



Workspace services global market trends for 2020: The service provider perspective



Executive summary

The 2020 workspace services global market report finds that Citrix Service Provider partners have continued focus on increased market adoption of Citrix Cloud, vertical markets, and service portfolio expansion with new Citrix and Microsoft offerings.

Citrix partners, who deliver workspace services, see 2020 as a year of growth through new services and operating efficiencies. Many providers strengthened their attention on core markets and service offerings. And for growth, many providers also pursued new offerings for cloud and collaboration services.

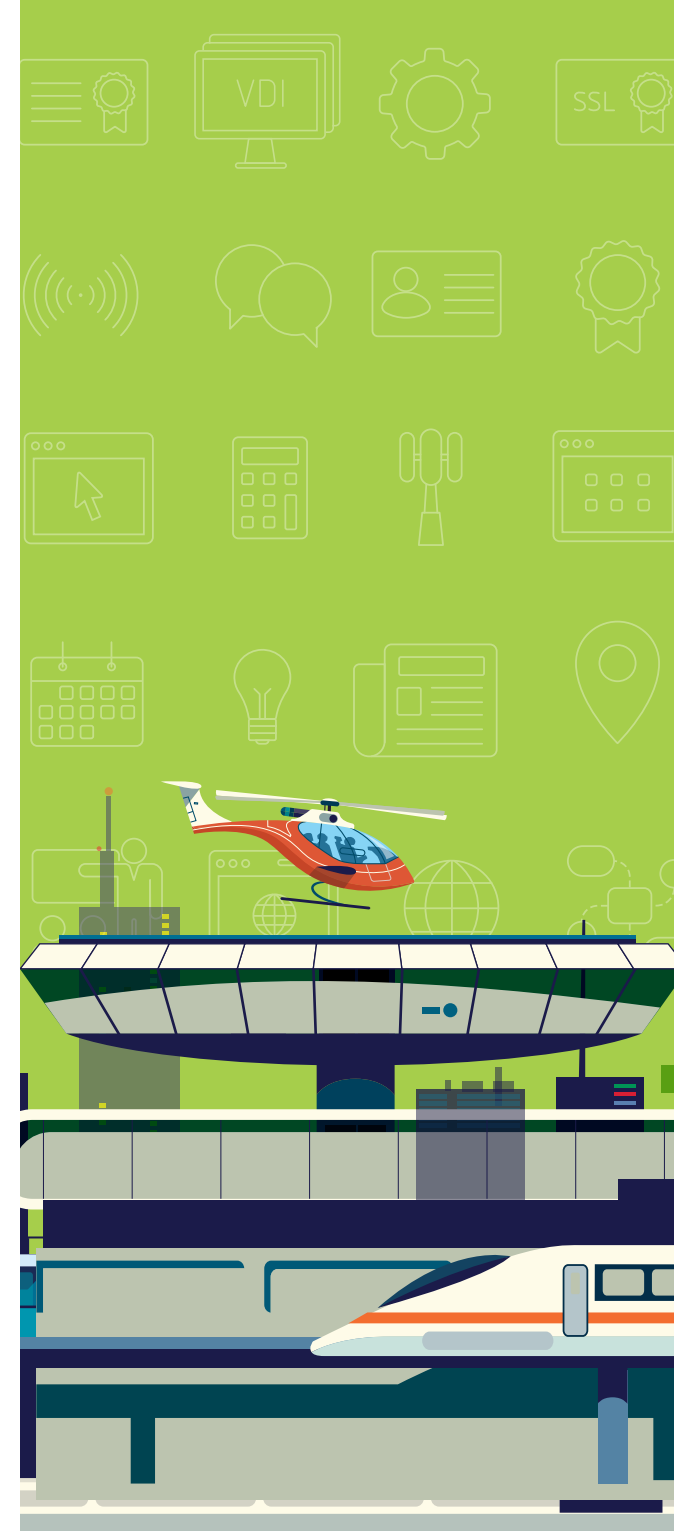
The 2020 survey of global Citrix Service Provider partners contains several takeaways:

- Revenue and subscriptions are growing at a steady rate.
- Partners are investing in their Citrix business for growth.
- Vertical and specialized offerings continue to be important.
- Consumption of new services from Citrix is rising.
- Citrix Cloud adoption has gone mainstream.

This report presents details for the survey findings and insights on how providers can integrate these trends with business plans.

“Our partnership with Citrix not only gives us the operating efficiencies we need for scale, but gives our customers a better employee experience with an intelligent workspace, putting everything a user needs to do in one place, with one click.”

— Chris Twiest, Technology Officer
RawWorks



Survey focus and methodology

Workspace service providers want to know: How do our business levels and market focus compare with those of our peers? What types of service offerings and cloud technologies are helping providers grow their business? Answers to these questions help current and prospective service providers make informed business decisions and effectively design their go-to-market strategies.

These questions were included in a 2020 global survey of Citrix Service Provider partners, conducted by Citrix. The survey's goal was to gain insights into market status and evolution, and, where possible, compare the results with surveys from previous years. This year's survey generated over **400 responses from Citrix partners, of which 67 percent are both a Citrix Service Provider and Citrix Solution Advisor partner**. Survey responses from all regions illustrate the global appeal of Citrix delivered as a service.

The survey covered a range of topics, including:

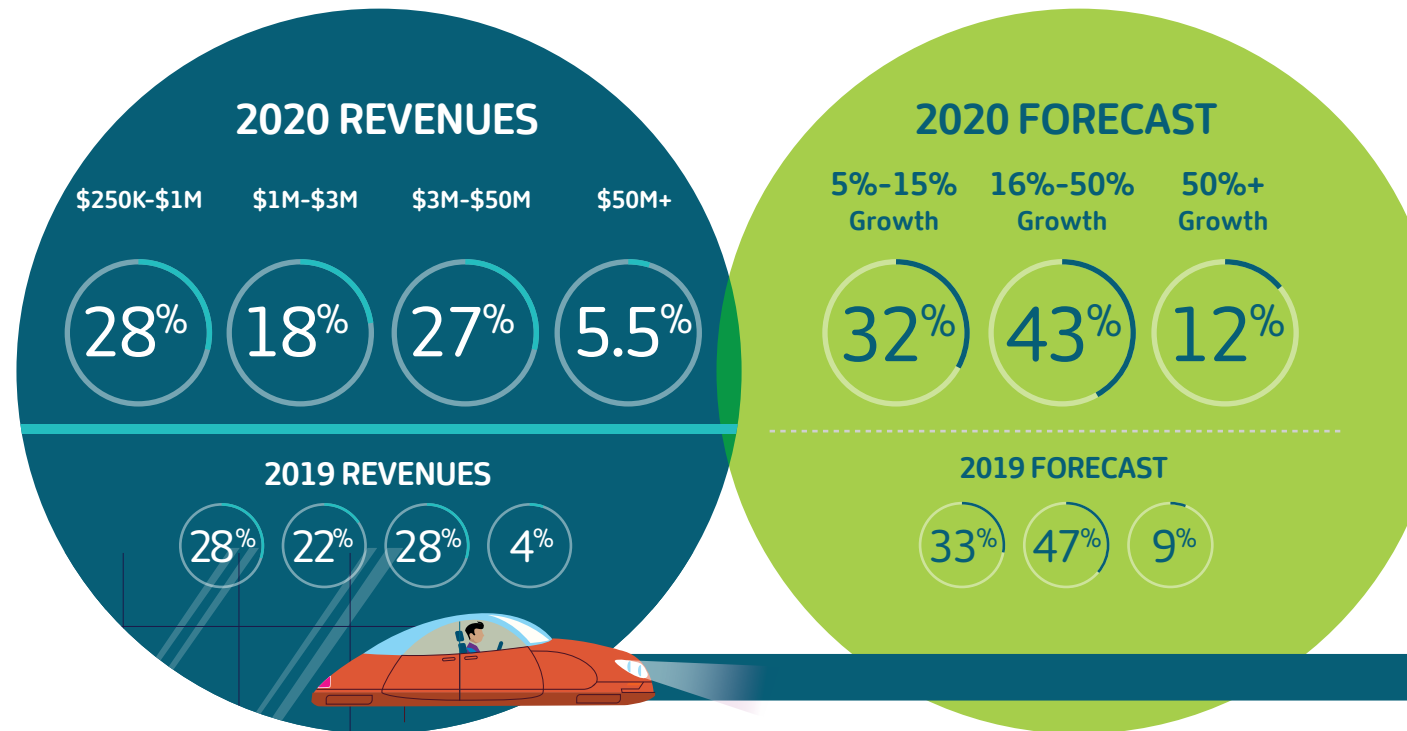
- Levels of annual revenues and monthly subscriber billings.
- Vertical markets served and number of providers with no market specialty.
- Specific service additions planned to promote business growth.
- Status and plans for adopting cloud for both infrastructure and apps.
- Reasons for partnering with and using Citrix.



Key findings

Healthy revenues and subscriptions

The 2020 survey asked providers to indicate their annual revenues, customer size and average monthly subscriber billing for Citrix services, as well as their forecast for 2021 revenues. These numbers show continued, year-over-year healthy levels of increasing success.



Revenues. Just under half of Citrix Service Providers (46 percent) report revenues between US \$250,000 and \$3 million per year for their cloud hosting and managed services business. Within that range, **28 percent reported revenues between \$250,000 and \$1 million** and 18 percent indicated revenues were between \$1 million and \$3 million. Indicating a continued large revenue growth opportunity **27 percent report revenues between \$3 million and \$50 million**, and 5.5 percent have revenues above \$50 million.

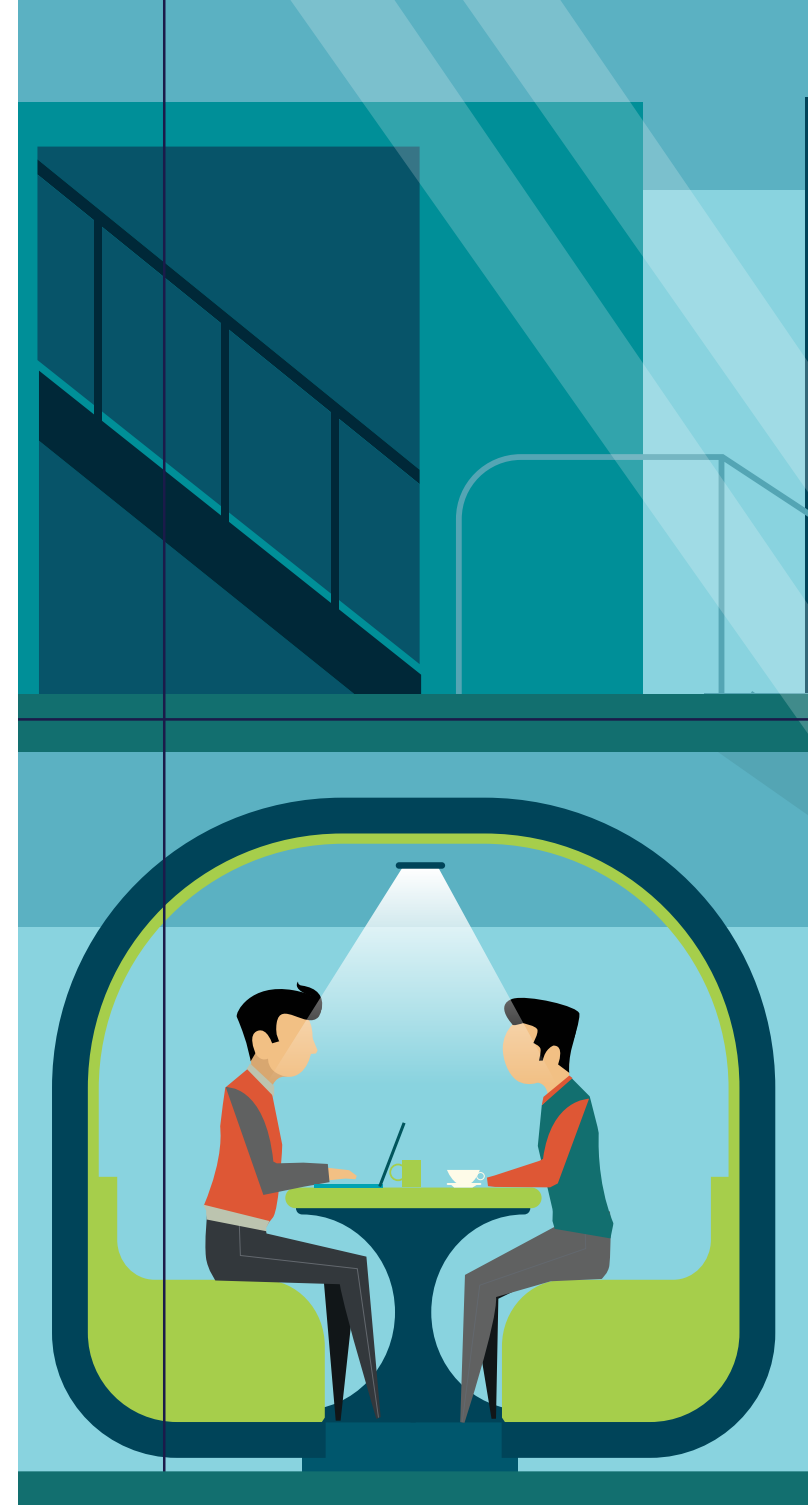
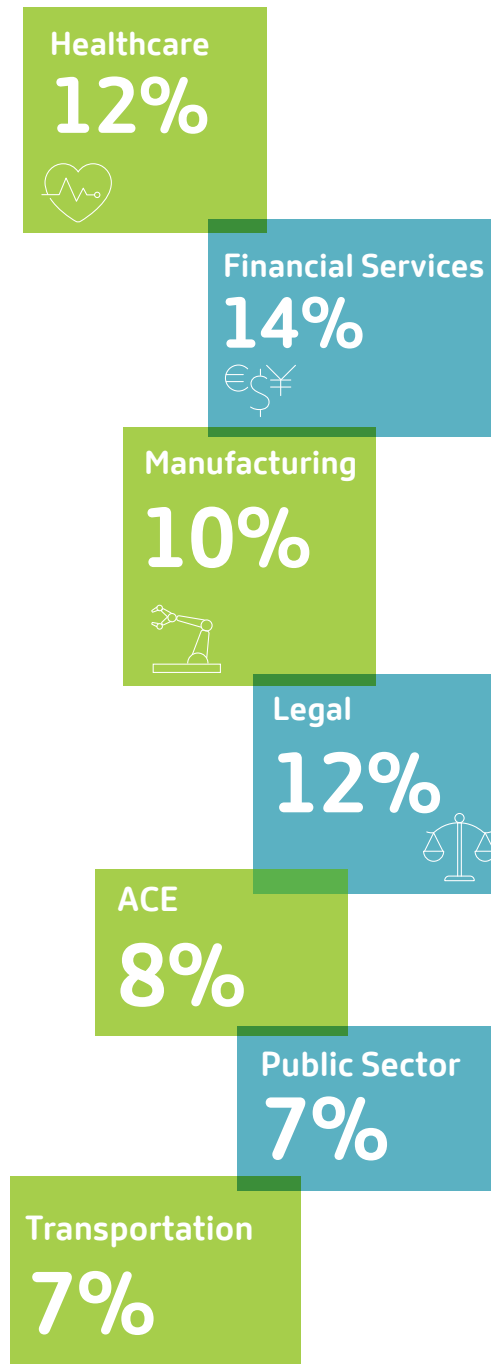
Future revenues. Despite a turbulent 2020, Citrix partners remain optimistic about continued revenue growth that aligns with the 2019 forecast. **Most partners (43 percent) expect revenues to grow between 16 percent and 50 percent**, while another one-third expect less than 15 percent growth. **12 percent are bullish anticipating greater than 50 percent growth**, while a small portion expect flat (10 percent) or declining (3 percent) revenue in the coming year.

Subscriber billings. The highest number of providers (52 percent) indicate subscriber billings between \$300 and \$10,000 monthly. These amounts are significantly higher for some providers, with an additional **19 percent billing up to \$50,000 or more monthly**. Consistent with long-term trends, this customer base comes primarily from small businesses, with **61 percent of subscriptions covering fewer than 100 seats**.

Service providers focus on vertical markets

A large majority of service providers say they specialize in at least one vertical market. In 2020, financial services, healthcare, legal, and manufacturing continued to be the most popular verticals. Rising verticals of interest by partners include architecture/construction/engineering (ACE), transportation, and the public sector.

Citrix Service Providers are maintaining a consistent focus on serving vertical markets with specialized offerings and value-added intellectual property. This is great news for the 40 percent that are planning to offer vertical specialties in the future.



Service offerings to grow the business

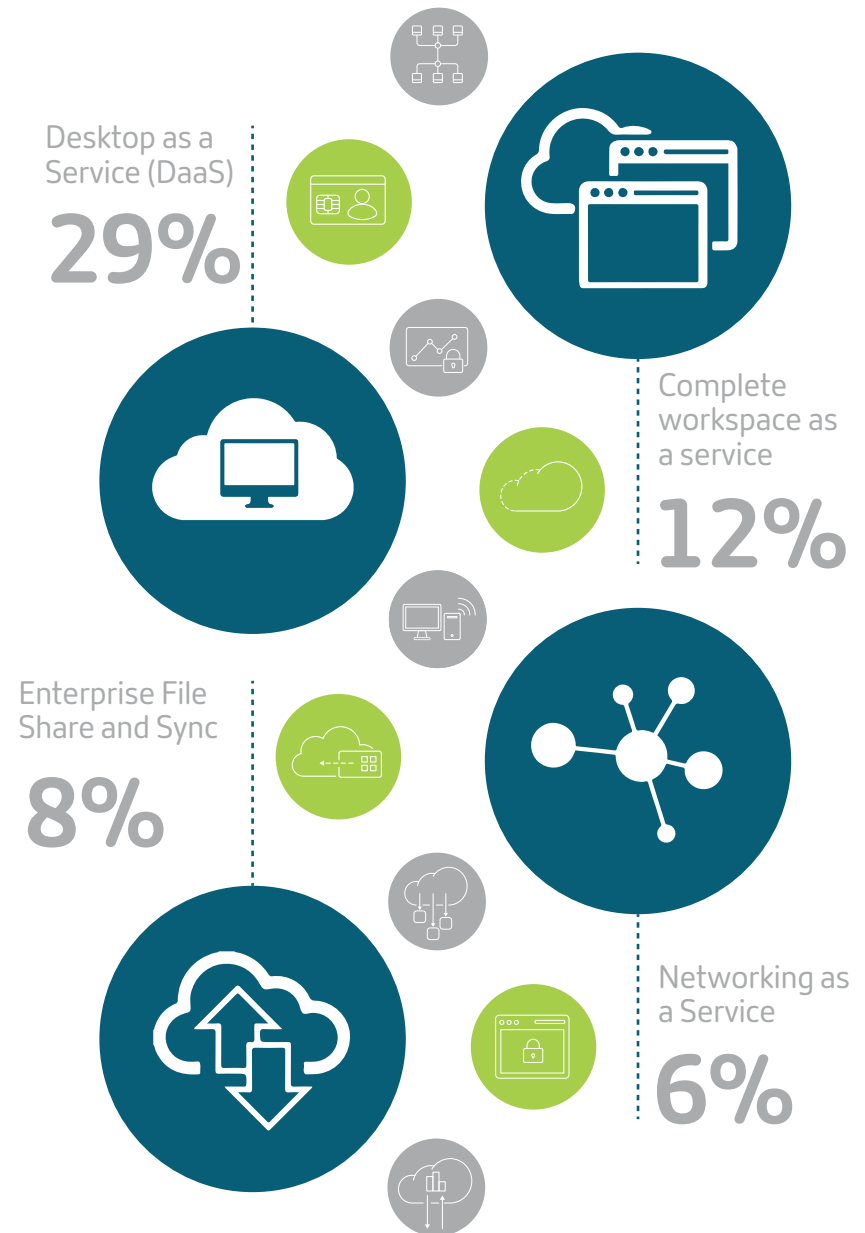
Sustained success as a service provider requires a willingness to regularly review service offerings in response to new technologies and customer trends. The 2020 survey found that the top service offerings planned by providers remained largely consistent with previous years.

Desktop as a Service (DaaS) (29 percent of partners). This offering is the traditional service of Citrix Service Providers and typically encompasses a hosted desktop and Windows-based productivity and line-of-business applications.

Complete workspace as a service (12 percent). This solution combines DaaS with a bundle of applications (Windows, Web, and SaaS) plus mobile device support and file sync and sharing. By delivering much more than just a desktop, providers can attract customers with a higher value offering.

Enterprise File Share and Sync (8 percent). This Citrix solution offers an appealing first choice for customers because it has high user demand and a low barrier to adoption and implementation. These advantages are also made easier by Citrix Cloud.

Networking as a Service (6 percent). As customers consume more cloud services (e.g., partner services, SaaS apps, moving workloads to the cloud), they will have a growing need for cloud-based networking solutions. Citrix networking services provide security, improve performance, and ensure maximum uptime and reliability.



Providers are interested in simplifying remote working with Citrix and Microsoft

Customers are looking for solutions to support work done in remote offices and by mobile employees. Partners are leveraging a variety of services to enable this.

Windows Virtual Desktop gains attention

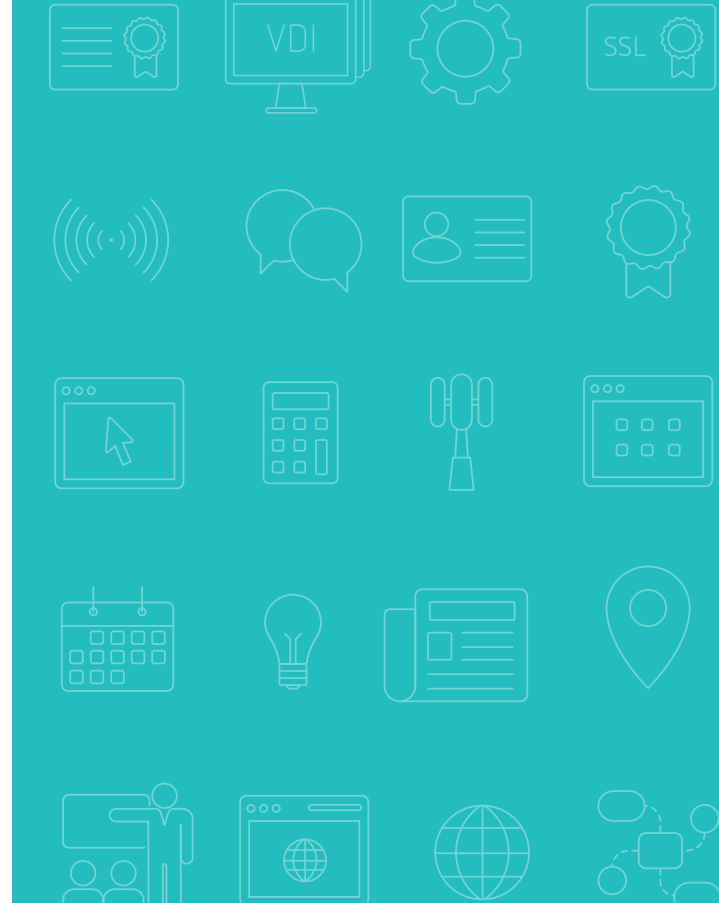
Microsoft's Windows Virtual Desktop is new Azure-native remote desktop service, that allows customers to utilize their existing Microsoft 365 E3+ licenses. **74 percent of partners are looking to Citrix + Windows Virtual Desktop** in the next year to increase the customer experience, expand the technical capabilities, and increase sales margins. Partners can learn more about [Citrix + Windows Virtual Desktop here](#).

Citrix SD-WAN optimizes Microsoft Teams

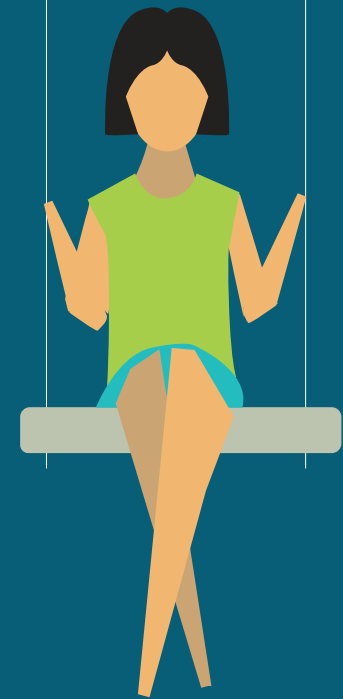
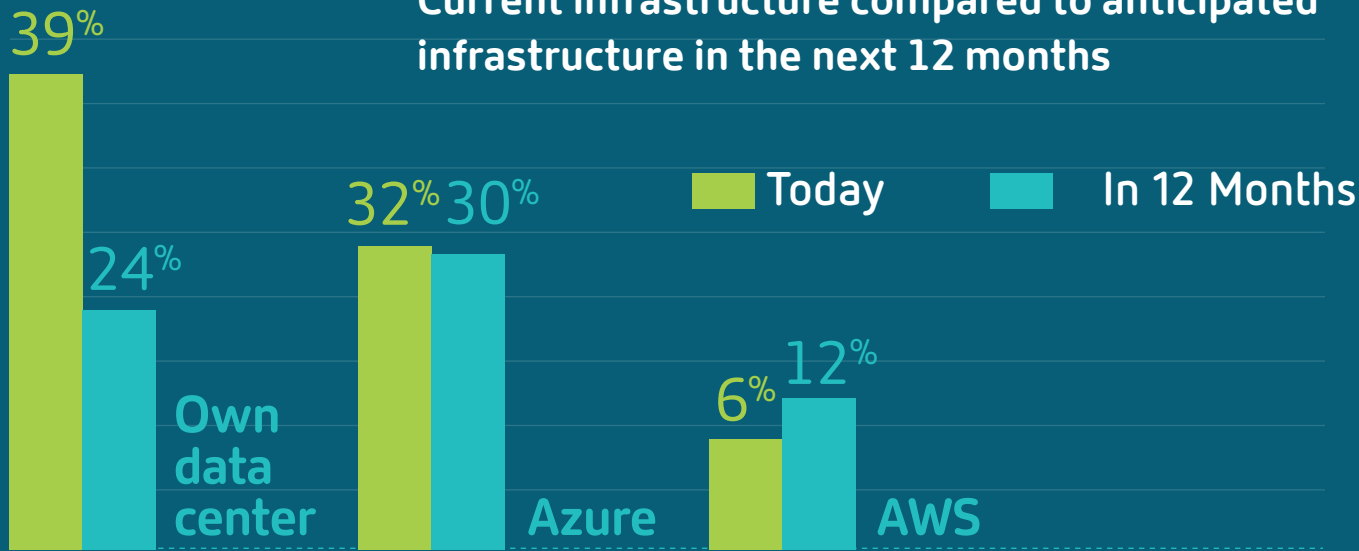
Adoption of the Citrix SD-WAN solution was covered for the first time in the 2019 survey, where 44 percent of partners said they were interested in SD-WAN. This year, **50 percent reported they have implemented or plan to implement SD-WAN**. A driving force for SD-WAN is enhancing Microsoft Teams with more efficient network routing, improved voice and video, and CPU/GPU offload. Those not selling SD-WAN cited the need to develop their SD-WAN business plan (P&L, sales, marketing) before they could introduce the solution into their portfolio.

Citrix Content Collaboration improves file sharing

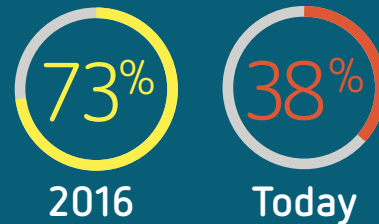
The Citrix Content Collaboration solution (previously called Citrix ShareFile) continued to receive partner interest, with **55 percent offering or planning to offer Content Collaboration**. For existing Microsoft customers, Content Collaboration allows businesses to connect their OneDrive and legacy Windows shares to Content Collaboration for a secure and consistent way to share, store, and sync files – without file migrations.



Current infrastructure compared to anticipated infrastructure in the next 12 months



Percent of partners using their own data centers in 2016 compared to today



Moving infrastructure from datacenter to cloud remains a slow transition

Since 2016, Citrix has tracked the shift from partners using their own datacenters to public clouds for delivering Citrix-powered cloud services. Despite a forecasted 18 percent reduction in datacenter usage going into 2020, actual usage increased slightly from 37 percent in 2019 to 39 percent in 2020. These findings are consistent with the trends reported by TheChannelCo and IPED Consulting, where 64 percent of partners are using one or more datacenter facilities.¹

However, looking into 2021, TheChannelCo research reveals **35 percent of partners plan to be using public clouds for infrastructure**. Financial concerns around staffing and expertise shortages (17 percent), capital constraints (14 percent), and profitability (6 percent) are key drivers why partners do not want to manage their own infrastructure. Citrix research shows that Microsoft Azure and Amazon Web Services (AWS) continue to dominate as the preferred public clouds.

31%
Citrix Virtual Apps
and Desktops
(formerly XenApp
and XenDesktop)

Partners planning
to use one or more of these
services in their business

92%

16%
Citrix Content
Collaboration
(ShareFile
integration)

9%
Citrix Endpoint Management
(formerly XenMobile Service)

Growing adoption of Citrix Cloud services

Over the last year, Citrix Cloud has been widely embraced and adopted by partners. Up 25 percent since 2019, **an impressive 92 percent of partners are now using one or more Citrix Cloud services** in their business. The Citrix Virtual Apps and Desktops service (formerly Citrix XenApp and XenDesktop) is the most widely used service (31 percent), consistent with the core business of partners.

Actual usage of Citrix Content Collaboration (16 percent) and Citrix Endpoint Management (9 percent) reflects partners anticipated usage in 2019, where 13 percent and 7 percent planned to use Content Collaborate and Endpoint Management, respectively. These services are prime examples of how using Citrix Cloud helps providers take attractive new services to market faster and easier. Partners are also turning to Citrix Cloud for their management services, with **70 percent using one or more Citrix Cloud Management tools**.

Top reasons for using Citrix technology

Success as a partner is dependent in part on the strengths and offerings of the vendor. In response to the survey question “Why Citrix?”, providers listed **performance (18 percent)**, **trust in the brand (16 percent)**, **subscriber experience (13 percent)**, **alignment with Microsoft products (10 percent)**, and **cost effectiveness (10 percent)** as top reasons. These reasons reflect the value and reputation delivered by Citrix, which also reflect positively on Citrix Service Provider partners.



BEST PERFORMANCE



WELL-TRUSTED BRAND



END USER (SUBSCRIBER) EXPERIENCE



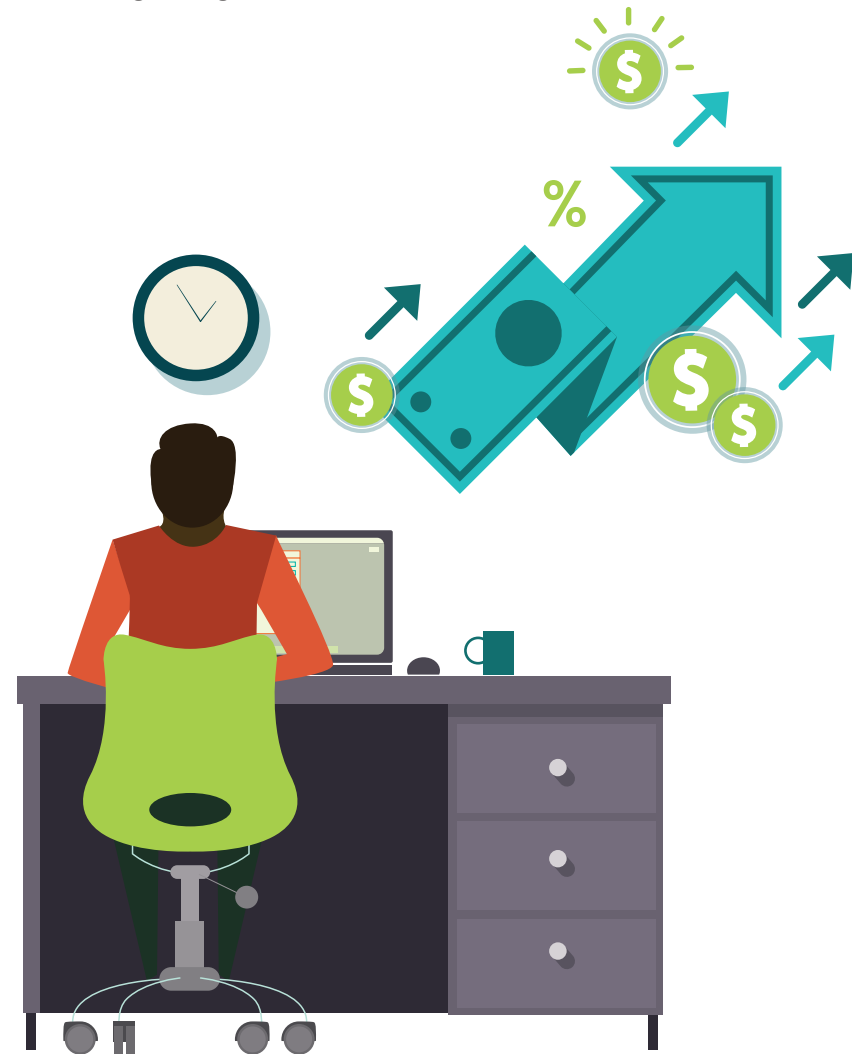
MOST COST EFFECTIVE WAY TO DELIVER SOLUTION



MICROSOFT ALIGNMENT

Investing in Citrix

Partners see their Citrix relationship with strategic (67 percent), not just a technology relationship. In fact, **83 percent are planning to expand their Citrix Service Provider program business in the next year**. Partners will look to Citrix for training, technical aids, and sales and marketing support to help achieve their grown goals.



Implications and trends for service providers

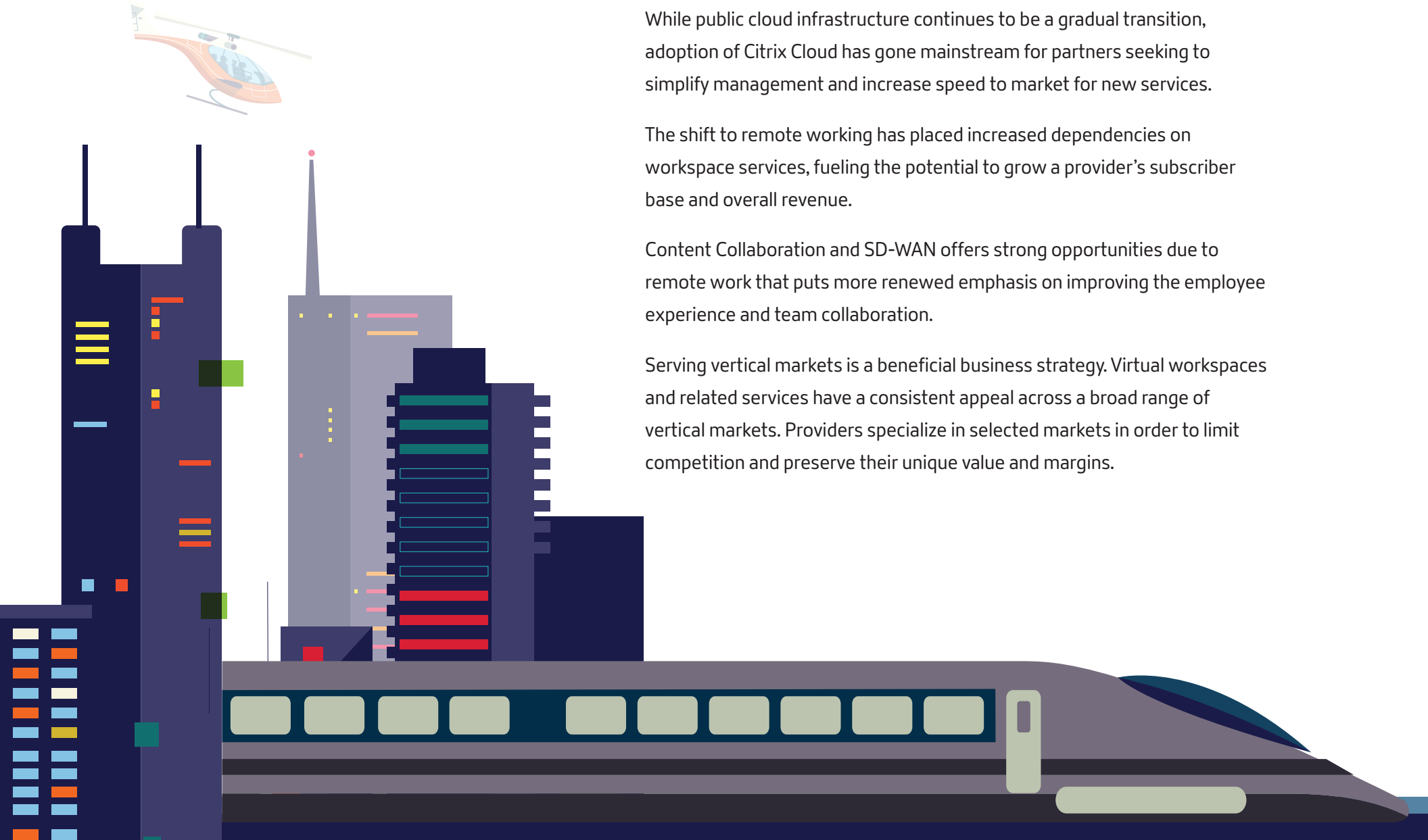
The 2020 Citrix survey points to several interesting trends and implications for service providers to consider.

While public cloud infrastructure continues to be a gradual transition, adoption of Citrix Cloud has gone mainstream for partners seeking to simplify management and increase speed to market for new services.

The shift to remote working has placed increased dependencies on workspace services, fueling the potential to grow a provider's subscriber base and overall revenue.

Content Collaboration and SD-WAN offers strong opportunities due to remote work that puts more renewed emphasis on improving the employee experience and team collaboration.

Serving vertical markets is a beneficial business strategy. Virtual workspaces and related services have a consistent appeal across a broad range of vertical markets. Providers specialize in selected markets in order to limit competition and preserve their unique value and margins.



About the Citrix Service Provider program

Why partner with Citrix?

Customer appetite for workspace services has never been stronger. Citrix helps hosted service providers capture this opportunity with cloud-based subscription services, ideal for addressing customers business continuity and remote workforce challenges. Customers want the trusted, award-winning Citrix solutions for workspace and mobile productivity, Content Collaboration, and networking solutions—all capable of being delivered from the Citrix cloud or the partner's choice of platform or infrastructure.

Providers also value their partnership with Citrix—87 percent would recommend the Citrix Service Provider program to their peers. Learn more about becoming a Citrix Service Provider Partner at www.citrix.com/csp.

About Citrix

Citrix (NASDAQ:CTXS) is powering a better way to work with unified workspace, networking, and analytics solutions that help organizations unlock innovation, engage customers, and boost productivity, without sacrificing security. With Citrix, users get a seamless work experience and IT has a unified platform to secure, manage, and monitor diverse technologies in complex cloud environments. Citrix solutions are in use by more than 400,000 organizations including 99 percent of the Fortune 100 and 98 percent of the Fortune 500.

¹Channelytics® State of Managed Services, TheChannelCo™ and IPED® Consulting



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