the expectation from customers that there is evidence of continuous education across the partner delivery team to ensure they are up to date with the latest technologies and techniques. The review types fall into three categories:

How frequently do you review the number of cloud certifications your channel partners hold?

74%

37% **37%**

22%

8%

Annually   Semi-annually   Quarterly   Ad-hoc

- **Quarterly and Semi-Annual reviews:** Customers review partner certifications and specializations online and discuss potential gaps where partners lack desired certifications.

- **Annual reviews:** Customers meet with partners to discuss their continued IT strategies and the expectations for continued support they have, including continued improvement and education through vendor certifications and specialization.

- **Ad-hoc reviews:** For customers conducting reviews only during procurement processes, they will review their current partner certifications and relevant return on investment in direct comparison with competitors seeking to displace the incumbent partner.

What also became clear is the value of specializations and certifications changes over time, and the subsequent return on investment received by partners who invest in these specializations and certifications fluctuates as well. Canalys has mapped this fluctuation to highlight the investments needed by partners to ensure they stay ahead of the cycle, and therefore succeed in showing customers how they continue to remain up to date with the latest trends and technology. This has been visualized in the graphic below:

Program competency lifecycle

Entry
Specializations *allow new partners to be ruled into new customer opportunities*

New upskill investment
Partners invest in new specializations and certifications to offer more services as a point of differentiation

New technology
*New technologies (**such as generative AI**) create an equal competitive landscape between partners where new specializations and certifications can be key*

Expertise established
Once a partner's expertise is established, specializations and certifications offer less differentiation than other factors

Cycle repeats

New entry

Critical mass

Upskill

Critical Mass

Technology disruption

Return on investment of specialization and certifications

Time in partner network/program

Entry: In this phase, the partner has invested in AWS specializations and certifications to prove their capability within the AWS ecosystem. The value of specializations and certification at this point is high, as successfully obtaining these can open up potential customers and markets for partners who have not previously had access.

Expertise established: Over time, the partner gains practical experience and builds customer references in the specialized domain. This phase sees the partner's expertise established, and the value of competency as a marketing tool is complemented and strengthened by factors such as word-of-mouth peer recommendations, even as a sign of assurance that the partner remains skilled. As this study has revealed, partners cannot rely on specializations and certifications alone, and require multiple factors to successfully differentiate themselves from competitors.

New upskill investment: As partners review their competencies, and add headcounts and certifications, they typically expand into complementary or adjacent technologies to grow their AWS business. In this phase, the partner gains additional points of differentiation, which help attract new customers and see their addressable markets expand. Some vendors also strengthen marketing activities for partners with multiple competencies. Depending on the vendor, additional competencies are usually available without additional partner membership costs.

Technology disruption: Especially in new disruptive or emerging technologies such as AI and sustainability, specializations and certifications can offer a way to quickly communicate a partner's niche expertise when skill sets are hard to find. This sees a higher ROI bump for competencies focused on new and disruptive technologies.

By leveraging the range of AWS certifications and specializations, partners create additional points of differentiation. More importantly, they lower their barrier to entry and gain access to the structured AWS process as they look to build out new practices or solidify and strengthen existing ones.

Industry comparisons

Responses in this study also highlighted an existing market reputation of the various vendor qualifications when it comes to their rigor. When asked to rank the value of vendor certification, 48% of customers surveyed ranked AWS certification as 'extremely valuable'. This compares favorably to the equivalent qualifications for competitor A, where 38% of customers ranked certifications as extremely valuable, and competitor B, where only 29% of customers ranked the certifications as extremely valuable.

"AWS is better known, and customers are more comfortable with it because of their certification program"
Healthcare ISV, North America

Even in multi-cloud environments, where these certifications come into direct comparison across the same customer, the difference remains clear in the eyes of customers. While 65% of multi-cloud customers give AWS certifications the 'extremely valuable' rating, only 42% of the same customers ranked competitor A certifications as 'extremely valuable'. For partners who are not only looking to grow their AWS practice, but also take advantage of the growing demand for hybrid and multi-cloud environments that exist currently by growing their overall cloud practices, the return on investment is clearer with AWS certifications in comparison to competitors.

For multi-cloud customers, AWS certification holds more weight

aws
65%

Percentage of respondents with multi-cloud rated vendor cloud certifications as "extremely valuable"

Competitor A
42%

Data compiled from Canalys Candeferro survey of 303 global cloud customers for the AWS Partner Differentiation study. 'Competitor A' and 'Competitor B' are Top 5 cloud providers globally.
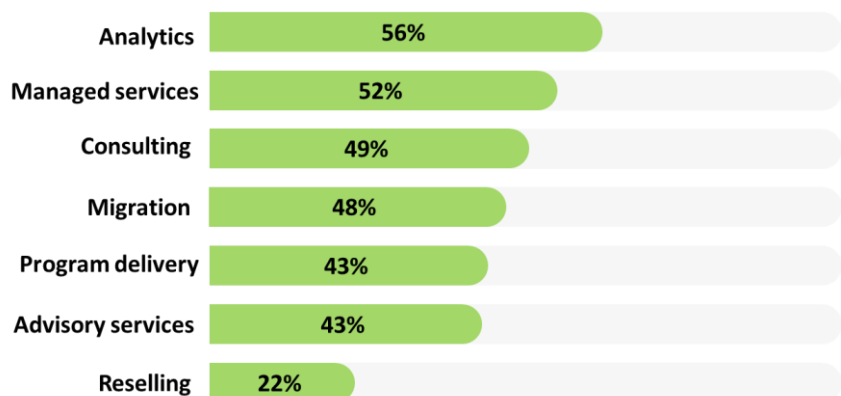
3

What customers need from partners

Overview

Cloud environments continue to become more complex and require increasing amounts of support to maximize the investment that customers are making into these environments as part of their overall digital transformation strategy. Customers are evermore reliant on partners to help effectively manage the planning, creation, and management of these environments as Canalys estimates suggest that 73.1% of global IT spend will flow through the channel in 2023. As will be shown throughout this report, there are a variety of customer demands that create revenue opportunities for partners even in more challenging economic environments.

This study has categorized the breadth of demanded services from customers within the Canalys Partner Ecosystem Multiplier flywheel and will highlight how taking advantage of this customer demand will allow AWS partners to increase their PEM opportunity and work towards earning the top potential multiplier of US$6.40 for every US$1 of AWS infrastructure sold. When these service opportunities have been explored, the expectations on specific partner types, and how customers differentiate between competing partners will be explored to understand the significance of defining and demonstrating expertise across various fields for partners looking to succeed in the AWS economy.

What services do you look for from your channel partner when it comes to cloud?

Service	%
Analytics	56%
Managed services	52%
Consulting	49%
Migration	48%
Program delivery	43%
Advisory services	43%
Reselling	22%

Customers seeking expert partner advice

For customers across the spectrum, cloud features as part of a wider digital strategy that requires significant investment of both time and money. Most businesses do not have the internal IT talent to manage a complete shift to the cloud from start to finish without significant support.

Tech advisory: **43%**

Consulting: **49%**

Advise

Design

Build

Procure

New customer

Adopt

Manage
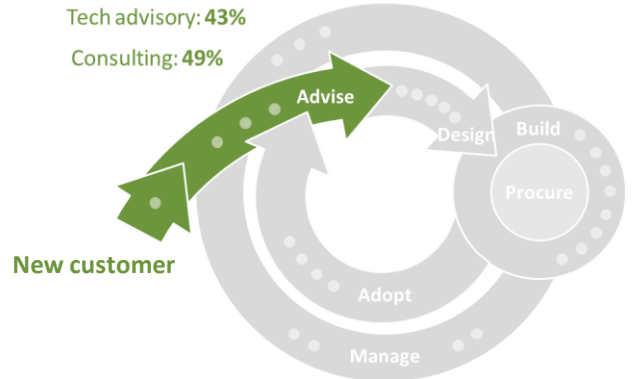
For partners, the opportunity to secure high-margin advisory and consulting work can be significant, not just because of the revenue opportunities that this type of work can drive in the short and medium term, but because of the role that it creates for a partner as the lauded 'trusted advisor'. In terms of what is being demanded by customers, this advice falls into two categories: Operational consulting and technology advisory.
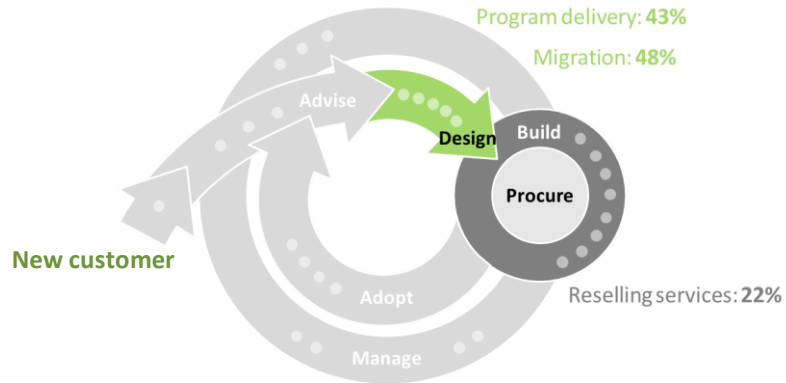
When seeking a partner to support their cloud journey, 43% of customers are seeking a technology advisory partner. Partners offering these services are focused on the overall digital strategy of their customers and are offering advice on how to maximize their investment and guiding customers from beginning to end through the entire cloud procurement lifecycle. Partners who offer these services will typically also be able to provide services across the entire flywheel and can often take the form of GSIs and SIs.

"Our IT Strategy is a pure cloud strategy: everything that can go to cloud, should. We need a trusted advisor to help us drive this transformation"

Head of Service Management, Information Services firm, EMEA

49% of customers separately require operationally focused consulting services from partners. These services focus on converting theoretical strategy into actionable stages of a cloud transformation journey. In an economy that is increasing financial pressures, customers making significant cloud environment investments want to ensure they are solving business problems efficiently and so look to leverage the expertise of partners to ensure they are doing this in the most effective way. The continued growth of FinOps as a topic creates further opportunities for partners in this segment, as the fundamental FinOps principles require companies to focus on efficiency from the beginning of a cloud journey. Being involved from the early stages of a process can be critical to both customer and partner success. The effects this will have on cost for customers will be a hugely important partner differentiator that will be explored in section three of this report.

Design services serve as the foundational step for customers

Program delivery: **43%**

Migration: **48%**

Advise

Design Build

Procure

New customer

Adopt

Manage

Reselling services: **22%**

Design services, (activities that capture the set-up activities for new or expanding cloud environments) are fundamental services customers require as a minimum. 48% of customers highlighted their need for support through migration services while 43% required assistance in overall program delivery when it came to their cloud setup. Of customers who demanded migration services, the vast majority (97%) demanded further services from partners. The most popular among these were analytics (65%), managed services (59%) and consulting services (54%). Customers without the internal capability to migrate to the cloud on their own are equally unlikely to have the internal capability to plan or manage the planned cloud environment, especially at the enterprise level.

"We are looking for as much support as we can, the more the partner can do the better for our budget!"

CIO, Tier 1 bank, North America

The other core service within the PEM flywheel is the procure segment. The vast majority of partners and partner types can participate in this segment. Despite this, customers do not require significant support from partners when it comes to procurement services. Only 22% of customers indicated the need for support on reselling services. While reselling and procurement services can be a catalyst for further cloud service activities, the low level of demand for resell services is likely indicative of both the prioritization of other services as well as the continued growth and influence of cloud marketplaces. In the AWS ecosystem specifically, there are over 325,000 active customers transacting on the AWS marketplace with more than two million active subscriptions created through the AWS marketplace.

Customers need support in the management and analysis of their new cloud environments

Once new cloud environments are set up, they need to be constantly monitored, assessed, and maintained. Cloud customers will often look to leverage the partner ecosystem to manage these activities which occur in the Manage and Adopt phase which customers demand most highly according to this study.

New customer
Analytics: **56%**

Managed services: **52%**
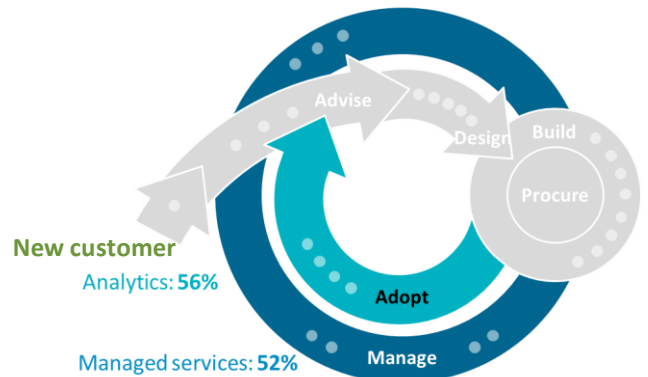
56% of customers seek support for analytics services from their partners, as customers look to understand the cloud environments they have created. Not only are they looking to leverage cloud observability and FinOps to ensure they are working in the most efficient way possible, but helping customers identify business opportunities for themselves to drive their top-line growth.

In an increasingly cost-conscious environment, managed services are a critical aspect of cost management, and are increasingly popular with cloud customers. 52% of customers in this study highlighted a demand for managed services as part of their partner procurement process. By outsourcing the management, maintenance, and updating of the cloud environments that are built, customers can avoid the great expense of training and employing the necessary internal talent required to manage the environment in a comparatively effective way. Partners who can provide managed services will be able to solve a significant client pain point.

"It all boils down to support... the ability to provide quality promptly is critical to us. We can't do that on our own."

IT Manager, Appliance Manufacturer, North America

4 The keys to customer decision making

Specializations

87% of customers rank specializations as a top three selection criteria

Specialization as a top 3 selection criteria

Overall, 87% of customers surveyed ranked vendor specializations as a top three selection criteria during a partner procurement process. For the vast majority of customers, vendor specializations behave as a critical filter that will facilitate a more efficient procurement process. By leveraging these specializations as a minimum standard, customers can shortlist partners with confidence and ensure these partners can deal with their specific requirements. Expectations of these qualifications are not simply at an organizational level, but at an individual level as well. 60% of customers described the certifications held by the delivery teams of channel partners as 'very important' when selecting a new cloud partner. While organizational expertise is important, customers are, of course, focused on themselves and thus want to ensure they are getting the best services possible. By assessing specializations and certifications in this way, customers hope to ensure a minimum standard of delivery as set out by their cloud provider of choice. This becomes particularly important in heavily regulated industries, such as financial services, healthcare, and the public sector, where regulations place additional pressures and expectations on cloud environments and the partners customers leverage by extension.

"We need fully specialized partners. We need partners to have the specific qualifications on AWS to serve our needs."
VP, Head of Strategic Alliances, TMT company, North America

Partners interviewed in this study showed a clear understanding of the importance of vendor specializations and certifications while also being aligned with the customer view that they are the minimum standard. 68% of partners view the ability to use specializations as proof of expertise as the main driver for pursuing a vendor certification. The second point of alignment between customers and partners was the fact that these vendor specializations and certifications do not act as a point of differentiation. While playing a significant role in the overall procurement process, they do not provide enough information on their own to help customers make a final decision on a new partner. For this, other factors are assessed as critical by customers. For partners, they will seek to provide differentiated value in other areas to win new business with existing and new customers.

Perhaps one of the most intriguing findings from this study is the differentiation between validated cloud expertise and further cloud expertise that customers require partners to evidence in a procurement process. Customers not only viewed validated cloud specializations and certifications as separate from cloud expertise but 42% of customers listed this separated cloud expertise as a top three partner selection criteria. While customers recognize the rigorous nature of vendor qualifications, particularly those provided by AWS (as discussed in section four), they need additional confidence of evidence of further expertise. To differentiate on cloud expertise, partners rely heavily on the depth and breadth of services offered over time as well as their market reputation. This relies on partners publicly being thought and market leaders to ensure they can position themselves as market experts beyond the influence of vendors.

Cost and Value

After the pandemic-fueled technology boom of 2021 and 2022, the macroeconomic conditions of 2023 have put considerable pressure on the IT budgets of businesses across the spectrum and by extension,

Almost half of customers rank cost in their top three partner selection criteria

Cost as a top 3 selection criteria

on IT leaders. Almost half (47%) of customers suggested cost was a top three selection criterion when it came to partner selection. When justifying IT spending to their finance departments, IT leaders need to show the ability to extract maximum value as well as cut overall costs. This clear motivating factor for customers influences the partners they ultimately select, because versatile partners with the ability to provide multiple services can offer economies of scale that allow for savings for customers when compared to engaging multiple partners to provide the same set of services.

This is why, despite pressure from customers, partners do not see the current environment as a race to the bottom in terms of price. Instead, successful partners focus on offering a return on investment and overall value across the various flywheel segments. Focusing on the breadth of services allows partners to not only further embed themselves into targeted customers, but also provide multiple points of value and overall cost efficiency. That said, cost is not ignored as a potential differentiating factor by partners, which is why 55% of partners view marketing development funds and migration funds, provided by the AWS partner network, as an important factor in closing new customer deals.

"When choosing a partner, we are considering whether they match our company's priorities and ethics: cost efficiency, revenue growth, new customers, opex, maintaining high quality with high growth and customer loyalty"
Procurement manager, consumer goods manufacturing, India

Industry solutions

40% of customers see industry focus as a top three selection criteria

Industry as a top 3 selection criteria

One of the main drivers of increased complexity in cloud projects for partners is the demand for customers for increased specificity, and the form that this most often takes is industry-specific solutions. 40% of customers ranked these types of solutions as a top three selection criteria when going through a partner procurement process. Especially in heavily regulated industries, industry-specific solutions can be significant differentiators for partners looking to increase their revenue and win new clients. 64% of partners use their industry expertise as a point of differentiation when going to market and find it one of the clearest ways to separate themselves from the competition.

This continues to be a point of emphasis for partners as 59% of partners currently have, or are actively building, industry-specific IP to solve customers' problems. While the investment in this IP can be significant in the short-term, by building a productized and scalable solution, partners will be able to cement this important point of difference in the eyes of customers. GSIs and SIs have taken the lead in this regard but are not the only types of partners that can differentiate with industry-specific products. More and more ISV partners are understanding the value of these specific solutions and are working with other partners and their end customers to deliver customized solutions.

"We specifically look for those [partners] that show experience or knowledge of working in healthcare and the public sector – those are of most value to us."
Head of ICT Operations, Healthcare, EMEA

Sustainability

ESG continues to expand as a topic globally, especially within the channel. 47% of global partners are positioned to drive some form of revenue from sustainability solutions. In the most advanced cases, Chief Procurement Officers are now being assessed, in part, by their performance on sustainability metrics. While this is not yet a majority position, it is a continuing trend that partners will need to be aware of when developing their business strategies. In this study, 89% of customers surveyed expected their partners to have a focus on sustainability, with 34% of customers describing sustainability as a vital part of their partner selection process.

"Tangible results on sustainability would be a deciding factor for us."

CIO, Financial Services Institution, APAC

Within the cloud economy, there are four categories of opinion when it comes to the issue of sustainability that have emerged from this study:

- **Uninterested:** These customers are not actively pursuing sustainability within their organization, and thus are not interested in working with sustainability-minded partners as they prioritize other elements of their digital strategy, whether that be cost efficiency or business transformation.

- **Nice to have:** This category of customers may see sustainability as a bonus, but not define it as either a differentiating factor or a feature that would make a deal impossible to sign in its absence. These customers are unlikely to request information on sustainability as part of their requests for proposals.

- **Assumption-based:** Several customers fall into this category, which places potential liability on cloud vendors and partners alike. These customers are not actively engaged in a sustainability strategy but assume emissions and sustainability-related issues are organized and taken care of by the partner and vendor alike, and thus assume little responsibility for their emissions. They are unlikely to explore potential partners' efforts in-depth but operate on the assumption the issue is covered by their partner when they engage in the cloud.

- **Sustainability-focused:** Sustainability is an active consideration during a partner procurement process. It will appear in RFPs and will be a clear point of differentiation for this category of customer. They will expect partners to be consistently sharing and updating key sustainability metrics to ensure they can meet sustainability targets.

Case Studies

**39% of customers
highlighted case studies
as a top 3 criteria**

Case studies as
a top 3
selection
criteria

Where specializations and certifications act as an early selection filter for customers, case studies can often be the final differentiator at the end of a procurement process. While only 39% of customers ranked this differentiator as a top three selection criteria, it is clear that case studies play a more critical role than this figure suggests. When closing a potential deal, 55% of partners were asked for previous case studies as part of a customer procurement process. While these case studies can be time-consuming and often repetitive to produce, they are seen as a significant point of difference by partners and often the difference between sales success and sales failure.

This is because customers are often looking to use case studies as a final proof of competency before agreeing to work with a particular partner. The detail required for a case study to be an effective point of difference is significant. It is no longer enough for these case studies to show competence in delivering cloud-related projects. Partners hoping to win new customer business must be able to provide multiple examples of not just industry-specific, but functionally specific, projects previously delivered. The level of scrutiny placed on these deals is only increasing as IT budgets come under further strain, and customers require a high degree of assurance of success and competency to commit to any agreement with a partner.

"As we go through our procurement process, as a potential partner meets our criteria, we use case studies as the final proof."

IT Manager, Electronics Company, Australia

Existing Partner Relationships

Cloud procurement processes do not happen overnight. 46% of customers in this study took up to three months to select a new cloud partner when one was needed. The scrutiny partners are put through is stringent and significant and means when these relationships are formally confirmed at the end of a procurement process, they become deeply valuable and relatively sticky. While 44% of customers are using at least four or more partners for their IT needs, the majority of customers (55%) do not engage new partners for cloud transformation. Even when customers do engage new partners, 32% of customers will leverage their existing partners in the selection process where the existing partner does not possess the necessary expertise. As a result, once they have successfully differentiated from their competition, partners of all kinds work hard to follow the land and expand the approach. As a result, they prioritize developing long-standing relationships with customers to take up the role of 'trusted advisor' over the longer term. This allows these partners to possess greater influence over customer digital transformation decision-making, thus a greater influence over potential partner economic multiplier revenue.
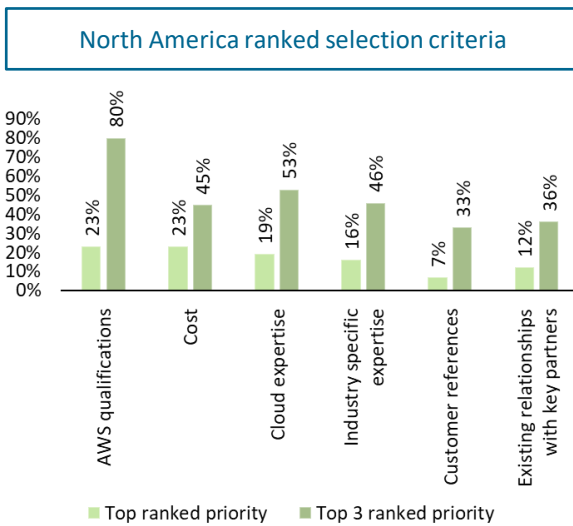
"Once we've got a customer engaged, it's rare that we lose them unless they have some sort of existing relationship with an incumbent partner. That would be the only real reason why they wouldn't necessarily go to the next step with us."

Head of AWS Practice, SI, EMEA

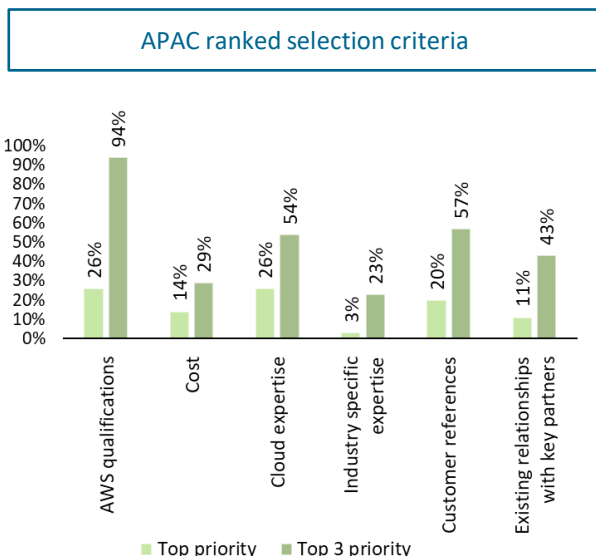## Geographic variations are limited but exist

This study was conducted globally and engaged cloud customers across North America, EMEA, and the APAC region. While some variations do exist from region to region, by and large, geographic variation is limited and the demands of customers and how they differentiate in their selection process remain consistent across geographies. This is encouraging both for larger partners and for partners looking to expand their geographic footprint as any adjustments to go-to-market strategy necessary for different markets will not require massive structural changes.

North America

North America ranked selection criteria

AWS qualifications: 23%, 80%
Cost: 23%, 45%
Cloud expertise: 19%, 53%
Industry specific expertise: 16%, 46%
Customer references: 7%, 33%
Existing relationships with key partners: 12%, 36%

■ Top ranked priority   ■ Top 3 ranked priority

One of the clearest differences between the North American market and the wider global market is the reliance of customers on vendor qualifications such as specializations and certifications. While 87% of global customers list them as a top three priority, the figure in the North American market is lower at 80%. The maturity of this cloud market suggests customers are looking for more complex solutions, which is evident in the high prioritization of industry-specific solutions, with 46% of North American customers ranking this as a top three selection criteria, which is 10% greater than equivalent customers in EMEA and 23% higher than the equivalent customers in the APAC region.

APAC

APAC ranked selection criteria

AWS qualifications: 26%, 94%
Cost: 14%, 29%
Cloud expertise: 26%, 54%
Industry specific expertise: 3%, 23%
Customer references: 20%, 57%
Existing relationships with key partners: 11%, 43%

■ Top priority   ■ Top 3 priority

More than half of APAC partners use more than six partners to support their IT and cloud transformations, and more than any other region relies on vendor qualifications in their partner selection. 94% of customers ranked vendor qualifications in their top three selection criteria. There is a lower emphasis on cost and industry-specific expertise, with only 29% and 23% of customers respectively listing these factors as a top three selection criteria. Customer interviews suggest customer confidence in their internal capability, and so when they look for partners there is less reliance on advisory partners, but simply assistance in scale and organization. APAC IT leaders are simply looking for validation at the beginning of a procurement process (with vendor qualifications) and at the end with customer references, with 57% of customers listing references as a top three selection criteria.

EMEA

EMEA ranked selection criteria

Legend: ■ Top ranked priority ■ Top 3 ranked priority
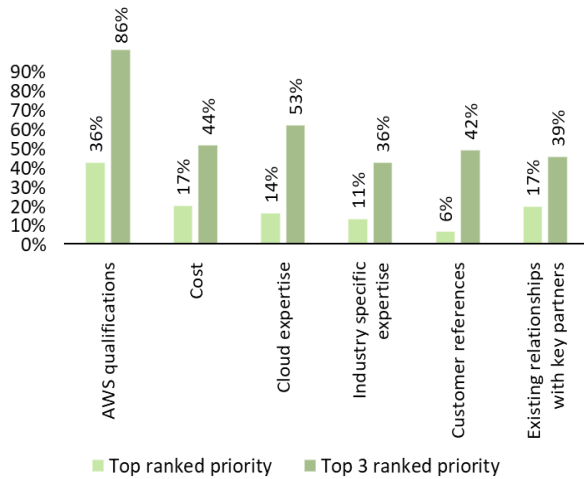
EMEA partners have a similarly increased reliance on vendor qualifications, in comparison to the global figure of 86% of customers in EMEA ranked vendor qualifications as a top three selection criteria. However, there is also an increased focus on additional evidence of cloud expertise with 53% of customers ranking this as a top three priority. Sustainability is also a significant focus for customers in this region. Due to increased regulatory pressure from the European Union, 61% of EMEA customers noted that sustainability is an important factor to the extent that they expect partners to have a set sustainability strategy.

5 Summary

This study highlights the importance of AWS certifications and specializations in accessing US$307.2 billion of the US$512 billion AWS economy created by the partners of the AWS ecosystem. As cloud and IT spending continue to grow despite challenging macroeconomic conditions, partners are being asked by their customers to show clear differentiation in their offerings against competitors. This study has also shown that partners must maintain the ability to provide the necessary services and match the necessary selection criteria for customers to take advantage of the potential US$6.40 PEM revenue that is available for every US$1 of AWS sold.

- **Customers are seeking a variety of services:** Customers are looking to find a variety of services from partners that exist across the Canalys PEM flywheel, which provide opportunity to expand PEM revenue for partners.

- **Partner procurement starts with certifications and specializations:** While multiple differentiating factors are considered by customers, partner procurement processes in the cloud economy begin with certifications and specializations.

- **Customers reviewing certifications constantly:** 74% of customers review partner certifications at least twice a year and expect their partners to remain up to date with these qualifications

- **Program competency lifecycle shows importance of vendor certifications:** As new technologies emerge and customers demand more specific services, vendor competencies hold significant value especially when winning net new customers

AWS partners who remain up to date with the latest certifications and specializations that are relevant to their customer base will be able to improve their ability to win net new customers. When combining this with a breadth of PEM services, partners create ideal conditions to increase their potential PEM revenue within the AWS partner economy, which Canalys estimates will grow by 33% to US$680.4billion by 2025.

AWS partner economy to grow 33% by 2025*

AWS partner economy
US$512.0 billion

Economy unlocked by competencies

US$307.2 billion

+33%

AWS partner economy
US$680.4 billion

Economy unlocked by competencies

US$408.3 billion

Current

2025
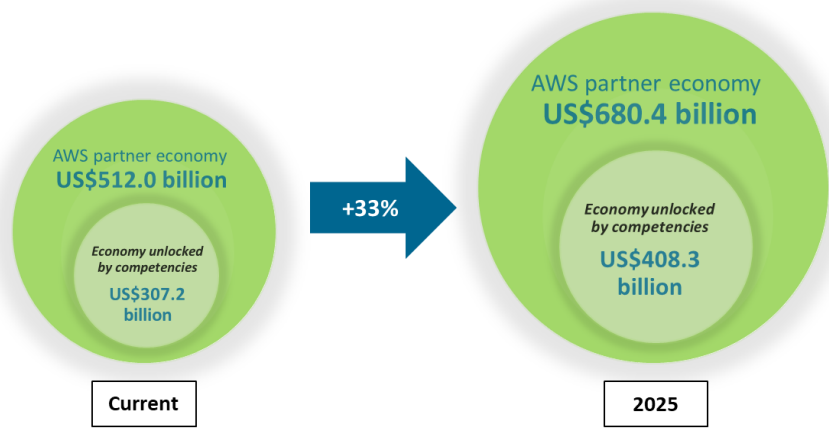
*Source: Canalys estimates of the worldwide cloud infrastructure market