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July 2019

Team talk

Microsoft channel chief Gavriella Schuster on the changing face of partner strategy **12**

INDUSTRY REACTIONS TO INSIGHT'S ACQUISITION OF PCM **14** SPECIAL REPORT: HOW THE PRINT CHANNEL MUST EVOLVE TO SURVIVE **17** BIG BOSSES ON THE RIVALS THEY MOST ADMIRE **26**

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For the greater good

It's certainly fair to say that some of Microsoft's recent decisions have raised eyebrows in the channel.

Last year it increased the threshold to be a direct partner in its CSP programme, which wiped out a bunch of its direct partners in one fell swoop.

More recently, it announced that SMBs would now purchase Azure from the vendor itself, rather than through the channel. One partner *CRN* spoke to recently said that they had already competed with Microsoft for business multiple times since the change.

But in this month's Big Interview on p12, Microsoft's global channel boss Gavriella Schuster tells us why, she believes, the tweaks are actually beneficial for partners.

Schuster also talks us through the changing partner landscape, with Microsoft encouraging partners to end their reliance on reselling, and focus more on software development.

In other channel news, June saw the biggest acquisition of the year so far, with Insight snapping up fellow US reseller PCM for a cool $580m.

The deal goes against the grain for Insight, which has typically acquired for skills and capability over recent years.

The move certainly caused a stir in the channel, but Insight chief executive Ken Lamneck said the rationale is to help the firm expand its reach beyond the enterprise space and into the mid-market.

Partners were also in Las Vegas yet again, with Hewlett Packard Enterprise this time playing host.

We're not always sure what we're going to get when we go to these events, but reviews from partners were unanimously positive, with HPE praised for both its technological advancements and push into the services space. You can read our round-up in this month's Spotlight.

> **"We're not sure what we'll get at these events but reviews from partners were positive, with HPE praised for both its technological advancements and push into the services space"**

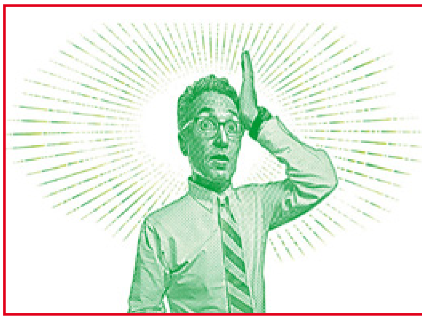
In a more light-hearted article, we speak to a host of distribution bosses on p26, and ask them to name the competitor that they hold the most respect for.

We also speak to Softcat CEO Graeme Watt on p10 about his plans to break the £2bn revenue mark.

Softcat has continued its impressive rate of growth under Watt's stewardship, and recently opened an office in Birmingham as it continues to go after market share.

As ever, please get in touch via *ChannelWeb* or Twitter *@CRN_UK*.

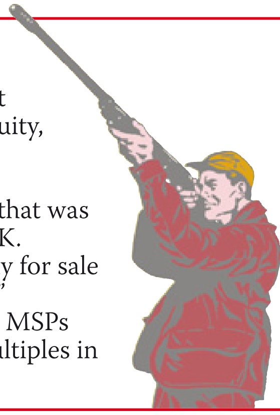
■ *Tom Wright is managing editor of CRN.*



GLOBAL ELITE
CHANNELPARTNERINSIGHT
2019

Five things we've learned this month

1. PRIVATE EQUITY IS CIRCLING



Private equity (PE) firms are taking a keen interest in the channel space, particularly managed service providers, according to a panel of PE experts at a recent *CRN* event.

The investors told us that MSPs with a highly differentiated offering in the market could hit "ridiculous" valuations, with Mehul Patel, partner at SecureData's previous owner August Equity, claiming the business was sold for over 20 times its EBITDA.

Orange paid around £120m for SecureData.

"The reason for that was scarcity," he told the audience. "There was nothing else in the UK that was £50m revenue, growing at 20 per cent, had a SOC, [and was an] independent MSSP in the UK.

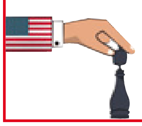
"For those types of businesses, if you are bought not sold – so you're saying you're not really for sale – and you get Orange or some of the big buyers coming for you, the multiples are ridiculous."

While a 20-times valuation is at the high end of the scale, the private equity panel said that MSPs demonstrating strong recurring revenue and solid customer experience can expect to see multiples in the double figures.

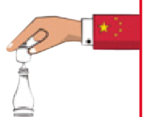
2. TARIFFS ARE TROUBLE

Trump's tariffs may have been seen as an inconvenience when they were first mentioned last year, but it seems that the world's largest vendors are now having to take drastic steps to mitigate the damage they are causing – including moving their operations away from China.

Cisco moved to minimise the manufacturing it carries out in China after Trump raised tariffs on certain products to 25 per cent. More recently, reports have suggested that Dell and HP Inc are preparing to move as much as 30 per cent of their production lines out of China, with Trump preparing to bring devices including PCs and laptops into the tariff fold.



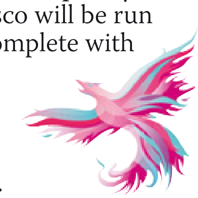
Apple supplier Foxconn has already said it could move its iPhone operation for the US market entirely out of China.



3. MISCO IS BACK

It's not news that many will have expected to see, but fallen giant Misco is now back on the UK channel scene.

It is technically not the same firm as the one that went bust spectacularly in 2017, with UK Computer Group acquiring the naming rights and quickly setting up a new operation. As before, Misco will be run out of a base in Willingborough, complete with a 20,000 sq ft warehouse.



The new incarnation went live at the start of this month, with HP, Dell EMC and Lenovo among its vendor partners.

Several ex-Misco employees have already returned, with UK Computer Group aiming to have a team of 30 in place by the end of the year.

4. A NORDIC GIANT COULD BE ARRIVING

The UK channel could soon be the home of another giant reseller, with Nordic market leader Atea considering an expansion outside its home region.

Atea is £3bn-plus revenue goliath, currently operating in the Nordics and Baltics.

CEO Steiner Sønsteby told *CRN* he is looking to acquire a channel business with at least "a couple of hundred million euros" in sales within the next 12 months.

He said he'd "be disappointed if we're not in at least one more country" in a year's time.

The chief exec added that Atea's vendor partners are encouraging it to take steps outside its current markets and expand to countries where they are under-represented.

5. BECHTLE IS TARGETING THE UK

German giant Bechtle has expanded its capabilities in the UK, setting up an office in Manchester to grow its UK customer base.

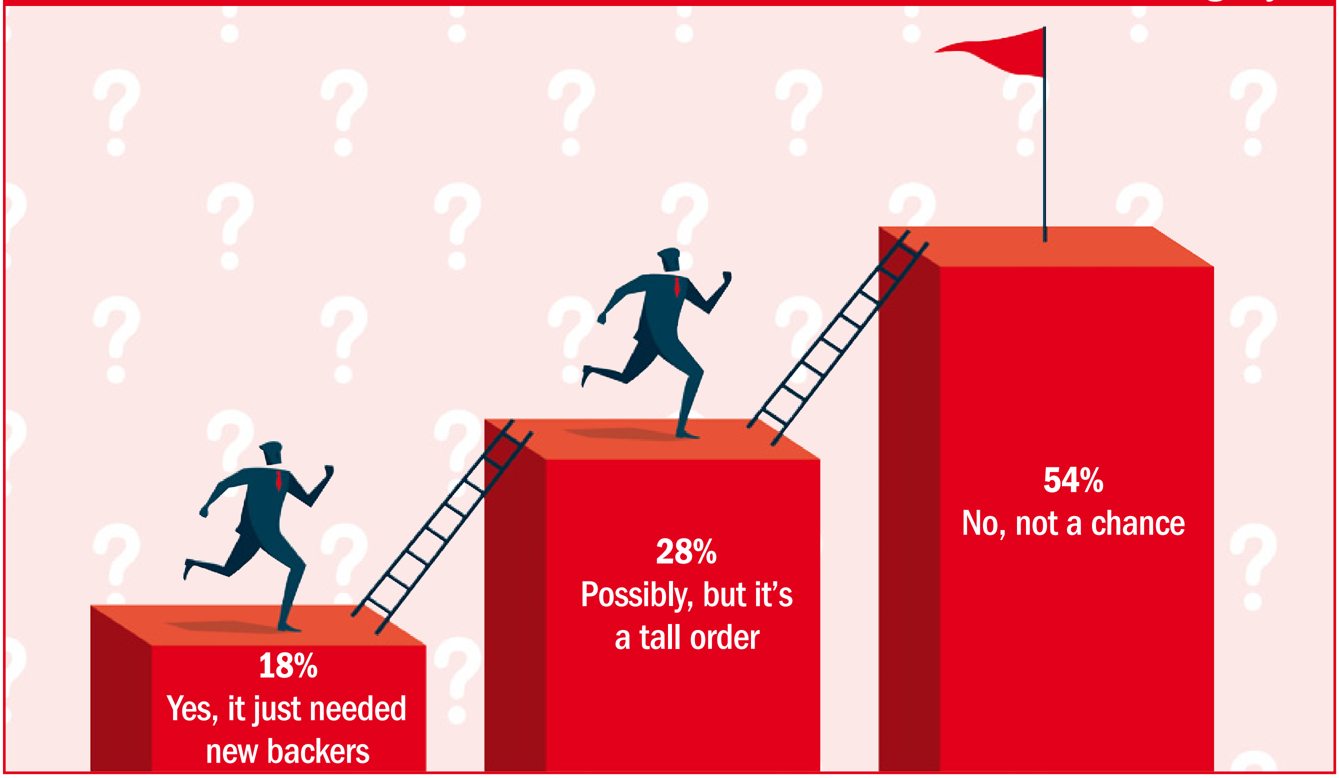
The reseller has set its sights on breaking the £100m revenue barrier, with sales hitting £46.8m in its last accounts on Companies House.

The northern operation has launched with a team of 10 at Manchester Piccadilly, with the site having space for 36 employees.

UK managing director James Napp said that Bechtle will look to combine its e-commerce business with its "solution-based" IT.

"Our great relationships with customers and manufacturers such as HP, HPE, Lenovo, Dell, Cisco and Microsoft will help us capitalise on the incredible growth opportunity in the UK market," he said.

CHANNELWEB POLL: Can Misco's new owners return the brand to its former glory?



FACTS AND FIGURES

4,200
The number of suppliers on G-Cloud

$9bn
How much the cybersecurity industry was worth to the channel in Q1 this year

97%
The amount CrowdStrike's share price soared on its trading debut

1992
The year Apple's departing chief design officer joined the vendor

NOTABLE AND QUOTABLE

"It was basically to get ourselves to a position where we can transition the business into the new world, heavily into the new world, but actually be in a position whereby when the transition happens again, we're not going to go through this whole 18-month nightmare in the business."

ANS CTO Andy Barrow on why the firm burned the boats of hardware resell and shifted drastically to software

HPE Rediscovered

***Tom Wright** analyses the key takeaways from HPE's partner event in Las Vegas*

It's fair to say that Hewlett Packard Enterprise (HPE) has had its ups and downs since splitting from its PC and printer-focused sister HP Inc in 2016.

The divide itself was only the start for HPE, which went on to spin out its Enterprise Services and Software arms into CSC (becoming DXC) and Micro Focus respectively.

After all the moving and shaking, you'd have been forgiven for thinking that HPE would be entirely focused on datacentre hardware – given that was all it was left with.

But at HPE Discover 2019, technology, specifically hardware, was conspicuous by its absence – which is a good thing.

Case studies focused on how the lives and operations of end users had been improved.

Partners were frequently brought on stage or featured in videos, revealing how they had built on top of HPE's platform to tailor a solution for a customer.

The technology was mostly moved into the background and it was largely services that dominated proceedings. Chief executive Antonio Neri revealed that HPE will offer its entire product catalogue as a service by 2022, expanding on its GreenLake offering.

GreenLake has, in one form or another, existed within HPE (and Hewlett Packard) for around eight years but was only made available to channel partners last year.

Alongside HPE's as-a-service offering is Pointnext, its dedicated services arm that sits in a similar place in the channel as partners themselves – to the point where it was zborn out of the vendor's acquisitions of RedPixie and Cloud Technology Partners.

But does this mean that HPE is positioning itself to compete with its channel?

Not according to Ultima chief exec Scott Dodds, who told *CRN* in Las Vegas that these offerings can be utilised by partners.

"The important thing is that we don't see things like GreenLake and Pointnext as a threat," he said. "We use those capabilities extensively in what we do and we augment it, particularly around other software layers and automation.

"It all adds to this basket of things that a partner can bring to the client because there will always be more than a single vendor. The world is very wide from a software perspective now, and cloud actually makes things more complex, not simpler."

Dodds said that automation and artificial intelligence (AI) in data was a noticeable theme of the event, praising HPE for creating platforms that make these emerging technologies more accessible.

"We use automation technology to augment our own autonomous datacentre strategy and that was a big theme of this week in terms of how they're driving that with things like InfoSight," he explained.

"Relevance is another word I'd use. Some of the things you see in the market, generally you think 'that's a nice piece of tech but where

does it fit?' All the stuff that we have been discussing is aligned to what we are trying to do on the datacentre side. That's accelerating; I don't know how they can keep that up."

Partners (and the press) travel to these events never really knowing what to expect from them. Often, you'll just be met with fluffy, intangible strategy updates and not much else.

But every partner *CRN* spoke to at Discover 2019 said the opposite about this event.

"I was talking to some of the partners and the general consensus is that this year has seen a massive acceleration in the announcements and innovation," Dodds said.

"Last year was there or thereabouts; there wasn't much, but at this one – boom – it's accelerated and that is probably the Antonio factor."

SMB love

There was a larger emphasis on the SMB and mid-markets than perhaps at any other HPE event in the past. This included a GreenLake announcement which makes HPE's as-a-service offerings available to smaller businesses for the first time.

GreenLake was widely praised when it was launched in the channel last year; however. partners and HPE itself found the sales process lengthy and complex.

HPE has now released a set of options for smaller businesses which essentially remove some of the time-consuming customisation, instead creating different packages which simplifies the process.

It will also be launching a quotation tool which takes quote generation down from hours to minutes.

James Hardy, deputy managing director at CCS Media, said GreenLake has always been appealing to smaller businesses, but is now genuinely viable.

"The initial launch was for very global-centric organisations," he said. "Now the focus is on the mid-market which is our space, so we had to wait for that transition and now we are absolutely looking at it.

"But it is not just GreenLake as a standalone. The challenge is, when you compare it with cloud, a lot of cloud-centric organisations are at the extreme end of cloud – it is everything in the cloud.

"With GreenLake it's a consumption model from a payment standpoint, but you get all the technology you need, so it is more focused on the customer, as opposed to saying 'we've built this, buy it.'"

Speaking to *CRN*, HPE's channel boss Paul Hunter said that the pivot towards the SMB space is a conscious one across the whole of the vendor's portfolio.

He also highlighted increasing adoption of HPE's InfoSight analytics platform as an example, which CCS' Hardy also called a "game changer" for SMBs, and the launch of Aruba's Instant On WiFi offering.

"We just see a lot of opportunity to increase our market position as it relates to small and mid-sized customers," Hunter said.

"We naturally have an enterprise mentality. We are used to selling to big customers, but of equal applicability is the potential to use technology to change outcomes for small and medium-sized customers.

"We'll be putting more investment into it. It is far more prevalent in the stories that we're telling now and it's a far bigger part of our narrative. Every part of the business has got priorities to grow in SMB."

Scott Ramsay, who started the unit that would become GreenLake around eight years ago, told *CRN* that partners are essential to its future development.

"No question, we simply cannot do this without them," he said. "They are vital to us being successful.

"We only have a fairly limited number of people who can sell this. These deals are still very valuable to us, but do you have a salesperson chasing a £10m deal or a £200,000 deal? Business priority is you'll always allocate people to the bigger deal, so getting partners cranking the handle for us on the £200,000 and £300,000 deals is going to be great for them and great for us."

Primera

The biggest product announcement of Discover was that of Primera – HPE's new high-end, mission-critical storage platform.

Primera enters HPE's storage line-up as the new big gun, with some questioning where this leaves 3PAR (although HPE execs insisted that 3PAR will continue to be supported and enhanced for the foreseeable future).

HPE did not mince its words when launching Primera, claiming that that it is the first mission-critical storage platform to offer 100 per cent guaranteed availability. HPE backs this pledge with a promise to credit customers with "up to" 20 per cent of the value of their Primera array if it breaks this promise.

However, if you read between the lines (or in the brochure), you'll see that this guarantee is only in place for the first three years after purchase. Read even further, and you'll see that any credit can only be used to purchase or upgrade a Primera array. There are also various other factors which would rule out a claim.

> **"I was talking with some of the partners and the general consensus is that this year has seen a massive acceleration in the announcements and innovation"**
>
> **Scott Dodds, Ultima**

'At some point we'll pass £2bn in revenues'

Graeme Watt tells CRN he sees 'no end in sight' for the current digital transformation investment cycle as he declares that the market is as 'good as he's ever seen it'

When Graeme Watt took the reins of Softcat last April, few would have foreseen that its growth would accelerate.

The Marlow-based reseller's revenues swelled from under £56m to £832m during previous talismanic leader Martin Hellawell, and some questioned whether Watt's predecessor had moved into the chairman role just as Softcat was nearing the ceiling of its potential.

But under Watt – a trained accountant and seasoned CEO – the opposite has occurred, with the FTSE 250 firm topping every target before it.

Having broken the £1bn revenue barrier last year, first-half 2019 growth accelerated to 28.5 per cent, comfortably ahead of expectations. This was followed by another positive trading update last month.

'I've never seen it so good'

Talking to *CRN*, Watt claimed that Softcat is far from fulfilling its potential at a time when the investment climate is more buoyant than at any point in his 30-year career.

Softcat's fortunes have been bolstered by a digital transformation investment cycle that has "no end in sight", as well as buoyant spending on hybrid cloud and software-defined, according to the former Tech Data and Bell Micro bigwig.

"I've lost count of how long I've been involved in the IT industry, and I haven't seen it as good as this," he said.

"We talk about digital transformation and the investment cycles associated with that, but the word 'cycle' suggest it's coming to an end, whereas I see it just giving and giving.

"It doesn't matter what sector it is, people are digitising their businesses just to remain relevant and competitive."

The UK's first 5G consumer mobile network went live in six UK cities on 30 May, and Watt predicted that the technology would spur another wave of investment around edge computing and IoT.

"I think 5G will make the ability for people to instrument the environment much easier," he said. "As we know, that drives data, which drives the strong need for an infrastructure that can support all the needs for that data – the storage, the security, the compute, the analytics – which is our sweet spot."

Advantage channel

Despite misgivings in some quarters that some vendors, including Microsoft, have increased their direct engagement with end users, neither is Watt concerned that the channel is falling out of favour as a route to market.

"The view that we're being given by the vendors in the main is that their channel business is growing faster than direct business," he said. "I can't think of a vendor where that isn't the case.

"There's a theoretical concern, particularly around software, that the channel may be disintermediated.

"I don't subscribe to that for at least a couple of reasons. One is that the vendors don't have the capability to sell their technology. We are their sales arm, and they continue to invest in us to do that. And secondly, the customers want to buy IT solutions. They don't want to have to go to 10 or 15 vendors to procure that. Who's going to help them put it all together and optimise it and tell them that is the right stuff to buy? That's what we do.

"For those two reasons alone, I don't believe that they are motivated to do that.

"You also hear from time to time that it's going slightly wrong at companies like Dell – who have a kind of direct heritage and are still changing the model and trying to work out how they can maximise leverage across the whole desktop, Dell Technologies piece with VMware.

"But I encourage my team to look at the bigger picture and say 'actually, I trust them.' Every company has some rogue behaviour from time to time. It's not driven by a hidden agenda. If you look at the bigger picture, we're growing like hell with Dell and others. If there's an individual deal that steps outside the expectation, Dell are ready to address that together with us.

"So I don't think there has been a shift in sentiment or reliance on the channel. I really don't see that."

Headroom for growth

Softcat's growth has been built on rapid expansion of its network of regional sales offices across the UK and – more recently – Ireland.

Watt revealed that Softcat has no current plans to open further satellite locations after it cuts the ribbon on its Birmingham office later this year, but insisted it has the headroom to continue growing by winning more customers and selling more to existing ones.

"You publish the *CRN* numbers, and you have us down at 6.9 per cent of the top 100 and 5.6 per cent of the top 300. So it's hugely fragmented. We think we've got a lot of runway there to go after," he said.

"The other major conurbations are serviced from other offices. But this doesn't stop us from growing. We're probably addressing less than 20 per cent of the customers by number and less than five per cent of the revenue. There's a huge market to go after, and we can do that from the existing infrastructure.

"Getting deeper into existing accounts is definitely a focus for us. We're going to keep on recruiting roughly 600 new accounts a year to fuel mid- and longer-term growth. We've got a simple model. I think we're driving it effectively. We don't see any barriers to continuing that growth."

Although international sales offices don't currently feature in Softcat's growth plans, the firm has been busy setting up an operational capability abroad to oversee the requirements of its multinational customers.

Softcat now has operational presence in Singapore, Hong Kong and Sydney, with the US next on the agenda, Watt confirmed.

"But they are operational, not sales resources," he clarified. "And they are focused on meeting the needs of our UK enterprise customers. We're not expecting them to sell to new customers in those markets."

Watt said he would be disappointed if Softcat's growth into a FTSE 250 firm with nearly 1,500 staff – with all the trappings that go with it – meant it has become a less fun place to work.

"Are we able to do quite the frequency and extravagance of the trips we could do when we were a 20-person firm? When you're a 1,400-person company, obviously not. But if there's one element that was the focus of both Peter Kelly and Martin during their tenure that I will continue to have during my tenure, it's making sure we have a standout culture. In a market where it's difficult to differentiate, that is our number one differentiator."

The Watt way

Watt said one priority is keeping pace with the expectations of the new generation of young sales staff entering the business, particularly around flexible working.

This year, the firm has "slightly" reduced working hours to be in line with the rest of the market, and has also introduced the ability to flex those hours in the morning and evening.

"That went down very favourably – we were probably a bit averse in that," he admitted.

While Peter Kelly built Softcat's culture and Hellawell doubled down on that culture while expanding Softcat beyond its software heritage and taking the firm public, Watt said his job is to build on this while developing its "multinational/international" strategy.

"What am I bringing?" he said.

"The Irish decision had already been made but the multinational/international focus is new. Not because we are running out of runway in the UK and Ireland. But at some point in the future, it will become tougher to grow market share, and we have other options in the locker. Good companies do things in parallel."

Building Softcat's management might well be another priority for Watt as the firm heads towards its next billion in revenues (or – strictly speaking – gross invoiced income as Softcat now refers to it).

"We're very good at putting a lot of time and energy into our teams, but historically we haven't done that at the very highest level," he said. "I'm very conscious that we've just gone through the £1bn mark, and at some point in the not too distant future, we'll go through £2bn. We need to make sure our team has the right leadership in place to keep growing.

"The other thing I bring is some experience of running big companies. Softcat has become a big company. I came from roles at Tech Data, Bell (see Watt in his younger days, above), running big organisations on a multi-country basis with all the people and systems requirements that need to support that. I come with that experience."

"At some point in the future, it will become tougher to grow market share, and we've got other options in the locker. Good companies do things in parallel"

Blurring the lines

Microsoft channel chief Gavriella Schuster talks ***Tom Wright*** *through the firm's evolving partner strategy*

What areas of technology are you encouraging partners to move into at the moment?
Most customers today are in this cloud migration. Our customers have really got hot on 'hey, I just want to get out of my datacentre, real estate is too expensive, it's not really good for the environment, we need a better way', and so on, and then in addition they have their own talent gaps.

They're just looking for how they can move this all into a managed service engagement with cloud services, cloud quality, cloud control, and scale.

That's step one for a lot of our customers and, particularly in the UK, we see the government moving in that direction. We also see all financial services moving in that direction and we have a ton of work going on with the NHS. That is really one of the biggest things, but then as customers do that cloud migration, it gives us an opportunity – and really our partners an opportunity – to start them on an application modernisation path.

Do you think there is still a place for traditional reselling?
What I've been seeing is that we've had a lot of labels for what tech organisations have done over the years and with cloud services, all of that changes.

What is a traditional reseller? Well, there really are very few resellers left. They're doing services engagements in some way or another, they're doing managed services, they're doing IP...

The lines are really blurred, and I think that's what is super exciting.

I get to be at the centre of that through Microsoft, and also in connecting these organisations together – this partner-to-partner motion.

How are you helping your partners transition away from traditional business models?
Partners were already in a place where they were seeing their profitability decline if all they were doing was reselling everybody else's applications.

The value is in having industry expertise, having their own IP that they're enabling onto services, and then thinking about how they move those into managed services, and subscription services.

We have been co-innovating and co-investing with partners such as Insight and CDW for a couple of years in helping them to rethink their business, their business model, and how they move all their seller compensation into a consumption and service delivery model.

Because, especially if you're publicly traded, it takes a while for you to make that transition and still show profitability and revenue. So we've done some modelling, and we help partners make that transition within their own business.

Could you talk us through the changes you recently made to your Cloud Solution Provider (CSP) programme, raising the threshold to be a direct partner?

We continue to invest in this modern commerce platform and then CSP, so that we take the transaction operations work away from partners having to invest in it.

In the past, you had to be such an expert, and you had to invest so much to have a business that could actually manage the complexity of an enterprise procurement department and that's why we had these complex agreements, like enterprise agreements.

With the modern commerce, we take out a lot of that complexity by automating it, so nobody has to do it.

So if I'm a small partner, my expertise is in my innovation, my ideas and being able to bring it all together for the customer and understanding my market.

That's my expertise, I don't really want to have 1,000 people in the back end managing the service once I've gone out and sold it, so I'm going to look at an indirect provider who can provide that ongoing helpdesk and managed service to my customers while I continue to go out and get new customers.

Microsoft also recently made changes to how SMBs purchase Azure. How has this affected partners?

Some of the changes we've made mean the customer comes in, they purchase directly, and then they have a partner who comes in and says, 'hey, but I could actually manage this service for you'.

We now have a way to track the partner who's managing that service, so that we can pay them essentially some supplemental payment service for doing that for the customer and we call that a partner admin link, where they're managing that service on behalf of the customer.

If they want to step up into a whole set of managed services to the partner through CSP, they'll be able to transfer what they purchased directly into that CSP subscription, seamlessly.

We have made a lot of changes on modern commerce to make that better and easier, both for our customers to get started and for our partners to take over.

Mostly in cloud services, when you're talking about a smaller customer, they are going to start really small. And so this is an enabler. It enables them to start small and then grow and have someone counsel them and help them grow.

How are you seeing the emergence of enterprise marketplaces?

We see customers doing a lot more self-serve now. Eighty per cent of their decisions are made by doing the research themselves, finding out what's possible, and then just going to someone and saying, 'hey, it looks like I could do this, can you help me do it?'

I think what it eliminates, in a lot of good ways, is the pre-sales work that is very costly for any organisation trying to sell anything.

But at an enterprise level, because they have these big procurement offices, they tend to just do trials, or they'll do a very small purchase.

Maybe five or 10 people in a division will see if the application works, then they'll go back to the organisation to do the actual purchasing, because they want to do all that negotiation and everything else.

Through our own marketplace we send about 300,000 leads a month out to our partners, and we see about a 40 per cent conversion from trial to sale. What I hear from our partners is they turn very big after they leave the marketplace.

Partners sell across Microsoft's entire portfolio. From a personal perspective, how do you keep track of all the products they are working with?

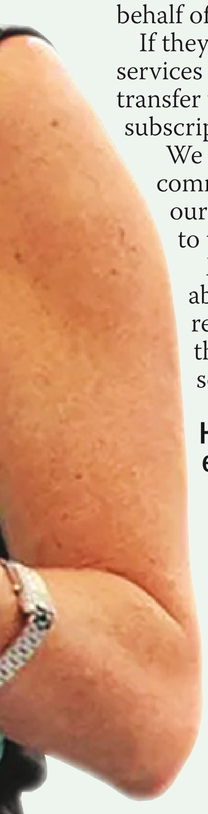
I've been at Microsoft for a really long time and I've moved around and worked in various parts of the business. So at various points in time I was pretty deep technically, and in many of these [parts of the business] actually developing them.

I worked in our Windows client commercial engineering team that works on security and manageability; and how customers can optimise, from a back-end side, the service delivery out to their users.

I also managed our cloud enterprise business in the early stages of Azure. We're now going into end of support on Windows Server 2008 and SQL 2008, but I was the launch manager when we were launching those, and I've worked in enterprise services. So I know these products deeply and have been on a journey as we've developed them.

Do you think Microsoft's culture from promoting within has been important for its renaissance under Satya Nadella?

I think so. We also work really hard to make sure that we have a good balance in that we're also bringing people from outside so that we don't get too insular, and so narrow in our perspective of the world, that we forget what people are going through today. We try to bring people in from industry a lot – not the tech industry, but retail and manufacturing industries [for example], so we can keep up with what's going on there.



> **"What is a traditional reseller? Well, there really are very few resellers left. They're doing services engagements in some way or another, they're doing managed services, they're doing IP... The lines are really blurred, and I think that's what is super exciting"**

An Insight into the mid-market

***Tom Wright** explores the rationale behind Insight's acquisition of fellow US reseller PCM*

Insight shocked the channel at the end of June, when it announced the surprise acquisition of US counterpart PCM, in a deal valuing the firm at $581m (£457m).

The move goes against the grain for Insight, with its recent M&A strategy focusing on acquiring skills and services capabilities as it looks to rely less on hardware sales in future.

PCM fits more into the traditional reseller space, deriving 75 per cent of its revenue from hardware sales, 15 per cent from software and 10 per cent from services.

The combined business is expected to hit sales of $9bn annually, with a gross margin higher than those currently generated by Insight alone.

On a call with investors, Lamneck said that PCM's customer base will allow Insight to sell its previously enterprise-focused solutions to smaller customers, with PCM playing largely in the mid-market.

"Strategically we have been very focused on how we build our mid-market play, from an account point of view, as we have been skewed towards the enterprise," he said. "That's an area that PCM brings a lot of value; about $1.6bn of its business is in mid-market and corporate clients.

"They will help us enable and grow our business, which is to take the engine we have built and extend that to a much broader base of clients, which is really important to us as we move into these solution areas.

"It brings $224m in services revenue to us, at an added gross margin, and the scale play makes sense for us."

On the earnings call, Insight said that PCM derived 37 per cent of sales from the US mid-market in 2018, 12 per cent from the public sector, and 39 per cent from corporate accounts. The remaining 12 per cent came from the UK and Canada.

Over the last four years PCM has grown at a compound annual growth rate of 16 per cent for gross profit, with net sales growing at a rate of 12 per cent over the same period.

The acquisition will also bolster Insight's position in Canada, boosting sales by around 70 per cent.

Lamneck said that Insight will become the number three player in Canada, up from a "sub-10" position, and will also gain Cisco Gold accreditation.

Insight's CFO Glynis Bryan revealed that there was no auction for PCM, explaining that dialogue had been happening between the two businesses for a number of years before the acquistion.

She also said that Insight was the frontrunner to acquire PCM "because of the relationship between the two CEOs".

Side by side

Insight is considerably larger than PCM, with annual sales of $7bn compared with $2.2bn.

Insight highlighted the fact that PCM's gross margins are slightly higher, at 15 per cent compared with Insight's 14 per cent.

However, when it comes to net margin, PCM is at one per cent, with Insight at over two per cent.

In comparison, UK reseller giant Softcat has a net margin of five per cent, according to our most recent *Top VARs* report, with Computacenter at 2.8 per cent and CDW at four per cent.

Insight's £500m UK business also dwarfs the recently set up PCM UK operation, with Lamneck saying that he expects $60m to be added to Insight's EMEA business annually as a result of the operation.

The chief exec also said that Insight expects to boost its profit margins through cost synergies, primarily associated with back-end operations. He added that

moving PCM onto Insight's SAP systems will bring significant cost savings, with Insight ultimately expecting to save $70m annually.

Insight said that some of these savings will be realised through real estate, but did not go into any detail.

Analysis

When speaking to *CRN* recently, Insight's EMEA boss Wolfgang Ebermann scoffed at the idea of acquiring a traditional reseller, questioning how long the likes of Softcat and Computacenter will continue to see success.

He went so far as to say that Insight should now be considered an ISV because of the money it has poured into software development, despite the fact a huge chunk of its revenue still comes through traditional models.

Its last annual report shows that hardware made up 60 per cent of its sales, software 26 per cent and services 14 per cent.

It is worth highlighting, however, that Ebermann only leads Insight's EMEA operation, and we would not be surprised if he moved for another services-led European business in the near future.

The move for PCM, however, surprised many in the channel.

Stuart Fenton, CEO of QuantiQ and a former Insight boss, told *CRN* that the acquisition is a strange one, given Insight's recent strategy.

"This one has got me scratching my head," he said. "I'm struggling to see why they would do it, other than for scale, and I would imagine there is quite a bit of crossover but the technical capabilities of PCM are relatively minor.

"It seems to be a departure from the strategy that Insight has been following."

When discussing the rationale put forward by Lamneck on the call with investors, Fenton said there is a touch of irony in Insight now looking to bolster its presence outside the enterprise space.

"Insight had a very strong mid-market business in the US 10 years ago and largely let it waste away in favour of its larger clients and public sector business, with the exception of in Canada," he said.

"It's a market that they largely had great share in through the mid-2000s but they made the decision to move away from it and it was one that I didn't like.

"During my tenure it was a decision that I didn't agree with and I welcome the fact that they are returning to the mid-market. But it's a terribly expensive way of doing it."

PCM has itself been struggling through its own transformation, with mixed results.

The firm announced a drop in sales in its last reported quarter, down two per cent to $534m. However, gross profit rose 20 basis points.

Earlier in the year PCM CEO Frank Khulusi had hinted that the reseller could look to expand into mainland Europe, partially as a result of Brexit.

The chief exec also implied that he is not happy with the growth in its UK operation, stating publicly that Brexit disruption is not an acceptable excuse for any setbacks.

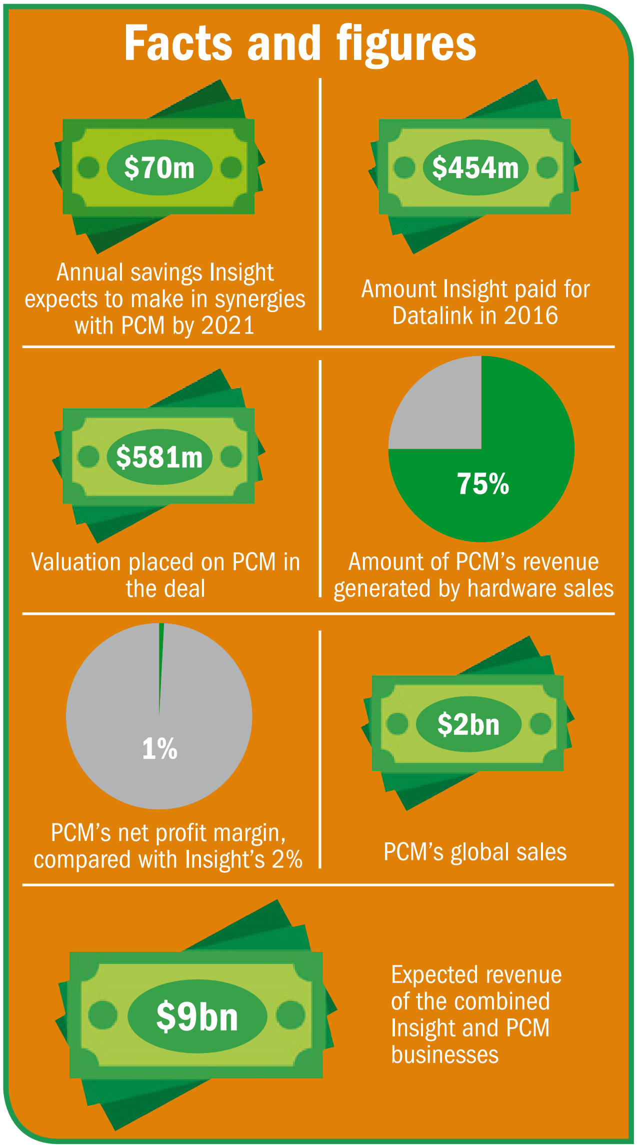
Analysts have given the acquisition mixed reviews, with Adam Tindle of US investment firm Raymond James calling it an "unwelcomed departure from [Insight's] playbook", referring to its recent track record of acquiring for skills rather than scale.

He also highlighted that the acquisition value represents around 30 per cent of Insight's enterprise value.

Tindle, however, pointed out that Insight has done a good job integrating the $258m acquisition of Datalink, but said the PCM deal is more risky because the reseller has narrower margins and more vendor crossover with Insight itself.

He also said that Insight could be hit with costs greater than the $25m it expects to spend on integrating PCM, citing a potential ERP transition and the "recent slowdown in growth for PCM to a single-digit outlook".

CRN contacted Insight after the acquisition was announced, but was told it is not currently doing interviews with the press.



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*Buyers Laboratory LLC (BLI) Brother Genuine toner cartridges for the HL-L8360CDW vs. Ten compatible brands report July 2018.

Print condition

Examining how the channel must evolve as businesses seek to eliminate devices and reduce consumption

Managing expectations

*The disconnect between end users' perception of MPS and the reality of the benefits it can provide is a huge channel opportunity, believes **Phil Jones***

The demand for printing solutions within SMEs and large enterprises remains buoyant despite the current uncertainty which surrounds the UK's business landscape and the repeated warnings about the advent of the paperless office.

We spoke to more than 200 IT decision makers in companies with more than 50 employees and found that over a third are expecting their budgets to grow over the next 12 months, with almost one in five expecting a rise of 10 per cent or more.

But despite the funds being available to invest, the findings show that the pressure to optimise costs is still high on the agenda. More than half tell us that their investment decisions in print and scanning infrastructure are being driven by a desire to deliver cost savings.

Managed print services (MPS) is one such solution that is helping many companies tackle these challenges and introduce significant savings in cost and efficiency. According to our research, more than 60 per cent have already made the switch, with almost a third saying the ability to have a joined-up, multi-site strategy and consolidate devices was integral to their decision.

But for the remainder, there is a disconnect. While IT leaders say they need to keep costs as low as possible, their main concern about MPS is a perceived price premium.

This awareness issue presents a huge opportunity but also a challenge for resellers working across the channel to put this type of solution on the table. Print can be seen as a utility in businesses today and busy schedules and workloads mean it's not always high on the strategic agenda. MPS helps move the conversation from printers to printing, with partners playing an important role in the pre- and post-deployment stages.

At Brother UK, we offer a wide range of products, services and solutions for businesses of all sizes. We work with our customers and partners to ensure they have a reliable printer estate that frees up employee capacity, optimises device locations, enhances security and provides the opportunity for businesses to have an integrated print strategy across multiple sites and locations, at the right cost.

Subscription-based solutions, such as MPS, are where the market is moving given the value these services can offer to all parties in the value chain.

■ *Phil Jones is managing director at Brother UK*

Less is more

As end users look to reduce their reliance on print, resellers must redefine their relationships with clients. Our research investigates what CIOs require from their printing partners

As a business grows it will, necessarily, require more storage, a bigger network, better security, and greater numbers of end-user devices.

To reassure potential customers that such an expanded estate need not come with an equally expanded IT budget, vendors and VARs in those segments of the industry all frequently pledge that their solutions will help users 'do more with less'.

When it comes to the print sector, a quick recce of the internet reveals that almost all of the world's foremost manufacturers have devoted some of their online presence to publishing blogs, whitepapers, or other written guidance on the subject of 'how to go paperless'.

The pitch here seems to be simply: 'do less'.

Which, on the face of it, would seem to be a case of turkeys voting for Christmas.

But the reality is that such advice is merely a sign of the print industry's ability to adapt and find new ways to prosper.

The concept of the paperless office is more than 40 years old. And, more than ever, financial, operational, and environmental factors are all driving end users to try to reduce how much they print.

If resellers want to remain their customers' trusted partners, they need to support them in doing so – not stand in their way.

The good news for channel players – and their clients – is that there are a wide range of technologies and services that can help.

Scanners and secure digital documents offer an alternative to paper files, while managed services provide a way to keep a closer eye and a tighter rein on print volumes – especially if technologies such as authentication and analytics are deployed.

Meanwhile, new form factors, such as mobile printers and, in particular, 3D printers, have clear use cases in industries such as manufacturing, logistics, and retail.

End users' desire to use print more smartly and innovatively could actually help channel firms become much more strategically important to their customers.

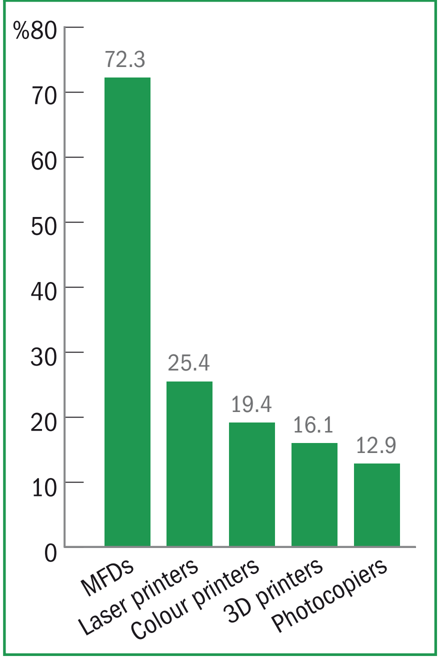
To do so, they must understand the needs of technology leaders and the organisations they represent.

For this report, we gathered data from more than 200 such senior IT decision makers from across the private sector.

Our respondents collectively represented a comprehensive range of sectors – spanning everything from professional services to heavy industry – and were drawn in equal measure from microbusinesses, SMEs, mid-market firms, large enterprises, and multinational giants.

Our participants told us all about their organisations' print strategy and current hardware, software, and managed services set-up. They also provided detailed feedback on what they look for in a provider, and their experiences with existing suppliers.

1. Which print hardware products represent the three most strategically or operationally important investments for your firm over the next 18 months?



The first, and perhaps most significant, finding of this study is that – in spite of both the shift towards going paper-free and the wider economic uncertainty – end-user budgets for print and related services are holding up very well.

Eight in 10 respondents expect their spending pot for the next financial year to at least stay the same, with 41.2 per cent foreseeing an increase. About one in six respondents indicated that their organisation's print budget will swell by upwards of 10 per cent.

Only 5.4 per cent expect a double-digit decline, with a further 11 per cent forecasting a slight drop.

The existing hardware estates of our respondents are well stocked with the staples of the print sector; some 83.9 per cent of firms use multi-function devices (MFDs), with 68.7 per cent owning laser printers and 65.7 per cent possessing colour printers, ahead of photocopiers on 56.5 per cent and A3 printers on 50.4 per cent.

But even newer and more niche technologies have achieved some market penetration, with about one in seven businesses now owning a 3D printer. Mobile printers, on 18.7 per cent, and mobile scanners, on 17.8 per cent, also appear to be growing in popularity.

For print resellers and services providers, although hardware margins may be somewhat under pressure, there are still pockets of profitability, according to Brother UK's head of product management Andy Johnson.

"Price points are being squeezed across many traditional products but there a number of high-growth solutions, such as the colour laser all-in-one printer, which offer significant opportunities to boost revenue," he said.

When we asked our IT chiefs to select up to three print technologies that are likely to represent their most operationally or strategically important investments over the next 18 months, we find that strengthening their incumbent infrastructure is top priority, with 72.3 per cent of respondents putting MFDs among the top three items on their shopping list.

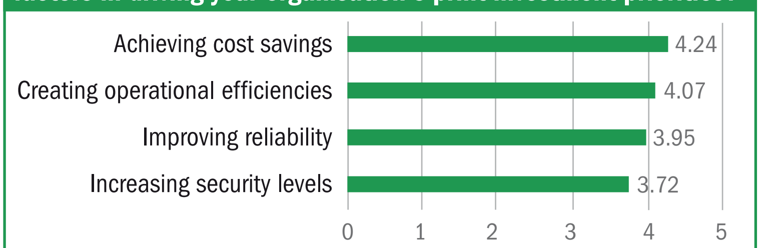
This is a long way ahead of the next most popular options: laser printers on 25.4 per cent; and colour printers on 16.2 per cent. But, once again, we see new technologies gaining a foothold, with 3D printers placing fourth on the list, with 16.1 per cent picking it as an important investment (*see figure 1*).

Creating new efficiencies – whether functional or financial – is the biggest influence in shaping the print priorities of our technology decision makers. Ranked on a scale of one to five – where one is 'not at all important' and five is 'very important' – achieving cost savings was given an average score of 4.24 in terms of its impact on print investments. Creating operational efficiencies scored 4.07. But improving reliability, on 3.95, and increasing security levels, on 3.72, also emerged as significant factors (*see figure 2*).

Indeed, our survey also revealed that a significant proportion of organisations have already invested in various print security technologies.

Some 44.2 per cent of firms operate some form of user authentication based on smart cards, keys, or tokens, while close to 30 per cent have bought print devices with built-in security hardware.

2. How important, on a scale of one to five, are the following factors in driving your organisation's print investment priorities?



About one in four respondents said their business has already invested in both encryption of digital documents and digital signatures. In each case, almost three quarters of those who have not yet invested in these technologies would consider doing so, according to our study.

Services success

Our research finds that some form of managed print service is now used by a clear majority – 61.2 per cent – of companies. But the existence of the remaining 38.8 per cent shows that, for the →

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Our award-winning mono laser range is designed to give your business customers the performance they need, in a package they can trust. Ideal for up to 10,000 pages a month and capable of super-high print speeds, these machines require minimal maintenance and are more than ready to keep up with the demands of life in business.

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Businesses are always looking for ways to be more productive, and Brother's business colour laser range will help you offer them just that. We've combined fast print speeds with minimal maintenance and long-lasting supplies to keep pages printing and businesses moving.

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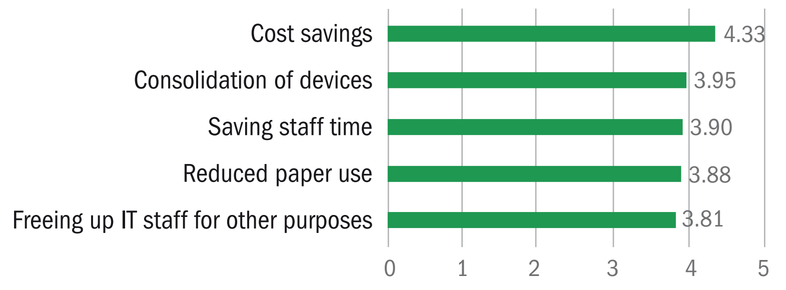
Our new A3 inkjet printer series is designed to deliver the professional performance you and your business customers need. Whichever X-series model you choose, you get class-leading print speeds, professional quality and unmatched reliability as standard.

channel, there is still plenty of headroom for growth.

For those that have already adopted MPS, our findings once again reveal the need for technology investments to demonstrably reduce outgoings or create efficiencies. We asked our respondents to rank on a scale of one to five the key benefits their organisation hoped to achieve via moving to managed print. Way out in front is cost savings, with a mean score of 4.33. Consolidation of devices was next on 3.95, a little ahead of saving staff time on 3.9, reducing paper use on 3.88 and, completing the top five, freeing up internal IT staff for other purposes, which scored 3.81 (*see figure 3*).

3. Ranked on a scale of one to five, what were the key benefits your organisation hoped to achieve via adoption of MPS?



We asked our IT chiefs to provide a little more detail on their experiences with managed print services so far, and whether the technology has delivered the benefits they had sought or hoped for.

The feedback is overwhelmingly positive, with the vast majority pointing to some kind of efficiency gains, such as cutting print usage or reducing their number of devices. Many also cited cost savings.

"The use of managed print services has allowed us to gain visibility and control over our printing activities," said one respondent. "It has also allowed us to deploy a standard solution across all of our sites and locations and remove old legacy print solutions."

Another added: "We have made great savings from print costs and volumes, less waste and a huge reduction in print consumables. Additional unforeseen benefits were gained from people considering their processes and approach to their workstreams because of the print strategy which resulted in lots of individual process improvements."

Using the engineering expertise of a specialist provider is seen by one of our IT chiefs as a major – and underappreciated – benefit.

"Having one company to call for all printer issues and failures is a great benefit. Previously, trying to arrange fixed-price engineer visits or other repairs was very messy and wasted a lot of time; now, within a few hours, someone is here fixing it," they said. "Finance people suggest that it could be cheaper to buy printers and toner and maintain them ourselves, but we don't have hardware engineers on staff, so I believe it would cost more and waste a lot of time for support staff, and for users."

Another respondent added: "Time saving for both technical and non-technical staff is the most noticeable benefit, along with reliability increases – and, therefore, productivity increases – in the organisation."

Several of our respondents flagged up the importance of effective management of services, and the need to work with a reliable provider.

One IT chief said that their organisation had ended up so overstocked with supplies that they had "considered opening a shop to sell toner", while another had the opposite problem.

"We have never had a fully dependable managed print service," they said. "This often leaves us without toner stock – which has a knock-on effect on the rest of the estate as users are over-reliant on the remaining functional devices."

One respondent noted that "the transition process from unmanaged equipment to managed can be a bit bumpy with users".

Another added: "The user base still struggles to understand the concept of self-ordering and toner, for example, does not find its way to the right printer – and has to be reordered at additional cost. Great technology let down by real human factors."

Several of our research participants claimed that, as they move forward with MPS, they would like it to deliver more "insightful reports" into print usage.

Among the four in 10 firms that are yet to adopt any form of managed print services, some 39.5 per cent indicated that their firm simply has not seen the need for it to date. Cost was cited as a barrier to adoption by 37.1 per cent of respondents, with doubts over the potential benefits chosen on 25.8 per cent.

About one in five non-adopters said that being locked in to an existing contract has thus far prevented them from embracing MPS, while the same amount said legacy technology represents a hurdle they are yet to overcome.

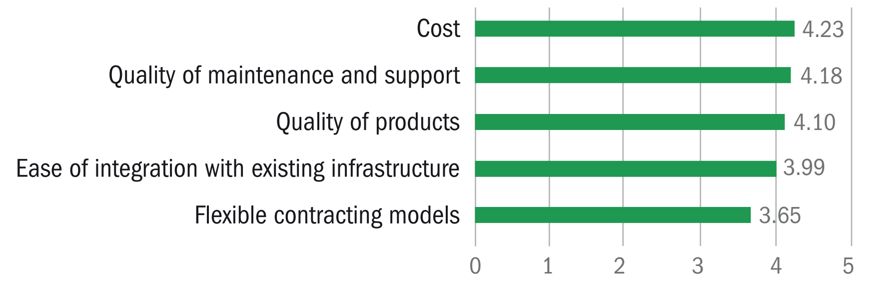
Channel players moving into the managed print space also face barriers to overcome, according to Johnson.

"Putting the infrastructure in place to successfully shift from a transactional model to subscription-based

"Putting the infrastructure in place to successfully shift from a transactional model to subscription-based services represents a significant challenge, particularly when it comes to sales and delivering customer service – vendors must lend a helping hand"
Andy Johnson, Brother

services represents a significant challenge, particularly when it comes to sales and delivering customer service," he said. "Vendors must lend a helping hand. Our MPS programme is designed to help resellers move into this space by providing low-volume contracts that are easily manageable before being scaled up."

4. On a scale of one to five, how important are the following factors in choosing which providers of print technology and services to work with?



Channel choice

In asking our CIOs to rate their most important considerations in choosing print technology and services providers, we find further evidence that cost is king. That said, our survey also clearly demonstrates that end users place a premium on quality and ease.

On a scale of one to five, cost was rated as the biggest factor in picking a print partner, with an average score of 4.23. But a very close second was quality of maintenance and support on 4.18, not far ahead of quality of products on 4.1. Ease of integration with existing infrastructure and processes scored 3.99, while flexible contracting models rounded out the top five on 3.65 (*see figure 4*).

Rather than simple product fulfilment, channel firms should, with the support of their manufacturer partners, use technology to help solve clients' challenges, according to Johnson.

"Rather than selling product specifications, resellers should concentrate on selling solutions that tackle a specific customer issue, such as controlling cost, providing a more integrated network across multiple sites and enhancing security," he added. "Vendors can use their scale and expertise to support resellers. We have dedicated account management for our channel partners alongside a solutions and support function and an end-user team which helps drive business in their direction."

However resellers approach the market, our research indicates that they will find significant opportunity in a wide range of next-generation print technologies and new concepts.

Some 43.5 per cent of respondents said that, within three years, cloud-based MPS will play a key role in their organisation's print strategy, while 39.6 per cent and 36.2 per cent said the same of print security and data analytics respectively. The convergence of IT and print is another trend to watch, with 35.3 per cent indicating that this will come to have a big influence on their strategy in the near future (*see figure 5*).

When we asked our IT decision makers to tell us in more detail about how their print strategy and investments are likely to develop, a couple of familiar themes emerged: cutting the volume of printing; and streamlining the hardware estate. Both were cited as key goals by a vast number of respondents.

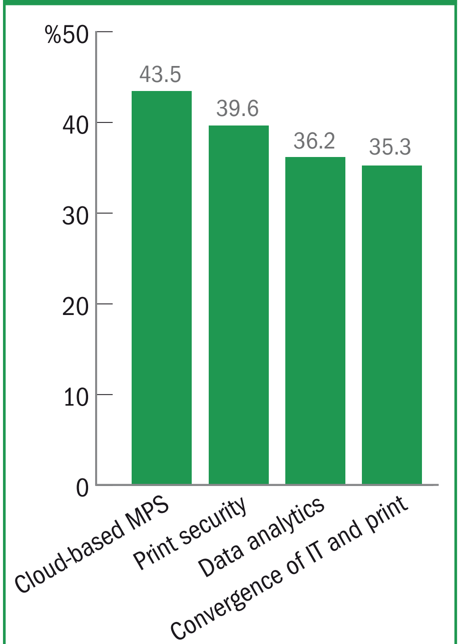
"Over the next couple of years, we want to reduce both the number and range of devices", said one. "This should allow us to achieve further cost savings and efficiencies."

Another added: "Our print requirements and volumes are declining year on year as more items are sent digitally, and I expect this trend to continue."

But, elsewhere, our study reveals significant pockets of interest in new technologies. Several IT leaders from the logistics sector flagged up the potential benefits of mobile printers, with one survey participant saying that their organisation "would like to provide mobile printing in place of pre-printed delivery notes".

Another said: "The main area of focus for change is the trialling – and possible rollout – of mobile printing solutions, for example printing labels from mobile devices. This will result in warehouse operatives being able to print labels where they are needed rather than returning to a static printer – with potentially big productivity gains."

5. Which emerging technologies and trends will play a key role in your organisation's print strategy within the next three years?



In the manufacturing sector, a number of IT chiefs signalled the growing importance of 3D printing.

"A big strategic driver will be 3D printing, to reduce the time for prototype development and currently outsourced work," said one respondent.

Another said that "3D printing may become important as part of low-cost component manufacturing".

Several respondents picked out better analysis of information as a potential means to achieve their organisation's efficiency goals.

One respondent said: "In-house-generated data analytics will be used to greatly reduce the number of devices as well as identify changes we can make in the organisation to reduce the number of pages printed."

By helping businesses like this do a little bit less, the print channel and its clients can achieve a lot more.

Supercharged VARs

As part of CPI's Global Elite report, a lowdown of the 100 largest resellers in the US and Europe, we break down the fastest-growing VARs in the European channel

CPI launched the *Global Elite* last month – a first-of-its-kind report that breaks down the top 100 channel partners in the US and Europe.

Below we've profiled the 10 fastest-growing VARs by revenue out of the top 50 in the European channel.

You can download the full report online, free of charge, at *channelpartnerinsight.com.*

■ *Visit www.channelpartnerinsight.com to get daily news and analysis of the IT channel across Europe and the US*

Softcat

Revenue: €1.23bn (+30% y/y)

Revenues broke the £1bn barrier in its year ending 31 July 2018 for fast-growing UK reseller Softcat, a 30 per cent improvement on the previous year. The London Stock Exchange-listed firm has now logged 54 consecutive quarters of top and bottom-line growth.

A grassroots expansion into Ireland halfway through 2018 marked Softcat's first international expansion play. Its office near Dublin is now manned by around 15 staff, and recently sealed a Gold-level badge with Dell EMC.

But CEO Graeme Watt played down any grandiose expansion plans for Softcat in the future, claiming that there's plenty of room for the reseller to grow in Ireland and the UK organically. It announced plans to open a new office – in Birmingham – later this year, with Watt claiming "there's a lot of market share to go after" in its own back yard.

Softcat works with around 60 vendors, counting the likes of HP, Microsoft, Symantec, Dell EMC, Cisco and Apple among its main strategic partners. The firm boasted a headcount of 1,188 as of July 2018 across seven UK offices.

Softline

Revenue: €1.21bn (+32%)

This Russian heavyweight was founded in 1993, and is now a $1.36bn player. Softline offers a crowded portfolio consisting of more than 3,000 software and hardware manufacturers. It specifically targets growth in emerging markets across eastern Europe, central Asia, the Americas, southeast Asia and India, providing everything from public and private cloud solutions to end-point products and software licensing.

Softline claims to have hit an average sales growth rate of 27 per cent over the last 10 years, and grew revenues by 32 per cent in 2018.

The company has a long-term goal to strike a 50-50 balance between Russian and non-Russian revenues by 2021. Around 50 per cent of Softline's revenues are generated through Microsoft, it claims.

An interesting tie-up between Softline and other Microsoft partners SoftwareONE and Crayon emerged last year. Softline and SoftwareONE both grabbed minority stakes in the newly listed Crayon. At the time, Crayon CEO Rune Syversen said the move from his competitors was testament to Crayon's high value in the market.

Softline also claims to be the fifth-largest cloud solution provider in the Russian market – with more than 150 cloud solution engineers certified with AWS, Microsoft, Google and VMware among others.

SVA

Revenue: €552.2m (+38%)

One of Germany's largest systems integrators, Weisbaden-based System Vertrieb Alexander grew revenues by a barnstorming 38 per cent in its latest-available accounts from 2017 to €552.22m.

A platinum IBM and Citrix partner, Gold-level HPE partner and a Titanium-level Dell EMC partner, SVA has 18 locations in Germany.

Elmec

Revenue: €258m (+41.8%) (2016-18)

Having been in business since the early 70s, Elmec sealed a partnership with IBM in the early 1980s and began selling the vendor's early PC models.

Now, the Lombardy-based company offers managed services in networking, infrastructure, printing and end-user computing. The firm even opened a new Tier IV datacentre in 2015 in Brunello. Elmec operates across seven branches in Italy in addition to a subsidiary in Morbio, Switzerland. It turned over €258m in 2018 and employs 680 staff.

Claranet

Revenue: €367.2m (+49%)

A true M&A machine in the European managed services space, UK-based Claranet has acquired around 20 companies across the continent within the last five years.

But its most recent expansion play came organically through the opening of a new sales office in northern France.

M&A helped supercharge Claranet's revenues in 2018. The firm posted 49 per cent revenue growth year on year to £321.6m (€367.20m).

Lanit

Revenue: €2.3bn (+49% 2016-18)

Claiming to be the 73rd-largest non-public company in Russia and the nation's third-largest IT company, Lanit is the umbrella group of 41 companies employing a total of 11,700 staff. Founded in 1988, the group claims to have more than 2,000 employees certified with more than 250 hardware and software vendors.

2018 revenues reached RUR 164.2bn (€2.3bn), surging past its 2016 total of RUR 110bn. The firm has offices in 16 locations across Russia, as well as locations in three Belarussian cities and an outpost in Canada. Its offering ranges from systems and network integration, cloud services, IT outsourcing and business applications to product life cycle management and big data technologies.

Lutech

Revenue: €400m (+54%)

Lutech recorded a huge revenue jump between 2017 and 2018 as sales rose by a whopping 54 per cent to €400m. The revenue increase even outpaced the 49 per cent growth it achieved the previous year.

The Milan-based systems integrator is Cisco's third-largest partner in Italy. Along with holding Gold status with Cisco, Lutech's main partners include Oracle, Dell EMC, NetApp, Check Point, Fortinet and Forcepoint.

Lutech was acquired by private equity house One Equity Partners (OEP) in July 2017, and general manager Alberto Roseo has since told *CPI* that the new investor will fuel a European expansion drive that will see the firm embark on an M&A spree across Europe.

Since OEP has a European outpost in Frankfurt, Germany will be Lutech's expansion priority, according to Roseo. The Milan-based firm is looking to acquire in fields such as IoT, CRM and big data.

The long-term goal is to create a €500m firm, according to Roseo; an achievable target considering that Lutech has almost quadrupled its revenues in the last four years.

Advania

Revenue: €260.5m (+60%)

Swedish VAR Advania grew its revenues by a whopping 60 per cent to SEK 2.8bn (€260m) in its fiscal 2017.

Last September, it received backing from northern European equity fund VIA for a 30 per cent stake in the firm which it soon ploughed into the Finnish market through its acquisition of local service provider Vintor.

Other accolades include being named the 13th best place to work in Norway by Great Place to Work, while its subsidiary in Iceland was named Microsoft's Partner of the Year this January. Advania now employs 1,200 staff across 25 locations in five countries, 300 of whom work in managed services.

The Nordic MSP has also successfully made a shift towards as-a-service and subscription selling.

Around 23 per cent of Advania's revenues are billed on an hourly basis, while 28 per cent are contract based, according to its 2017 report.

SoftwareONE

Revenue: €10bn (+67%)

In October, SoftwareONE entered into one of the biggest IT channel mergers in recent history with Germany-based licensing rival Comparex. The deal has created a firm that manages an estimated €10bn in software sales and a combined headcount of 5,500 staff in 200 locations across 88 countries.

SoftwareONE execs cited changing customer consumption behaviours as the key rationale behind the deal. We quickly learned that the Comparex brand would disappear as a result of the merger, which was completed the following February.

Before the deal had even closed, SoftwareONE appointed former COO Dieter Schlosser as its new leader to head up the mammoth integration process. Some industry commentators criticised the deal, with one exec comparing it to the disastrous merger between HP and Compaq in 2002.

Just days before SoftwareONE announced its Comparex deal, it acquired a Paris-based MSP called ISI Expert, which it claimed would add to its Microsoft 365 and Azure capabilities.

Getronics

Revenue: €1.16bn (+107%)

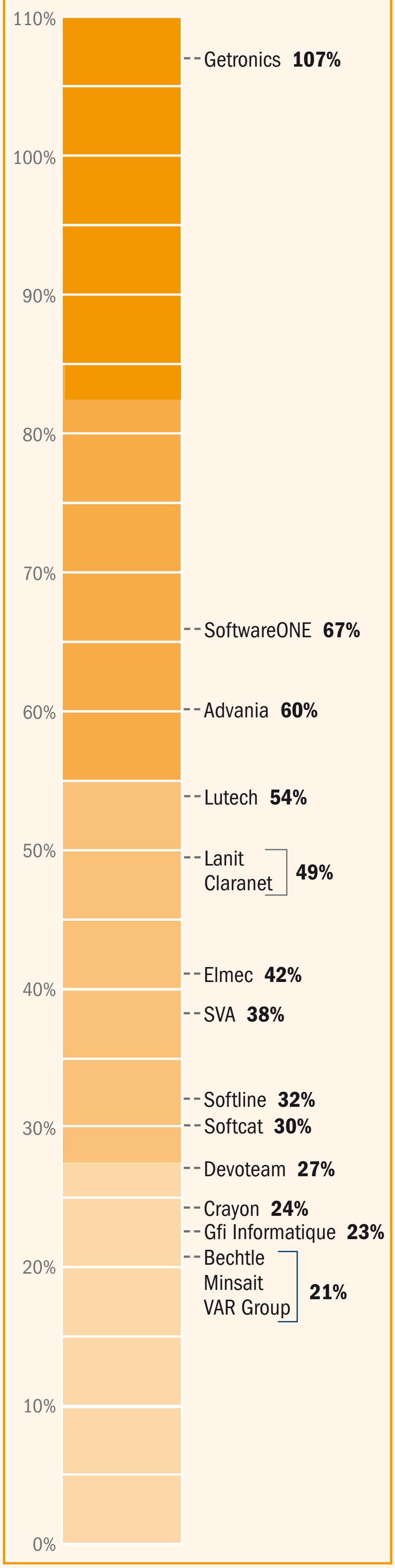
This IT services firm shot up our list to become the largest Benelux-based reseller in the market.

It more than doubled in size last year through its landmark acquisition of US MSP Pomeroy, which created a 9,000-employee-strong organisation with revenues of $1.3bn worldwide – up from about $560m beforehand.

Getronics' chairman Mark Cook orchestrated an $815m financing and recapitalisation transaction to fund the acquisition of the US MSP giant, which partners with HPE, Intel, Dell EMC, HP and Cisco.

The mammoth deal helped Getronics reach its $1bn revenue goal two years early, with CEO Nana Baffour claiming that Getronics' new clout gives it a "huge advantage" over its European rivals.

European Elites with more than 20 per cent revenue growth

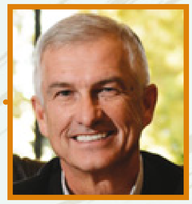


Respect is due

Executives from some of the biggest distributors name the rival they hold in highest esteem

Alex Tatham, managing director, Westcoast
Nominee: ALSO
"You can't look at ALSO and fail to be impressed with their international expansion into 15 countries, ability to partner on cloud services, and their growth across so many parts of their business. Gustavo [Möller-Hergt, ALSO CEO] has done a wonderful job growing the company's results as well as investing in innovation."

Mike Baur, CEO, ScanSource
Nominee: Westcon and Blue Star
"There's one company called Blue Star. I've known them since the early days. They're in Louisville, Kentucky, and they are in barcoding. If you look at that part of our business, they're the rival I see as being the closest in a value proposition to ScanSource historically. From the telecom business, Westcon has historically been the rival that we would put side by side with our value proposition."



Ian Kilpatrick, strategic advisor, Nuvias Group
Nominee: Boll Engineering
"Boll Engineering have been absolutely consistent in their approach over the last three decades. And they have kept themselves deliberately small with a strong focus on their technical commitment. I have considerable respect for Thomas Boll who heads them up."

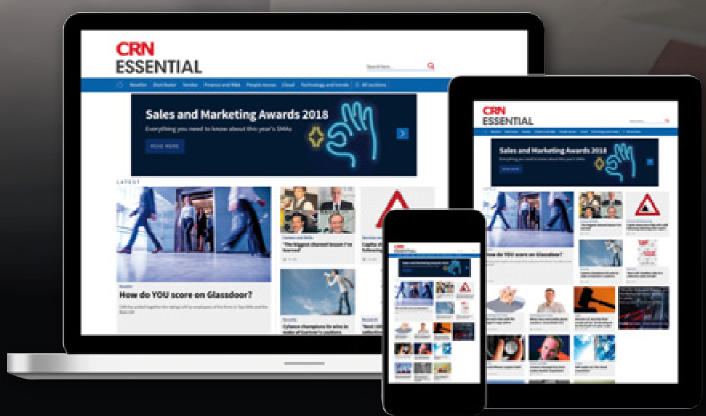
Klaus Schlichtherle, CEO, Infinigate
Nominee: Exclusive Group
"There are so many competitors, but I would say Exclusive Group have had a really great growth story over the last couple of years through acquisitions, which I think has been very well done. Of course, there are side effects; when you expand that quickly with that many acquisitions it is a real challenge but they've been doing it very, very nicely. I think they are a true showcase of when you have a dream and you execute against it."

Hayley Roberts, CEO, Distology
Nominee: Tech Data
"Although not a direct competitor of mine, Tech Data are an interesting company that seem to consistently do well given their size. With such a diverse tech portfolio, not only do they keep the majority of their vendors happy, their salespeople need to be able to sell and support literally millions of different product lines and maintain the same level of standard and support. I take my hat off to them."

Svens Dinsdorfs, CEO, ELKO
Nominee: ALSO
"I think ALSO deserves credit in how they've managed growth through acquisition. At least on the surface it looks like they're succeeding and are not making any big mistakes. It is a dangerous road. You can make some very expensive mistakes. In that sense, they deserve credit."

Adam Davison, sales and marketing director, Cloud Distribution
Nominee: Exclusive Group
"Exclusive Group have done a great job recently. They have an excellent global vision and their business model of acquiring entrepreneurial start-ups in different regions, while allowing their management to remain, has enabled them to achieve full value from their acquisitions.

"The marketing team is also a step up from their global competitors and they have done a superb job of maximising relationships with their core vendors and partners."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