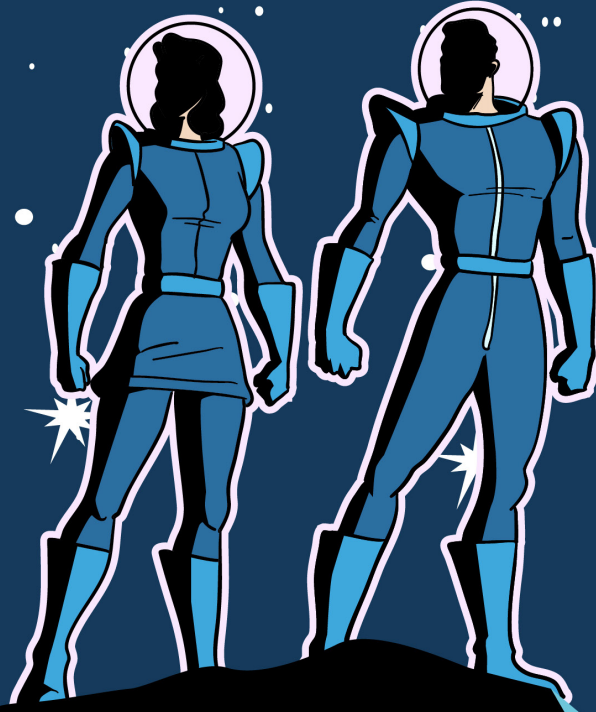


CRN

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2021

RISING STARS: NEW HORIZONS

How seven high-performing resellers and MSPs are gearing up for post-Covid growth

In association with



C O N T E N T S

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Welcome to Rising Stars 2021



How have some of the UK's most ambitious, fastest-growing and most profitable resellers and MSPs been transforming their businesses during the pandemic?

This question forms the crux of *CRN Rising Stars 2021*, which profiles seven high-performance businesses from *CRN's* recent *VAR 350*.

How have these seven companies changed how they operate since Covid struck, and do they expect these changes to stick? How have they adapted, survived, and even thrived during the last 11 months? How are they gearing up for post-Covid growth, and where do they see the biggest growth opportunities?

Over the following pages, we will discover the answers to these posers directly from senior management from the seven companies themselves, which were handpicked based on their high growth and industry-leading profits.

All seven of this year's *Rising Stars* sat outside the top 100 of *CRN's VAR 350 2021*, but none lack ambition. They range from Dell partner that's eyeing £100m in revenues, to a London-based Microsoft Dynamics specialist aiming to be a European leader in its space.

Our septet grew by an average of 109 per cent in

their latest years and boast average net profit margins of 7.8 per cent – well above the 2.5 per cent *VAR 350* average. Many continue to hire aggressively even as the UK hurtles towards a double-dip recession.

These high-growth, high-profit firms are refusing to pull in their horns, knowing that the wave of digital transformation sparked by the pandemic could bring rich rewards for ambitious tech providers.

This 'second wave of digital transformation' – as Microsoft CEO Satya Nadella recently branded it – is seeing courts adopt remote jury technology, the NHS roll out chatbots, businesses adopt hybrid working and schools implement remote learning.

We review some of the case studies the pandemic has thrown up for the channel in a separate section on page 30.

Any business owner could be forgiven for becoming more insular during the pandemic.

But many of the firms in this report expect to not only emerge from the pandemic still growing, but with a healthier business and slicker operating model than before it began.

We hope that this report offers some insight into business resilience in the channel and possible routes to post-Covid growth for resellers and MSPs of all shapes and sizes.

■ *Doug Woodburn is group editor of CRN and Channel Partner Insight*

The best is yet to come

At Agilitas, we are proud to sponsor the coveted *CRN Rising Stars 2021* report – in what has been the year nobody expected. This year's report spotlights some of the UK's most ambitious, fastest growing and leading resellers and MSPs who have been accelerating transformation in their businesses during the pandemic.

As anybody operating in the UK channel will know, the market is growing more and more competitive with every passing year - something that is illustrated clearly by the outstanding calibre of the 'rising stars' celebrated in this report. Not only does it demonstrate their growing capabilities, it also recognises their ability to respond and adapt to the changing world around them.

The pandemic has forced all front-line tech providers to fundamentally rethink what technology they provide in response to how their end clients are consuming it.

It is evident from the businesses recognised in this report that there are many factors behind success and growth; with one being resilience. Many organisations have found that this enables a positive approach to business, which in turn enables better problem-solving and helps to maintain motivation, which is particularly important during a time of so much change.

At Agilitas, we too have looked to be resilient and during Covid accelerated our plans to update our channel services. For example, upgrading our innovative AssureMeNow tool to help our partners continue to do business through Covid-19 with the ability to 'self-serve' quotes. We have also experienced many partners increasing their reliance on our online service portal 'Partnership' to enable them to react quickly and efficiently to customer fault call requests.

Though some of the adaptations from the last

12 months will remain, we are looking at a more hybrid approach to our workplaces and physical meetings being replaced with video calls going forward in the name of cost and time efficiency.

Looking ahead, there is no doubt that it will be the channel firms who have streamlined their operation and embraced change who will continue to succeed as restrictions ease. This will put more emphasis on productivity through automation and ultimately the overall customer experience. There is also seismic change on its way, with 'sustainability' expected to be high on the agenda for all businesses. As a result, we will see an increase in local supply chains, government regulation and environmental targets, piling more pressure onto the channel to update their green and sustainable policies to remain relevant.

It will be clear from reading this report, and the fascinating profiles of the fast-growing businesses within it, that even the likes of a global pandemic is not enough to break the stride of a resilient UK channel sector. Resellers and MSPs could be forgiven for battenning down the hatches and becoming more insular since lockdown struck. However, several of this year's *Rising Stars* have done the opposite, instead seeing the period as a golden opportunity to upgrade their systems and processes and place bets that may well continue to pay off long after social distancing measures ease. There is no doubt that the best is yet to come for those of us who have shown true resilience.

■ *Shaun Lynn is CEO of Agilitas*

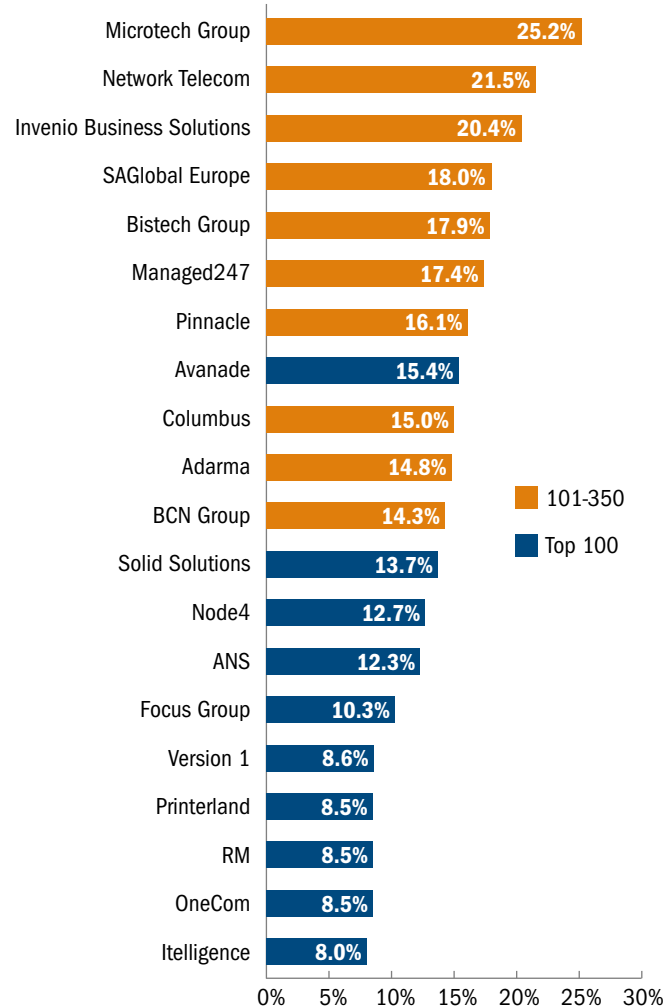


It will be clear from reading this report, and the fascinating profiles of the fast-growing businesses within it, that even the likes of a global pandemic is not enough to break the stride of a resilient UK channel sector.

Pocket rockets

This year's Rising Stars are all ranked between 101 and 350 in the CRN VAR 350. Despite their smaller stature, these 250 firms are significantly more profitable than their top 100 counterparts

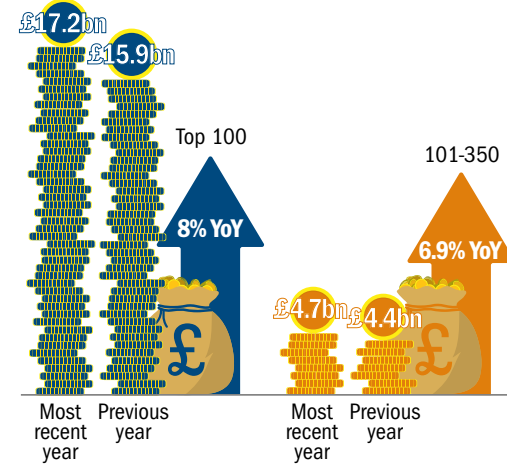
Most profitable firms: 101-350 vs Top 100



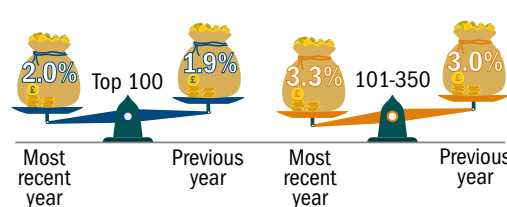
Nine of the VAR 350's ten most profitable firms* – relatively speaking – sit below the top 100, with Microsoft partner Avanade the only top 100 firm to break the stranglehold. Only five firms in the top 100 made a double-digit net profit margin in their latest years, compared with 26 of those ranked 101st to 350th.

*Firms ranked based on net profit margins in their latest filed annual accounts (as of 15 January 2021)

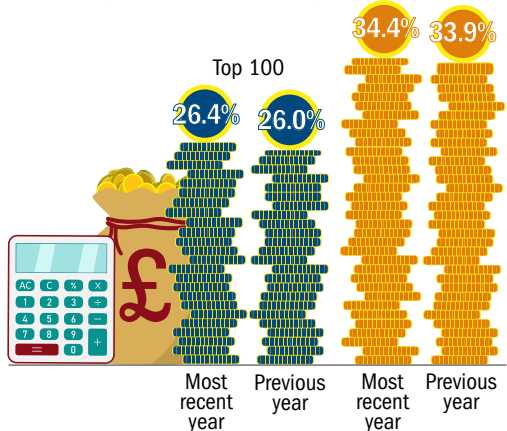
Revenues



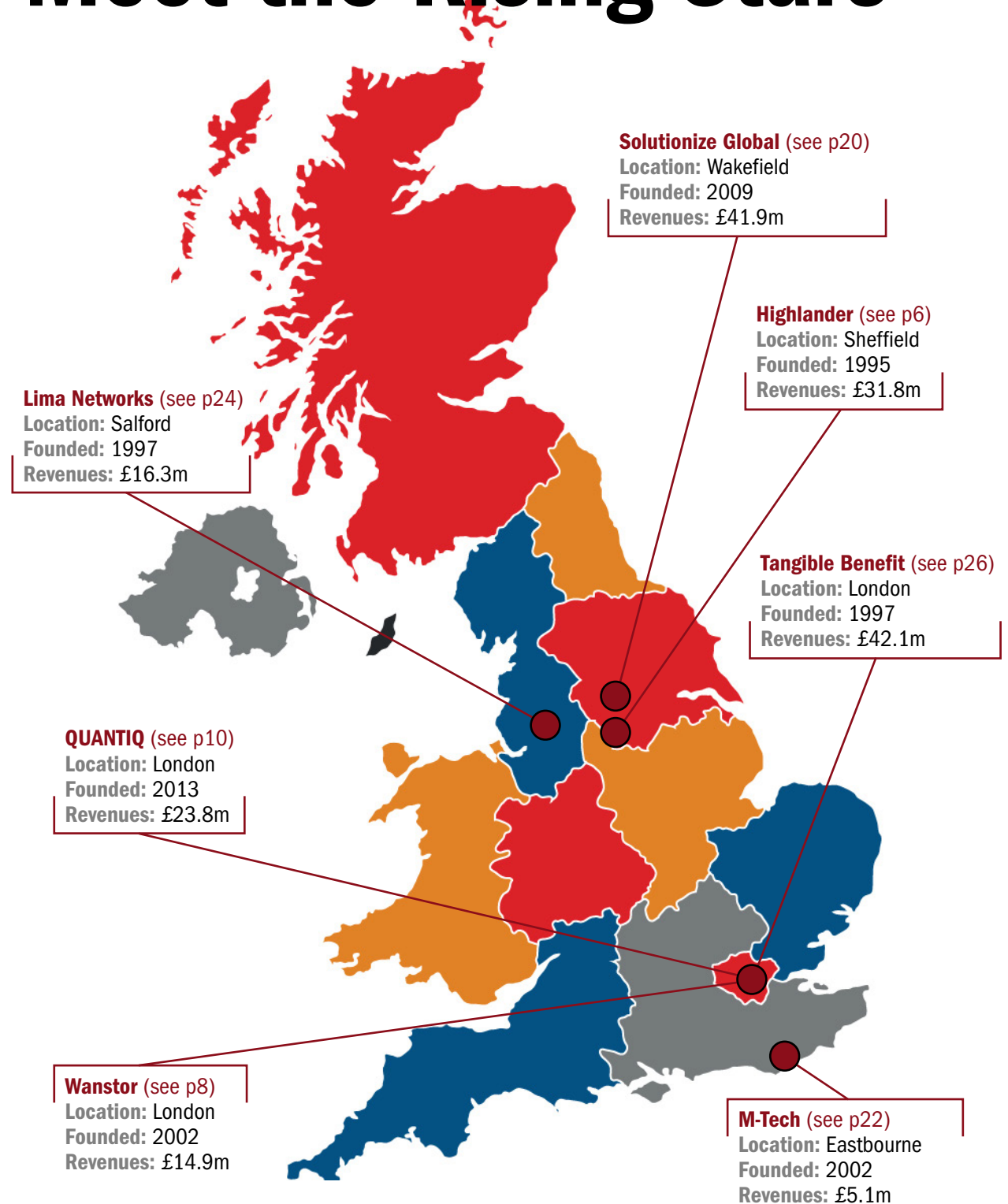
Median net profit margins



Mean gross profit margins



Meet the Rising Stars



“

The pandemic has increased the pace of change

”

Founded: 1995

HQ: Sheffield

Key vendors: Microsoft, HPE, Cisco

VAR 350 ranking: 140

Revenue: £31.8m (+59%)

Net profit margin: 4.6%

HIGHLANDER
 Lockdown has sparked a surge in helpdesk support deals for this fast-growing, technical-led reseller and IT support specialist, according to managing director Steve Brown

Why does Highlander style itself on its website as ‘a bunch of Yorkshire lads and lasses that love IT’?

When I first joined 21 years ago, a typical sales person would sell the technology or solution that made the most margin possible, and then the poor field engineer would pick up the boxes and try to make it work.

We went totally the other way and put the technical people at the front of the sale.

I know the industry is going that way now, but we did it right back at the start. If we’re engaging with a new customer, the first person they see – alongside an account manager – is the technical person. Every single document that goes out of the organisation is sanity checked and signed off by the technical account manager. It’s driven by the technology guys at our place, so we really are the Yorkshire boys and girls who love technology.

What underpinned your fiscal 2019 revenue and profit hike?

It’s consistent work we’ve done with our client base (see page 13 for more). It’s not just about chasing down new deals, but also looking after our current base, and that’s what we’ve done consistently.

Netsuite is something we’re having a big push on because it’s of benefit to our traditional customers. The installs we’ve done have all come from existing

customers. They were asking us ‘how do you run your jobs, warehousing, financials etc’, and we’d just put Netsuite in and got it working really well.

Are you anticipating growth this year?

In our fiscal 2019 [ending 31 August], we had a number of significant jobs drop, so that will probably smooth back out. But in terms of the profit percentage – when you put the pandemic into it plus the demand for IT – I feel we’ll increase on that front.

We’re getting a lot of people who previously were more cautious about releasing part of their helpdesk to us who’ve just gone ‘right, we’re going to do it’. We’d been talking to them for two or three years saying ‘really, there’s no need to have your Exchange server sat there because there’s an application that can do it in the cloud’, but people were so nervous. Then when everyone rushed home in March 2020 we had people calling us on the day saying ‘right, let’s kick that project off’. The pandemic has just increased the pace of change.

What should all good resellers and MSPs be doing during this period to ensure they come out of it stronger?

It’s back to basics. Review the portfolio. Make sure you’ve got something that can satisfy the needs of people right now. Review your systems. And that goes right across the board for us when we’re working to ISO or ITIL standards – making sure they now fit with what you can and can’t do and what clients want.

And the big thing for us was reviewing the health of the business both financially (what are we doing that is dropping to the bottom line, and what is waste?) and also around staff wellbeing. A huge percentage of staff have worked for us for over ten or 15 years and they’ve stayed for a reason. It’s about making sure we’re doing even more for those staff and asking them what they’re thinking and feeling.

Do you have any ambitions to expand the business or make acquisitions?

We are making two new director appointments very shortly, which are internal promotions. We will have a new technical director and sales director. We’re seeing room for growth already and we’re always on the look-out for new opportunities. We’ve never taken the plunge and purchased anyone but it is something we will look at.



WANSTOR

This London-based MSP – whose customers include Wagamama and Mental Health UK – has been kept busy during the pandemic helping clients transform into ‘virtual organisations’, commercial director Francesca Lukes tells CRN



It’s going to be a challenging year, but we are optimistic

Founded: 2002

HQ: London

Key vendors: Microsoft, Fortinet, Fujitsu, Veeam, Manage Engine, BT

VAR 350 ranking: 241

Revenue: £14.9m (+21%)

Net profit margin: 9.1%

How would you position Wanstor for those who don’t know you?

We are a London-based MSP specialising in supporting mid-sized customers in the hospitality, not-for-profit and professional services sectors to leverage technology to make them more productive, secure, and resilient. Our breadth of expertise covers networking (the ‘WAN’ in Wanstor), cloud, digital, security, POS, and support.

Wanstor is one of the VAR 350’s fastest-growing and most profitable companies. How tough has it been to maintain the success that underpinned that growth since then, and how would you assess the demand landscape for 2021?

We have enjoyed a consistently strong growth rate of 15-20 per cent over the last few years, and certainly weren’t expecting a disruption to it in 2020. Our financial year runs from October to September so we had a strong start to the year before Covid made an impact, and despite the challenging market we managed to maintain some growth, though not to the level we had enjoyed previously or targeted. As a business we have operated through the financial crisis and other major events so are confident in the long-term proposition and just need to adapt to the changing environment as it comes.

It’s often said that Covid has accelerated digital transformation. Is this generating new types of project that didn’t exist pre-pandemic?

For the first time we have seen customers who have made the decision to become entirely ‘virtual organisations’, without permanent office space. This isn’t an entirely new phenomenon, but I don’t think we would have seen it pre-pandemic. This decision then spawns a series of other changes to streamline service delivery.

There has also been a huge interest in ‘zero touch deployment services’ using Windows Auto pilot. The idea of building PCs to a predefined ‘golden image’ is rapidly becoming a thing of the past. There are a few interesting components to these projects, not least of which is that the ‘zero touch’ element of the work is inherently ‘Covid secure’.

Is there an argument for permanently downsizing office space?

For now, we won’t be making any changes to our



office footprint, though we will be embracing more flexible working when we are allowed to return. These decisions are based on a long-term view. Our office locations are very strategic. We have space in the centre of London, close to many of our clients and equidistant from staff. We have been successful in being able to significantly improve the terms of our lease, building in both flexibility and cost savings.

How optimistic or pessimistic are you for 2021?

It’s going to be a challenging year, but we are optimistic for our restaurant businesses to reopen and rebound to strong demand. There is a huge sense of latent desire to eat out and socialise and this is building daily.

Leaving aside the pandemic, this is also a time of huge technological change and there are lots of other factors driving the market. We have BT retiring PSTN services and rolling out a nationwide Fibre network. We have fantastic innovations coming in the cloud services we consume. The use of cash in society is rapidly falling and as it does new payment services and even currencies are being spawned. IT security is a challenge for everyone, and there is also a growing focus on the “greening” of IT services within both government and private sector.

“

We gambled that our competitors would blink

”

QUANTIQ

Betting that lockdown would turbo-charge cloud adoption, this London-based Microsoft Dynamics partner doubled down on its growth strategy when the pandemic struck, CEO Stuart Fenton explains

Founded: 2013
HQ: London
Key vendors: Microsoft
VAR 350 ranking: 174
Revenue: £23.8m (+19%)
Net profit margin: 7.3%

QUANTIQ is one of the faster growing and more profitable firms within the VAR 350, with revenues up by more than a fifth in your calendar 2019. What's driven that growth, and how tough has that been to maintain since the pandemic struck?

Our strategy has always been about growth. I see no reason to be the most profitable small company in this space. We had always planned for this year to be very profitable because many of our initiatives and investments were maturing.

We concluded early that the market for cloud software would be unaffected and we gambled that our competitors would blink, furlough, layoff and be cautious. So, we over invested in new capabilities, increased sales and delivery capacity. Traditionally upper-mid-market focused, we increased our focus on public sector and launched into enterprise accounts.

As a Microsoft Dynamics specialist, how closely are your fortunes tied to Microsoft's?

Extremely close – Microsoft has to make great products and keep innovating, marketing and selling. The business application market is growing at around 15 per cent per annum, so remains one of the fastest growth areas in tech. Microsoft Dynamics is growing faster than that due to their relentless innovation and marketing. Their last quarterly results illustrated Dynamics cloud licensing growth of 39 per cent, which is pretty consistent with their recent trends. Having said that, we are focused on outgrowing the market and our cloud licensing growth is around double Microsoft's.

What should all good resellers and MSPs be doing during this period to ensure they come out of it stronger?

Our IT industry is such a broad church. Resellers have different challenges to consultancies like us or MSPs. However, I believe that the most successful focus during this period is on your employees and clients more than the bottom line profit. It would be better to come out of this year with a strong business intact and perhaps less profit, but ready for the future.

What core attributes have enabled QUANTIQ to get through this tough period?

Bold risk taking and a great culture combined with over communication and caring.

How would you assess the demand landscape for 2021?

So far, we have seen a 30 per cent increase in our pipeline and this is driven from multiple commercial and public sector segments. 2021 initially looks strong, but anything can change. Resellers and MSPs have been able to make big cost savings on travel, client hospitality and events. Do you foresee that coming back just as strongly in your business once the pandemic is under control, or – conversely – will some of those savings stick?

My CFO wants those savings to stick. However, I want to see people back in the office, back on the road and making connections with teammates and clients again. I suspect it won't return to pre-Covid, but somewhere in between.

Is there an argument for permanently downsizing office space?

Sure, there's a great argument to downsize, but culture will be impacted over the long term. We have just signed up for more space in London, thus we're doing the opposite.



Rising Stars in a post-pandemic world

What will the successful IT solution provider of the future look like?



In a world where the hybrid office will be the norm, what will a successful IT solution provider of the future look like?

Who better to ask than the top brass of seven ambitious resellers and MSPs who are lighting up the market with their high growth and industry-leading profits?

The septet of resellers and MSPs profiled on the previous pages are all enjoying growth and profits well above the industry average.

In their latest years on record, their average revenue growth hit 109 per cent, with average net profits of 7.8 per cent over three times' that of the wider CRN VAR 350 from which they were drawn.

But many of them have also demonstrated their resilience during the pandemic and are banking on continued growth in both their top and bottom lines even as the UK teeters on the brink of a double-dip recession.

In this section, we explore what has underpinned their growth and how the changes they are making during this difficult period could set them up as even stronger businesses in a post-Covid world.

How did they get here?

Just like the Beatles – who spent their early years honing their craft in the clubs of Hamburg before they broke through – success was not an overnight phenomenon for our *Rising Stars*.

Although their combined revenues rocketed 70 per cent to £176m in their latest sets of annual accounts, gains made during the period were hard fought and years – or even decades – in the making.

Founded in 2009 by David Bentley, Wakefield-based Dell partner Solutionize Global is the fastest-growing of the seven, with revenues last year swelling 536 per cent to £41.9m.

"A few things collided, and in my mind it was overdue," Bentley said of the results, adding that Solutionize's revenues only began snowballing when it moved beyond its roots in professional services and into managed services and product resale.

"It's taken me longer to get to where we're at than it should have," he explained.

"We've always provided people in one way or another. We started to change how we were doing that four years ago, moving into fixed deliverable contracts. We won a really big piece of work with NHS Digital through G-Cloud. We beat people who on paper looked better than us.

	YoY growth	Net profit margin
Tangible Benefit	46.7%	5.9%
Solutionize Global	536.2%	8.4%
Highlander	58.6%	4.6%
QUANTIQ	18.5%	7.3%
Lima Networks	28.4%	9.0%
Wanstor	20.8%	9.1%
M-Tech	54.4%	10.1%
Rising Stars average	109.1%	7.8%
VAR 350 average	7.8%	2.5%

"I started hiring the right people around me and we got into some big clients who effectively started asking us, 'can you do this for us as well?'. We stood up a managed service for Vodafone that we couldn't have done historically, and then more and more people were asking 'why don't you sell product as well?'"

Success has also been a slow burn for another of the *Rising Stars*, Sheffield-based Highlander, which saw revenues power up 59 per cent to £31.8m in its fiscal year to 31 August 2019 on the back of "five or six major contract wins" with existing customers nurtured over the previous decade.

"It was down to consistent work we've done with our client base," managing director Steve Brown revealed.

"Where we've done small bits of work for a client – they might have needed a little bit of connectivity or a bunch of laptops delivering -- the focus is then on 'right, what else can we do for you? Have you seen we do services? Have you seen we do the helpdesk and can have engineers down there to unpack, deliver, image – whatever you want them to do?' It's been about gaining trust," he said.

All five of the other *Rising Stars* significantly outgrew the market average in their latest annual periods on record, with revenue growth ranging from 19 to 54 per cent.

Accelerated growth

And neither have recent events dented the ambitions of these seven companies, with several

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Rising Stars 2021

of them continuing to hire aggressively even as the UK reels from its worst annual GDP dip in modern history.

This includes LIMA Networks, a Salford-based managed services provider launched from the kitchen of co-founder Lisa Thornton in 1997 “as a temporary solution to pay the bills”.

Turning over £16.3m in calendar 2019, LIMA harbours bullish organic and acquisitive growth plans after taking on investment from private equity house Maven Capital Partners.

“The business has ambitious plans to achieve £45m turnover in the next three years, 60 per cent of which will be generated from managed services and will create 20 new jobs for the local economy in the process,” Thornton told *CRN*.

Having grown revenues 54 per cent to £5.1m in its fiscal 2020, the smallest of our *Rising Stars* – Eastbourne-based M-Tech – is “ready to do the same going into 2021,” according to its CEO Martin Lulham.

Its recent growth spurt has been underpinned by major outsourcing deals and key wins in sectors including blue light, with recurring revenues bolstered by uptake of its Nutanix-powered cloud and core ISP platform, he told *CRN*.

“By the end of 2021 we aim to have completed

at least two strategic acquisitions; I genuinely believe that we are an excellent platform to absorb companies that have similar growth ambitions,” Lulham said.

Doubling down during lockdown

Successive lockdowns in 2020 and 2021 hit many VARs and MSPs like a PPE-laden freight train, with those rooted in Covid-hit verticals or in installing and supporting on-premises equipment suffering an inevitable downturn in fortunes.

Some 57 per cent of *CRN* readers taking part in a poll conducted last May said they had furloughed staff, with 72 per cent saying the pandemic had prompted their firm to revise their growth forecasts downwards.

That said, some tech solution providers with a stronghold in security, collaboration, cloud or managed service have seen growth continue or even accelerate as the pandemic prompts – in the recent words of Microsoft CEO Satya Nadella – a “second wave” of digital transformation.

All resellers and MSPs, however, will have seen some project delays and rising levels of bad debt as a result of the pandemic.

So how have our *Rising Stars* responded to the post-Covid world?



Over the last three years gross profit generated from managed services has more than doubled and we expect to see the similar percentage increase again in 2021.

Lisa Thornton, LIMA Networks



I'd describe the last couple of years as a bit like putting an aeroplane together while flying. [The pandemic] has really given us time to just stop, take in the new stuff that we don't know how to do, bake the portfolio, build the team, mature as an organisation and then crystallise exactly what we're going to do.

David Bentley, Solutionize Global

Those already sitting in growth hotspots turbo-charged by Covid faced the dilemma of whether to pull in their horns or double down on existing growth plans.

The youngest firm in this report – London-based Microsoft Dynamics specialist QUANTIQ – chose the latter option, CEO Stuart Fenton explained.

“We are in the cloud application space, which has simply resonated more during the pandemic,” Fenton said.

“As the pandemic struck, there were a couple of clients that had a little wobble in their projects but got back on track within weeks. We concluded early that the market for cloud software would be unaffected and we gambled that our competitors would blink, furlough, layoff and be cautious. So we over invested in new capabilities, and increased sales and delivery capacity.”

Having grown revenues 19 per cent to £23.8m in calendar 2019, QUANTIQ's pipeline is currently



30 per cent ahead on an annual comparison, Fenton said.

Doing “more of the same” is the mantra of another of this year's *Rising Stars*, London-based reseller Tangible Benefit, which claims the provisioning and configuration work it carries out at its warehouse has struck a chord during the pandemic.

“With lots of people working from home, many of our customers don't currently have a central IT team who can do this work – so we are doing more of it for them,” Tangible Benefit operations director Stuart Wohlman said.

“Laptops/work from home bundles (including monitors, docks, webcams, headsets etc) are being configured, re-packed and shipped directly to customers' home addresses. They arrive already set up and configured, needing zero input from their IT team.”

Tangible Benefit's lifecycle programme has also “picked up pace” during the pandemic, Wohlman added.

“This is where we collect old/redundant laptops and securely wipe and refurbish them ready for re-distribution back to a different user within the same customer or for WEEE disposal/charity donations,” he explained.

It's also full steam ahead at M-Tech, which views the pandemic as validating existing plans to grow its own ISP and cloud services, according to Lulham.

“We don't really see the pandemic as a defining

moment in our growth journey. I think it's just ratified what we were already doing well,” he said.

Similarly, the pandemic has prompted LIMA to “accelerate its push into as a service and managed services,” Thornton confirmed.

“Over the last three years gross profit generated from managed services has more than doubled and we expect to see the similar percentage increase again in 2021,” she said.

Adapting to demand

Counting hospitality (as well as professional services and non-profit) among its key verticals, our seventh and final Rising Star, London-based MSP Wanstor, has endured a bumpy 2020 and 2021.

Having seen consistent growth over the previous several years – including a 21 per cent hike in its last filed annual accounts covering the period to 30 September 2019 – growth slowed in 2020 as the pandemic hit spending among some customers, commercial director Francesca Lukes said.

“It's going to be a challenging year but we are optimistic for our restaurant businesses to reopen and rebound to strong demand. There is a huge sense of latent desire to eat out and socialise and this is building daily,” she said.

Lockdown saw Wanstor adapt rather than overhaul its technology offering and strategy as customers turned to it for help scaling up their VPN, RDP, WVD and Teams deployments, Lukes said.

Customers are asking for more help with process automation and optimisation – using Microsoft's PowerPlatform – and security, she added.

“We have strengthened our security professional services, and have launched solutions for threat and vulnerability management, SIEM, security awareness, and intelligent networking. We have become certified Cyber Essentials Assessors and are building this capability into all the aspects of our service delivery.”

She added: “Organisations continue to rely on technology and the services that MSPs deliver will continue to be relevant for years to come so we are optimistic about 2021 and the longer-term future.”

Time to plan and think

Resellers and MSPs could be forgiven for batten down the hatches and becoming more insular since lockdown struck.

But several of this year's *Rising Stars* have done the opposite, instead seeing the period as a golden opportunity to upgrade their systems and processes and place bets that may well continue to pay off long after social distancing measures ease.

For Solutionize Global's Bentley, the pandemic has offered more quiet time to think and plan following a period of frenetic growth.

“I'd describe the last couple of years as a bit like putting an aeroplane together while flying,” he said.

“[The pandemic] has really given us time to just stop, take in the new stuff that we don't know how to do, bake the portfolio, build the team, mature as an organisation and then crystallise exactly what we're going to do.

“On the managed services side, we're doing a lot on SD-WAN and also doing cloud managed services in conjunction with Dell and other players. How we've put that together is pretty compelling. I'm not sure we would have come to the same result had we been living in Yorkshire and spending four or five days in London every week.”

Likewise, Wanstor's efforts to boost customer and staff interaction will be one positive lasting legacy of the pandemic, Lukes said.

“Operationally we have implemented new systems and processes that will give us better access to company performance data and customer information,” she said.

“Both customer and staff engagement have been really high on our agenda. Finding new ways to reach out, and stay in touch, has meant a lot of innovation. Not everything we have done has worked, but we have learned from our mistakes and through a process of refinement have achieved some great success. Learning and development has always been core to the business, but our focus in this areas has also improved during the pandemic.”

Those with a large on-premises maintenance business will have struggled to get engineers onsite during lockdown.

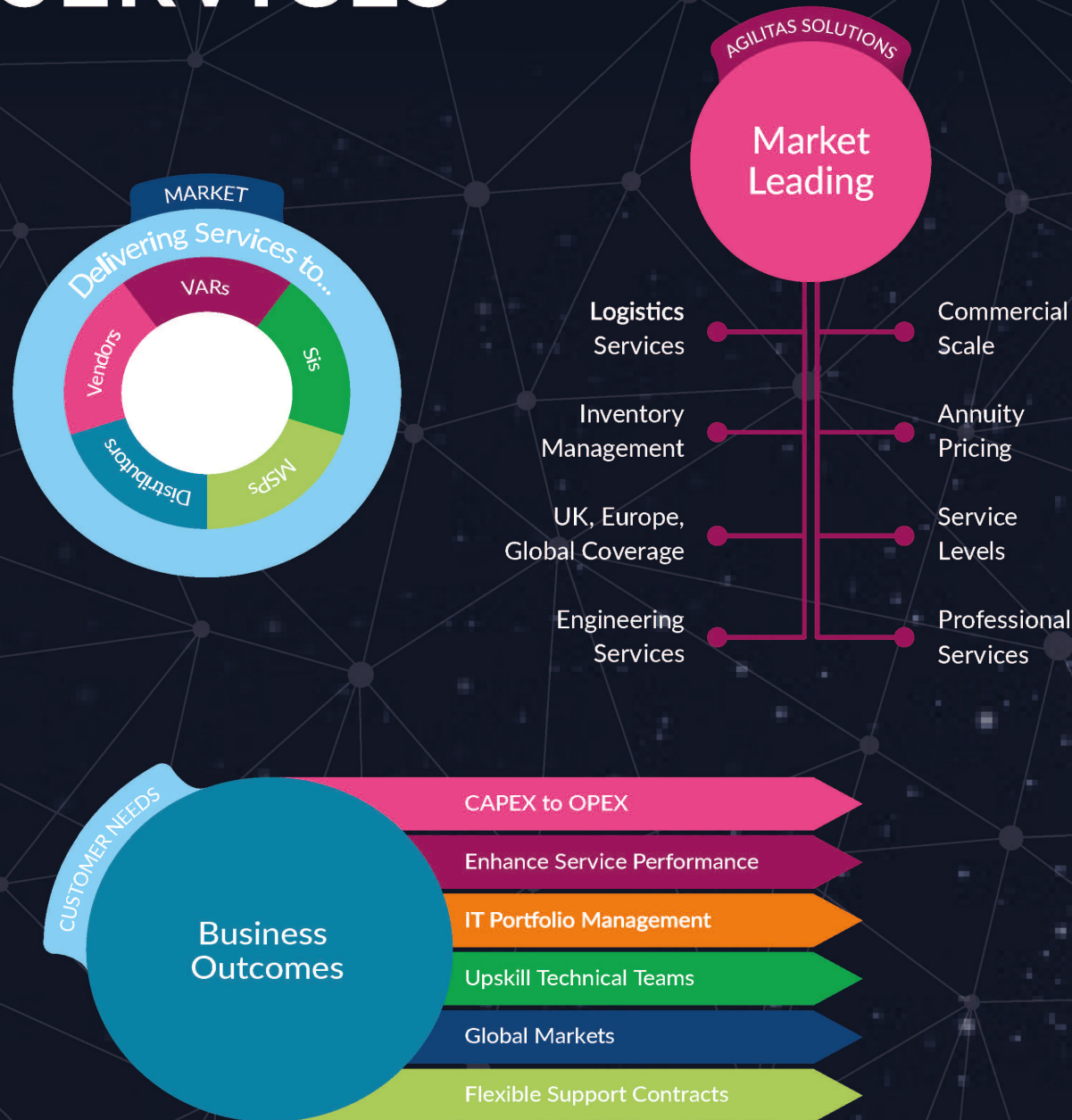
But new norms established during the pandemic may actually end up saving them time and money in the long run.



All the processes we've previously put in place are getting ripped up.

Steve Brown, Highlander

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Rising Stars 2021

“All the processes we’ve previously put in place are getting ripped up,” said Highlander’s Steve Brown, giving the example of one project where Highlander engineers who could not travel to a job in Belgium ended up talking a local employee through how to configure the hardware remotely.

“We’ve all got customers we want to see face to face every now and then,” he said. “But at the same time, if an account manager, a project manager and an engineer are travelling to Bristol for a meeting to discuss a job that may last two hours, that can be done on a Teams meeting with decent quality cameras and it just disappears. It’s better for us, it’s better for the environment, and it’s usually better for the customer.

“You get that work-life balance, that health and well-being. It cuts costs and it means our people are more available. One of the frustrations I’d used to get is sometimes you wanted a certain engineer – thinking ‘you’d be good for the job’ – but they’re in Bristol at a meeting and once the meeting’s finished they’re out with the client and stay overnight. Now we can schedule that in every six months and have regular meetings over Teams.

“So I think there are massive benefits coming in.”

Office overhaul

According to a *CRN* poll of over 300 UK IT decision makers in October, on average 75 per cent of UK employees were at that time working from home, up from 36.6 per cent pre-pandemic.

There will clearly be no quick return to the previous status quo, with respondents estimating that – on average – 66 per cent of their staff will still be primarily remote-based in October 2021.

But our *Rising Stars* are split on what the rise of the hybrid working environment will mean for their approach to travel, corporate hospitality and office space. None are planning a real estate cull, with the partial exception of Solutionize Global, which recently opted not to renew the lease on its new Mayfair office.

“We terminated it as we’d used it three times in one year – it cost five times more than the Wakefield office for 20 per cent the size,” Bentley confided.

“We took it because our clients were there. It was driven by them not ego, but I don’t like the place too much if I’m honest. We will get a London office, but we’re not in a rush, and we’ll probably get an exec office in Leeds city centre as we’ll be using the



There will clearly be no quick return to the previous status quo, with respondents estimating that – on average – 66 per cent of their staff will still be primarily remote-based in October 2021.

Wakefield office for NOC and managed services.”

Savings on first-class tickets to Kings Cross and London hotels will add around £400,000 to Solutionize’s bottom line, Bentley said.

The pandemic has given Highlander the chance to whether to sub-let office space or even devote more of it to staff wellbeing activities, such as a gym or Pilates room.

Others, however, see continued expansion of office space and a resumption in face-to-face client meetings as key aspect of their growth ambitions, even post-Covid.

Fenton at QUANTIQ said the firm has just signed up for more space in London.

“My CFO wants those savings to stick. However I want to see people back in the office, back on the road and making connections with teammates and clients again. I suspect it won’t return to pre-Covid, but somewhere in between,” he said.

Wohlman is of a similar mind, emphasising that Tangible Benefit has no intention of downsizing.

“Quite the opposite! Continued growth and expansion is the plan so we are considering taking on additional office space to house all our new recruits in a COVID secure environment/post pandemic,” he said.

**SOLUTIONIZE
GLOBAL**



We're confident enough to say we've surpassed the £100m this year

Founded: 2009
HQ: Wakefield
Key vendors: Dell
VAR 350 ranking: 107
Revenue: £41.9m (+536%)
Net profit margin: 8.4%

This Wakefield-based Dell partner grew sales 536 per cent in fiscal 2020 after moving beyond its roots in professional services. CEO David Bentley outlines its ambitious post-pandemic growth plans

Having grown revenues from £6.6m to £41.9m in your year to 31 March 2020, you've set a £100m revenue goal for your current year? Is that achievable?

We're confident enough to say we've surpassed the £100m this year. We've landed more business with more clients. We're starting to sell a lot more product (see page 13 for more) and, combined with a couple of hires from Dell, that's given us the right portfolio and team.

Has Covid impacted on your trajectory?

Thankfully, no. The dice have been really kind. The dice were not as kind for my first company – which was supporting financial services companies and a couple of SIs during the time of the financial housing crisis. But [this time around] our clients are people like NHS Digital, Vodafone, Atos and Capgemini, who want to buy more and can pay us.

What changes have you made to your business during the pandemic?

We took a decision to do a bit of an investment round in terms of polishing and maturing the internal capability. We had scaled so fast that a lot of our [systems] were archaic. We had that time to mature all that.

So we now have the team we need and feel ready to really go for it once there's light at the end of the tunnel.

It's often said that Covid has accelerated digital transformation. Is this leading to new types of project that didn't exist pre-pandemic?

Definitely. I could give the example of NHS Digital in Leeds. Bearing in mind how hard it is to get things signed off as a supplier, the sign-off period just went 'click'. They had to build stuff in live services for us all super quick, and we were supporting that and had 20 or 30 people on site.

What core attributes have enabled Solutionize to get through this tough period?

Myself and my business partner Alex are all over everything and still running it like it's quite small. It's a tightly knit team and we're keen to keep that going as much as possible.

You launched a graduate academy in October. How key is that to your approach?

For me it's buy... and build. We've had to buy some



people. I'm not a massive fan of sales people in the traditional sense – even though it's my background. We're building two big inside sales teams that are part graduate-based. It's not giving any return today but I very much see that as the future, particularly in digital selling and how this is evolving.

Resellers and MSPs have been able to make big cost savings on travel, client hospitality and events. Do you foresee that coming back just as strongly in your business once the pandemic is under control, or – conversely – will some of those savings stick?

A lot of leaders I talk to at Dell, Vodafone don't really want to go back to 120,000 air miles. I think roughly 60 or 70 per cent will stick.

How optimistic or pessimistic are you for 2021?

I'm confident about how we're building out our portfolio and client base, but I do remain very cautious about the current crisis. I traded through the financial housing crisis and that was different as you could see the light at the end of the tunnel. Until we see the light at the end of the tunnel it's very difficult for business leaders to plan.

“

By the end of 2021 we aim to have completed at least two strategic acquisitions

”

M-TECH

Emboldened by post-pandemic demand for its managed and cloud services, this high-growth Eastbourne-based firm is ready to hit the acquisition trail, CEO Martin Lulham explains

Founded: 2002
HQ: Eastbourne
Key vendors: Nutanix, Fortinet, Citrix, Microsoft, Openreach
VAR 350 ranking: 337
Revenue: £5.1m (+54%)
Net profit margin: 10.1%

You saw revenue leap 54 per cent in your year to 30 September 2020, and are also in an elite group of VARs and MSPs making double-digit net profit margins. What underpinned that performance?

Growth has been fuelled by major outsourcing deals across all sectors and key wins in private sector, education and ‘blue light’. Recurring revenue has also bolstered this year’s figures, with many of our clients now consuming services from our own Nutanix-powered cloud and core ISP platform.

M-Tech has focused its efforts over the last few years on evolving intellectual property with own-brand services. This was partly to ensure we delivered excellent customer service we control ourselves – removing reliance on too many third parties – and also to make us flexible to our customers’ needs. We need to be able to support bespoke designs to support complex cloud requirements which subsequently means avoiding the wholesaler bandwagon. We’ve certainly been less affected than some competitors that predominately resell vendor product.

What are your long-term ambitions for the business?

We’re almost ready to launch our acquisition strategy, having spent the last year planning and partnering with various folk from around the M&A sector. By the end of 2021 we aim to have completed at least two strategic acquisitions; I genuinely believe that we are an excellent platform to absorb companies that have similar growth ambitions.

How has the pandemic forced you to rethink your technology offering, and how you provide it?

I see a slightly different sales strategy, with customers now far more receptive to managed recurring products and services but in essence the technology portfolio remains unchanged.

What should all good resellers and MSPs be doing during this period to ensure they come out of it stronger?

It’s definitely a relevant time to look at overheads and explore whether you need that big swanky office. Product and service consolidation is worth looking at. The pandemic will have probably given you an idea of where your strengths and weaknesses lie; focus more on the things that you’re

good at to enhance those all-important recurring revenue streams – they pay the bills, everything else is a bonus.

It’s often said that Covid has accelerated digital transformation. Is this leading to new types of project that didn’t exist pre-pandemic?

Obvious standouts for us have been the uptake of SD-WAN solutions to support remote working. This has gone from a steady trickle of enquiries pre-Covid, to a core fundamental offering in our portfolio. Clients have also become ‘Teams centric’. This product alone has catalysed a number of our customers into fully migrating to Microsoft 365 – not something they would have considered pre-pandemic when they were more insistent on cuddling their Exchange Server in the broom cupboard!

How optimistic or pessimistic are you for 2021?

With respect to the business, M-Tech is going into 2021 with all guns blazing; acquisition, innovation, unity and culture our top priorities.



“

We have ambitious plans to achieve £45m turnover

”

Founded: 1997

HQ: Salford

Key vendors: Microsoft, VMWare, NetApp, Cisco, Palo Alto, Veeam, Citrix

VAR 350 ranking: 223

Revenue: £16.3m (+28%)

Net profit margin: 9%

LIMA NETWORKS
 Founded in the kitchen of co-founder Lisa Thornton in 1997, this Salford-based outfit has accelerated its push into managed services during lockdown. Thornton runs CRN through its post-pandemic ambitions

LIMA is one of the faster-growing and more profitable firms within the VAR 350. What's driven that growth, and how tough has that been to maintain since the pandemic struck?

The business has ambitious plans to achieve £45m turnover in the next three years, 60 per cent of which will be generated from managed services and will create 20 new jobs for the local economy in the process.

We've made a substantial investment in our managed service platform and strengthened recurring revenues by on-boarding new aaS products. The pandemic has not stopped us pursuing this strategy. In fact, it's accelerated our journey. Over the last three years gross profit generated from managed services has more than doubled and we expect to see the similar percentage increase again in 2021.

How has the pandemic forced you to rethink what technology you offer, and how you provide it?

The pandemic has forced everyone to think about the resilience of their organisations. LIMA has developed a number of aaS products which can be delivered remotely and will enable customers to drive greater efficiency and resilience into their organisations.

The pandemic has promoted the topic of modern workplace tools and new ways of working to the forefront of our customers' minds. We are continuing to expand our current portfolio and are due to launch several new product offerings in Q1.

How would you assess the demand landscape for 2021?

Employees have even greater expectations in terms of work flexibility both in terms of location and hours. We are seeing this raising the bar in terms of cybersecurity, IT risk, tools for engagement and the need to deliver digital transformation to automate process, ensure strong customer service and create an efficient remote workforce.

Resellers and MSPs have been able to make big cost savings on travel, client hospitality and events. Do you foresee that coming back just as strongly in your business once the pandemic is under control, or – conversely – will some of those savings stick?

I believe there will be a combination. There's a greater acceptance of the efficiencies that can be gained from connecting via digital means but we've all realised throughout this period that there is no substitute to face to face collaboration. A large proportion of product and service delivery can be delivered remotely but when it comes to developing strategic partnerships with our customers we believe the best connections are made in person.

What technology or technologies do you think will be most instrumental in helping clients return to office/site in 2021?

Workforce optimisation and process automation software will help businesses plan for a disparate employee base and enable a 'work anywhere' culture to help a staged return to work for employees.

Technologies such as cloud-based telephony, virtual desktop infrastructures, cloud computing and M365 all ensure that as employees move between home and office, their work environment remains consistent. Key to flexible working and movement of employees between office and home is an effective security architecture which protects assets no matter where they are located. This requires different technology implementations and multiple layers of protection to the traditional 'protect your perimeter' approach.

Finally, where did the name 'LIMA' come from?

We started our business from my kitchen as a temporary solution to pay the bills. If I'd known that 24 years later we would be a CRN Rising Star, I may have given the company name consideration... my name is Lisa Marie.





We are considering taking on additional office space to house all our new recruits

TANGIBLE BENEFIT

Founded: 1997

HQ: London

Key vendors: HP, Lenovo, Dell, Cisco

VAR 350 ranking: 106

Revenue: £42.1m (+47%)

Net profit margin: 5.9%

Lockdown has prompted more customers of this fast-growing London-based reseller to begin using its provisioning and configuration services, operations director Stuart Wohlman explains

Tangible Benefit is one the VAR 350's fastest-growing (and also more profitable) firms in the VAR 350. What explains that growth, and is it sustainable?

We are very proud of what we have achieved (so far!), especially when you compare our relatively low staff numbers with our nearest competitors. We have plans and funding in place to continue the upwards trend. We recruit our own, train our own and mentor our own – using our inhouse resources and academy programme. This gives us full control of the complete process – from recruitment to their first sale, and their ongoing development. The growth comes from new sales staff coming on board and deeper/wider penetration to our existing account base. It is sustainable: we have a proven and efficient business model which we are sticking to.

Is Covid fuelling new types of project that didn't exist pre-pandemic, and if so, is there a good example of this within your client base?

We've certainly seen a big uptake in demand for our engineering and logistics services – replacing those which a customer may have previously managed themselves. Demand for technology such as Windows Autopilot has rapidly increased as it offers a very neat solution to quickly deploy new machines.

Will the changes you've made to your business during lockdown stick?

I think some of what we have all adapted to will remain, the obvious one being allowing some staff to continue to work from home, even if it's not every day of the week. Some of our existing customers who hadn't previously used all of our value-added services, who now are because of the pandemic and strain it has put on their own resources, will (we hope) continue to do so, now they've got a flavour for what we can do.

What should all good resellers and MSPs be doing during this period to ensure they come out of it stronger?

Ensuring their back end is as efficient as possible, reducing waste and duplication and increasing operational efficiency. Offering customers products and services tailored to their specific needs and challenges.

Tangible Benefit recorded growth of 47 per cent and net profit margins of 5.9 per cent



in its latest filed accounts (to 31 March 2020). How tough has it been to maintain the success that underpinned that growth since then, and how would you assess the demand landscape for 2021?

It's tough. We've seen aspirational and "nice to have" projects put on hold while clients focus on expanding their WFH environments, so an uptake in end-user compute but also the required up-scaling on the back-end infrastructure. The projects which have been put on hold will return.

Is there an argument for permanently downsizing office space?

Quite the opposite. Continued growth and expansion is the plan so we are considering taking on additional office space to house all our new recruits in a Covid-secure environment/post pandemic.

How optimistic or pessimistic are you for 2021?

Optimistic and excited. We've adapted to the "new normal" and are stronger because of it. This puts us in a good place for 2021 and we're keen to help even more customers using our three-point mantra: supply; deploy; solve.

Merger mayhem

A race to land recurring revenue in the wake of the pandemic has seen channel M&A activity accelerate in recent months. Here we round up major M&A moves from within the VAR 350

Covid put the kibosh on blockbuster channel unions last year – with not one of the CRN VAR 350's top 50 selling up.

But smaller M&A roll-ups – mainly by private equity-backed MSPs – continued apace either side of the first national lockdown, with deals accelerating towards the end of the year and into 2021.

Altodigital, AVMI and Academia were the largest resellers to change hands in 2020 (going by UK revenue only), with Xerox and Cognizant picking off four VAR 350 outfits between them during the year (see chart, below).

AVI-SPL was the biggest global reseller to switch ownership, selling up to private equity and merging with arch-rival Whitlock.

VAR 350 firms were just as often on the giving, rather than receiving, end of consolidation last year, however, with Babble Cloud, Charterhouse, Content+Cloud, Sabio, OneCom and Timico among those using private equity dosh to make (in some cases multiple) acquisitions. Computacenter, meanwhile, pulled off one of the biggest transatlantic deals by acquiring Canadian Pivot for around £62m in November.

M&A impetus

With recurring revenues at a premium during the pandemic and business owners wary of capital gains tax changes, deal levels appear to be accelerating in 2021.

January and February alone have seen two blockbuster MSP unions, and a constant trickle of smaller deals concentrated mainly in the unified comms space.

In one of the biggest UK channel mergers of recent times, LDC-backed Onecom announced in early February that it was acquiring its "closest rival" Olive to form a £140m-revenue comms VAR.

"The inevitable changes to working patterns across the UK and globally as a result of the pandemic have accelerated the need for integrated cloud communications and significantly increased demand for transformation and digitalisation," said OneCom founder Darren Ridge.

As if not to be outdone, two other comms-focused VAR 350 outfits – Focus Group and South West Communications – announced their union on the same day, creating a £100m-revenue outfit.

Focus' acquisition of its Exeter-based rival came off the back of the retirement of swcomms CEO Tony Rowe, MBE.

"The acquisition by Focus Group will coincide with some great opportunities in the market due to

a shift in the industry towards cloud connectivity, home working and Openreach's withdrawal of copper voice and internet services," said Focus Group managing director Brian Lodge.

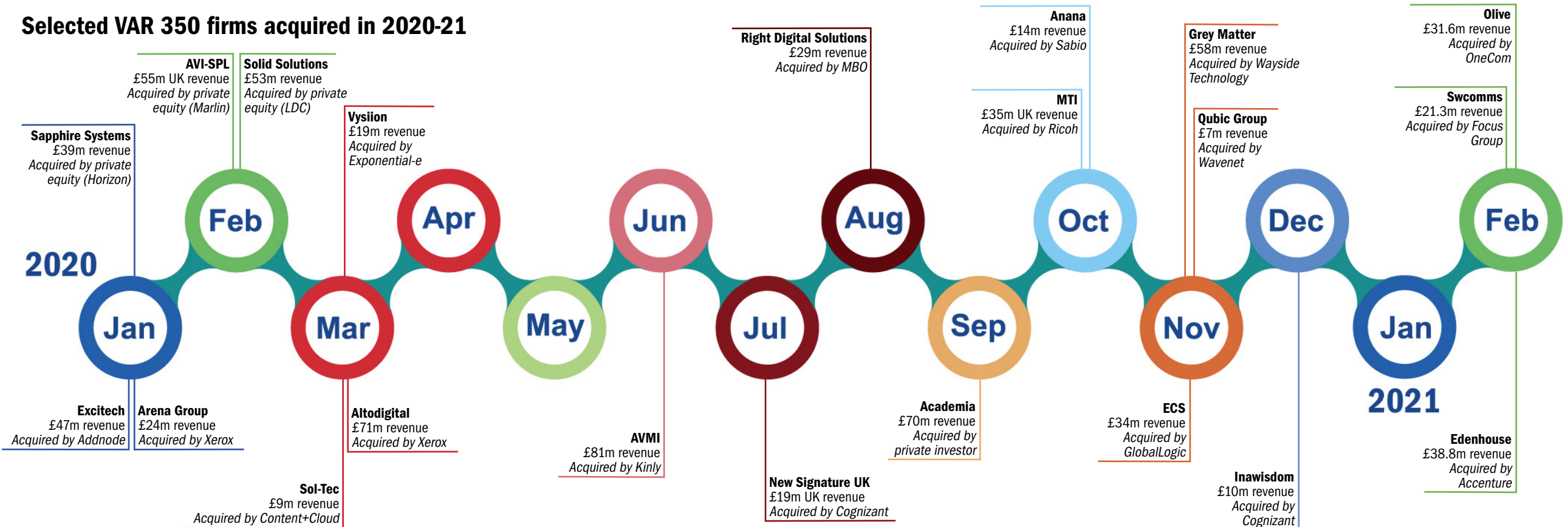
Private equity money has driven a flurry of early 2021 M&A activity elsewhere, led by ambitious unified comms buy-and-builds Babble Cloud and Charterhouse (who are backed by Graphite Capital and August Equity, respectively).

Babble intends to make 10 acquisitions in 2021, while Charterhouse has already gobbled up three firms since the start of the year.

"The real goal for us at the moment is to take this incredible capability we're bringing to the group and bring it all together," Charterhouse CEO Mark Brooks-Wadham told CRN following its latest acquisition of Pentesec.

"In Net Connection we bought Extreme Networks' number one partner in the UK and probably one of the top two partners in EMEA. If you look at Symity we bought one of the top two or three Microsoft Teams businesses in the UK. If you look at Pentesec we bought the top Check Point business in the UK."

Selected VAR 350 firms acquired in 2020-21



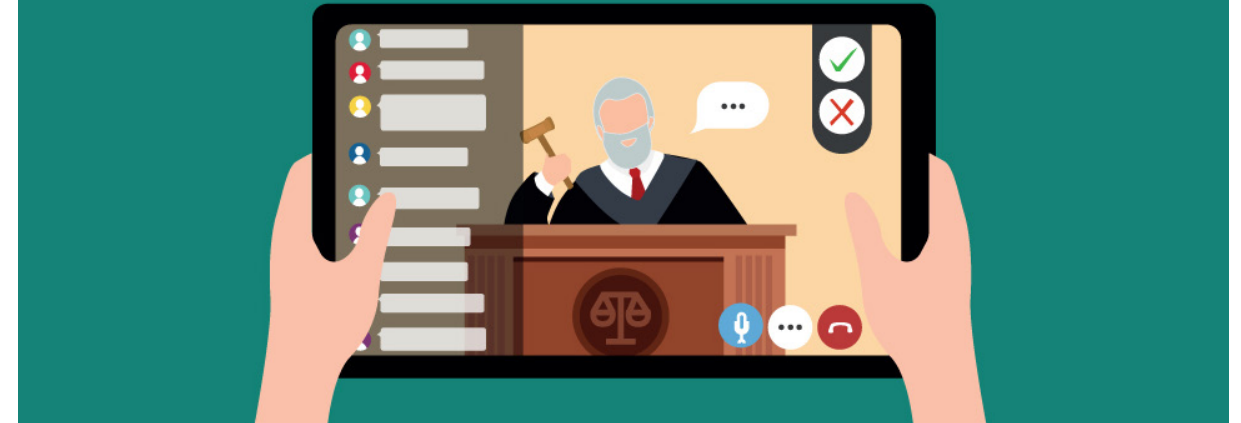
After the storm: Post-pandemic projects

The wave of digital transformation triggered by Covid is throwing up projects and opportunities that wouldn't have existed 18 months ago. Here we round up five projects landed by resellers and MSPs over the last 11 months that epitomise the new-look world, and ask whether this is just a sign of things to come for the channel



Court on camera

Ensuring justice could continue to be done during lockdown, HMCTS turned to audiovisual integrator Kinly to roll out its videoconferencing technology at more than 100 courts last Spring. Kinly managing director Northern Europe, Tom Martin, gave us an update



In a nutshell, what did the project entail?

HMCTS had already been working with Kinly since 2018 and were able to quickly start consulting with our team about how best to respond to the challenges of the coronavirus outbreak as we approached a potential lockdown in the UK during March 2020.

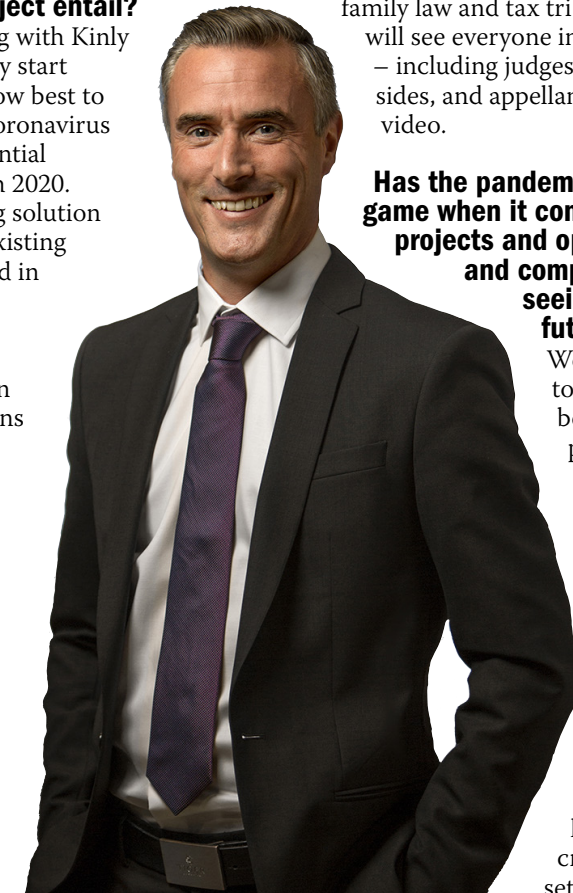
The required video conferencing solution needed to be interoperable with existing endpoints/ ISDN connections used in UK courts, connect to prisons via the existing video conferencing technology and also allow Skype for Business from police stations in particular with browser connections via WebRTC for the public (eg witness testimony) to enable all to connect into the same virtual space. The nature of the project and associated time pressures did not allow for a ground-up development.

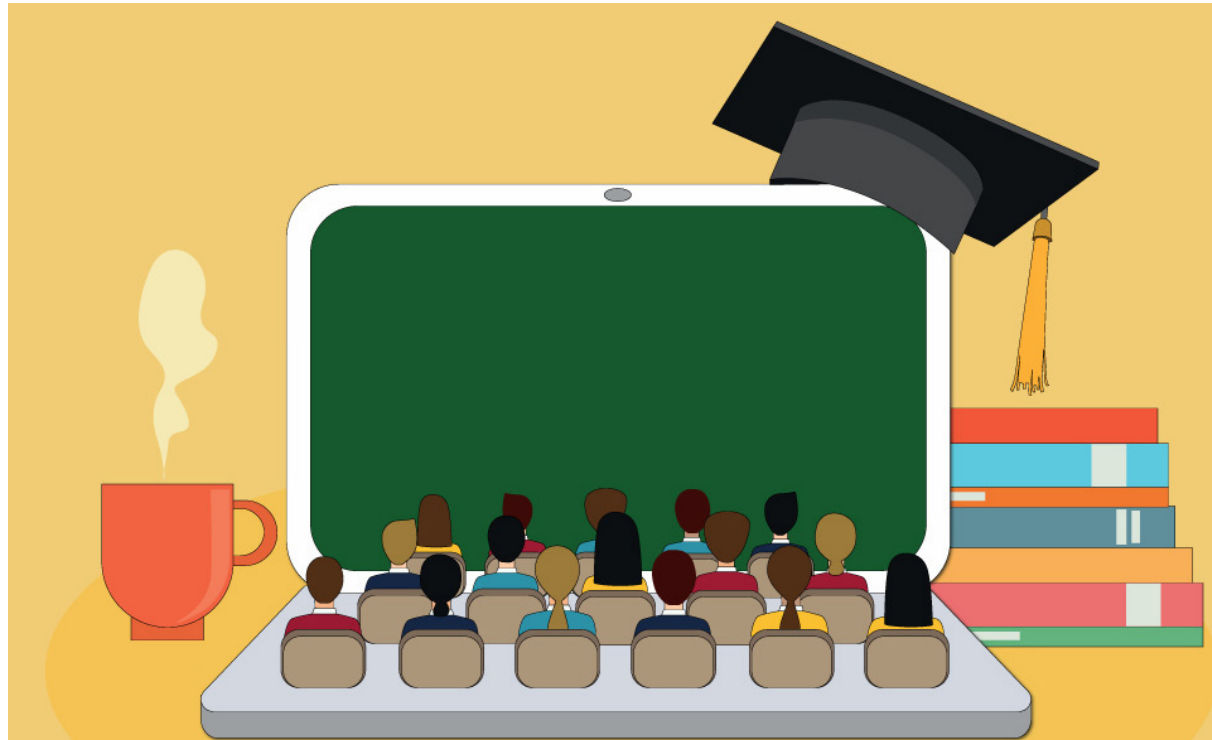
Currently the Kinly Cloud Video Platform is one option for joining a criminal hearing amongst others. Looking ahead, HMCTS are also expanding the capacity and testing of the HMCTS Video Hearings Service, which has already been used on a small-scale in specified civil,

family law and tax tribunal hearing types. It will see everyone involved in the hearings – including judges, legal teams on both sides, and appellants – taking part via video.

Has the pandemic changed the game when it comes to the type of projects and opportunities Kinly – and companies like you – are seeing, or will see in the future?

We see a clear shift towards all meetings being a mix of digital and physical participants, and we also have seen an increased demand for projects specific to a particular workflow. Due to the pandemic, organisations are looking at particular events, conferences, processes that were always done physically and then looking at ways to create that in a virtual setting using video.





The kids are all-byte

When schools shut abruptly last year, the Department of Education turned to the channel to help it roll out Google and Microsoft remote teaching and learning platforms. These projects could be just a taste of things to come, says Melissa Rambridge, CEO of MSP Sweethaven, one of the firms involved in the roll out

How many schools has Sweethaven personally helped under the scheme?

We've rolled out about 70 platforms across the UK.



Was Covid instrumental in this project, or was it going to happen anyway?

I think it accelerated it ten-fold. The idea of what they call hybrid or blended learning in schools – using technology to be able to better combine the results you're getting

through homeworking with what happens in the classroom – has been on the DoE's agenda for a fair while, but it didn't really have impetus behind it. And then Covid happened.

Is the wave of digital transformation triggered by Covid throwing up new opportunities or projects you wouldn't have seen 15 months ago?

Absolutely. I'm not entirely sure if there was anything we wouldn't have got to eventually, it's more the speed of transformation these things have happened at. The future workplace – this idea of flexible, lighter remote working – was a buzzword before but the necessity for it has brought it to life for a lot of companies. In the same way we're seeing Google and Microsoft platforms being rolled out for remote collaboration in schools, we're seeing that across the businesses we support as well.

What the doctor ordered

Microsoft partner Cielo Costa built a doctor register for BMI Healthcare in 48 hours flat last spring after NHS doctors and patients began using its private facilities. But the project is just part of a wider digital transformation trend, according to CEO, Ali Sanaei



How did the project come about?

Around 10 months ago, the NHS had this very urgent contract with all the independent healthcare providers where the patients and doctors would use their facilities as opposed to the NHS. We were contacted on a Tuesday at 4pm by a senior member of our client saying 'we're in trouble because the contract was signed yesterday and we've already had nearly 100 NHS doctors come to our hospitals – our staff at the lobby aren't trained to deal with this, and it's a huge risk – help us urgently'. Literally, they needed it today.

Within 48 hours we had the first iteration of the software out and live across 50 hospitals. There were elements of using Microsoft tools, such as Power Apps and Power Automate and storing the data in Sharepoint, which allowed us to hit the ground quicker and build something rapidly.

Is Covid a game changer for digital transformation?

It has speeded things up. Now suddenly clients want to have the Teams we were talking to them about for two years and are saying 'can you implement it for 1,000 of users'? It's put us in reactive mode as a business where we're having requests come in all the time.

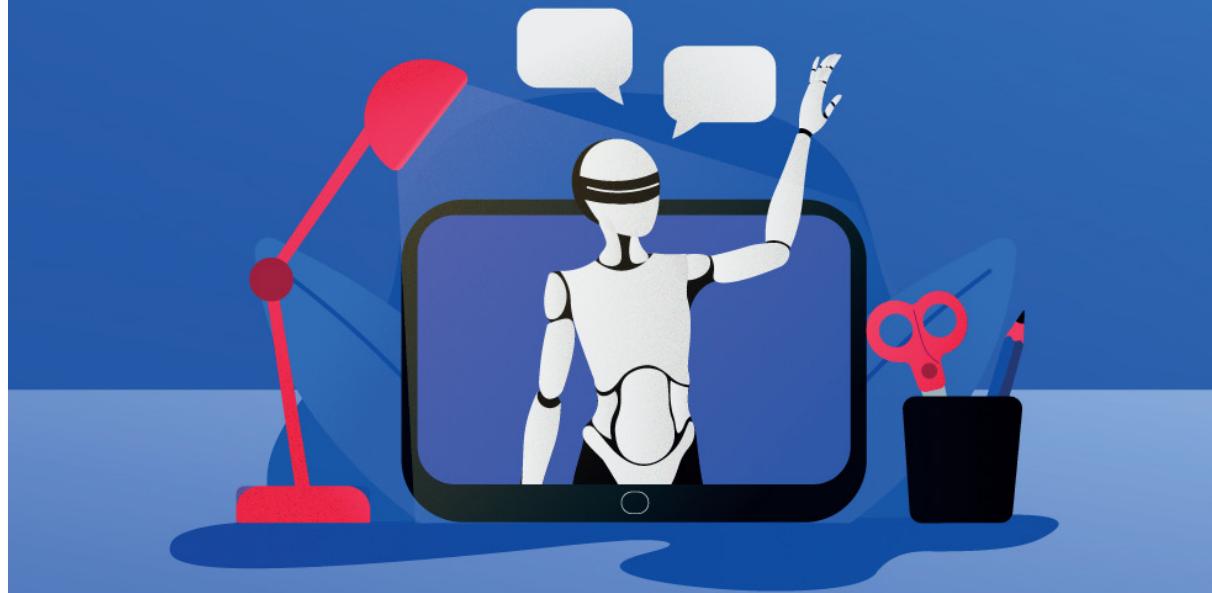
Does that mean you're seeing growth?

We grew 80 percent last year during a pandemic year and expect to double in terms of size. At the start of last year we were 12 staff and should be over

30 by end of this year. The software industry right now is doing well, especially if you have a focus on cloud solutions – and we've not touched a non-cloud solution for three or four years.

Chatbot challenge

When the pandemic struck last February, NHS Wales approached IBM partner Meridian IT to help it develop 'CERi', a virtual assistant designed to communicate with patients, healthcare workers and the general public. The pandemic has opened the minds of every organisation to the power of technology, Meridian's Lionel Butler and Andy Haley tell us



How did CERi come about?

LB: The idea was to build an AI chatbot not with the mandate of a traditional chatbot – where you ask a question and get a straight answer – but more the mantra of it being a friend, where you're getting responses back that have human emotion and aren't

just clinical or matter of fact. The idea was for it to scale up to use more and more of the AI facilities IBM provides, like tonality – and also help with the Welsh translation.

AH: One of reasons we were able to respond quickly was because we applied techniques and skills

we'd built previously for other similar applications. The ability to be able to respond empathetically came about because we'd developed that capability on previous projects where we were translating text into voice.

Are we seeing new types of project popping up in the wake of Covid?

AH: When I talked to CIOs and CEOs all of them were saying by the middle of last year 'we'll never go back to the way we used to work; it's opened our minds to what technology can do for us and how much more efficient we can be by applying better technology, better automation, better processes and better digital transformation'. It's very difficult to persuade people there's an alternative approach and you only get to this point because of something catastrophic.

There's definitely a greater enthusiasm to move as many workloads off premise as possible. Quite often what's restricting that is legacy applications, so the kind of thing we see more of now than before is application modernisation.



Andy Haley

Nightingale necessity

The NHS' IT hardware needs have ramped up during Covid. Jon Sugden, head of unified communication at Prodec – which supplied comms and AV kit to Nightingale Hospital North East – assesses how Covid has shifted the technology landscape

What was the project in a nutshell?

Prodec Networks has supported NHS trusts across the UK, deploying audio visual and collaboration systems for many years. Covid increased the demand for these types of solutions substantially. The project we are most proud of was supporting the Nightingale Hospital North East by implementing telephony, video conferencing and audio visual solutions, all within an extremely short time frame. More recently we have equipped a Covid testing facility which operates 24 hours a day, processing 80,000 Covid tests daily, with audio visual and video conferencing systems.

Are we now seeing a 'second wave' of digital transformation that's distinct from the tactical projects triggered by lockdown 1.0?

During the first wave of lockdown most organisations had little choice but to go with solutions that were quick and cost effective to implement. At the time nobody knew how long the lockdown would last or the impact it would have on their business, so most organisations were cautious in their approach to digital transformation. The second wave brought with it the realisation that the workplace has probably changed forever. Businesses now see digital transformation as a key

part of long-term strategic planning and an opportunity to improve efficiency and cost. As a result Prodec has seen a significant increase in projects around UCaaS and other cloud based collaborative solutions such as Teams, together with security and connectivity solutions to enhance the home working experience.



Five key takeaways

1 Watch out for the channel's pocket rockets

The seven *Rising Stars* featured in this report all ranked outside the top 100 in this year's *VAR 350*. As a group, these sub-£45m-revenue pocket dynamos are not only significantly more profitable than their top 100 brethren, they also saw profit margins rise more steeply in their latest years. Median net profits among those

ranked 101st to 350th vaulted from 3.0 to 3.3 per cent, compared with a rise from 1.9 to 2.0 per cent among the top 100.

The septet of firms highlighted here can be seen as a

microcosm of these smaller but more profitable firms that are looking to challenge their larger, more established peers.

2 Pandemic no drag on ambitions

This year's crop typify the ambitious nature of this second tier of firms that sit outside Top VARs. Boasting average net profit margins of over three times that of the wider *VAR 350*, they grew collective revenues by 70 per cent to £176m in their latest years.

Neither has the pandemic prompted them to pull in their horns, with several of them doubling

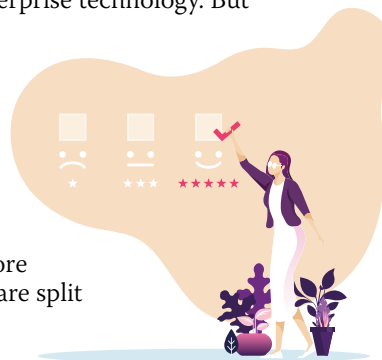


down on bullish growth plans despite the UK just posting its biggest annual GDP dip in modern history.

For some, the forces unleashed by Covid have merely turbo-charged demand for their solutions. Others with a larger footing in the on-premises world or serving Covid-hit verticals have taken a temporary knock, but still see growth ahead after a period of adjustment and reshaping.

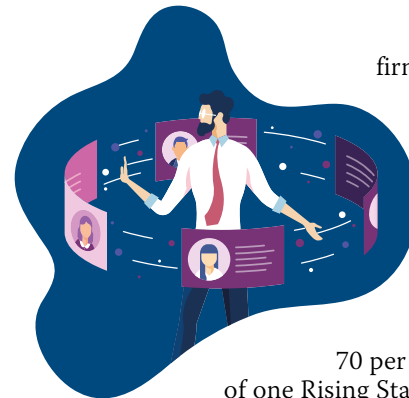
3 Staff focus a common trait

This year's *CRN Rising Stars* are all very different businesses, ranging from ERP specialists and managed services providers to resellers of enterprise technology. But if there is one trait uniting how these seven high-performing businesses have approached the last 11 months, it is their emphasis on putting staff before profits. While they are split down the middle on whether to downsize or upsize office space post-Covid, it's clear that in each case their decision-making is being guided by staff feedback, with over-communication their watchword. What they realise more than most is that their ability to listen and respond to employees – as well as customers – will define their success in the post-pandemic world.



4 Covid has accelerated digital transformation

Despite the doom and gloom, our *Rising Stars* generally expect to emerge from lockdown in stronger shape than before Covid struck. As we have seen throughout this report, the pandemic has accelerated digital transformation, super-charging investments in collaboration, security, cloud, and application modernisation projects. These seven



firms – as well as the wider *VAR 350* – are in a solid position to benefit from this trend.

At least some of the costs savings on travel and corporate hospitality (as much as 60 or 70 per cent in the estimate of one *Rising Star*) will stick post-pandemic. This means that some MSPs and VARs could actually enjoy a profit boost as nice-to-have meetings, customer site visits and lunches are cancelled and office rents reduced even after the virus is brought to heel.

5 Reasons to remain optimistic

Though some VARs and MSPs will inevitably encounter low or no growth in their latest years, there is every reason to remain optimistic about the industry's future. As explored by the case studies on page 30, technology now sits even more deeply at the heart of how all organisations operate, ensuring the channel's status as a growth industry, particularly as more revenues move to an as-a-service model. It is this trend that is making MSPs a more attractive target than ever for private equity and other investors.



30 fastest-growing VAR 350 firms

	Revenue	Growth
Solutionize Global	£41.9m	536%
North	£40.6m	135%
Teqex	£7.2m	116%
DSP	£20m	99%
Taylor Made	£20m	97%
Babble Cloud	£18.2m	92%
DMC Canotec	£41.7m	88%
Kick ICT Group	£13.2m	86%
Park Place	£28m	82%
Systal	£18.7m	82%
New Signature UK	£19.1m	77%
SoftwareONE	£300m	72%
SecureCloud+	£7.1m	62%
Highlander	£31.8m	59%
Technoworld	£51.1m	57%
Cristie Data	£11.6m	55%
M-Tech	£5.1m	54%
SAGlobal Europe	£15.4m	54%
SysGroup PLC	£19.5m	53%
Akhter Group	£12.7m	52%
Incremental Group	£9.9m	51%
ET Works	£5.7m	51%
Cloudreach	£123.1m	51%
Diversified	£32.6m	49%
Little Fish	£18.9m	49%
Vysion	£19m	48%
boxxe	£205.2m	47%
Tangible Benefit	£42.1m	47%
SCC AVS	£14.1m	45%
Clares Business Solutions	£15.6m	44%

All the data in this report was drawn from *VAR 350*, which is available exclusively to *CRN Essential* subscribers. It is – we believe – the most comprehensive attempt to map the key protagonists that comprise the UK enterprise and SMB IT channel, and the trends affecting them.

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