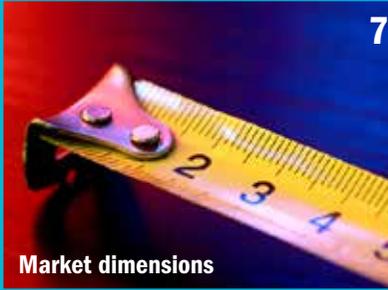


**CRN**  
**ESSENTIAL**

**Top**  
**Distributors**  
**2021**  
**EXECUTIVE SUMMARY**

## Contents

 <b>Introduction</b> <b>3</b>	 <b>Meet the distributors</b> <b>5-41</b>	 <b>Market dimensions</b> <b>7</b>
 <b>Is distribution growing?</b> <b>9</b>	 <b>Profit performance</b> <b>11</b>	 <b>The rising stock of distribution</b> <b>14</b>
 <b>A brave new world for distribution</b> <b>17</b>	 <b>Distributor dwellings</b> <b>21</b>	 <b>How bad will the components shortage get?</b> <b>23</b>
 <b>Fresh blood</b> <b>25</b>	 <b>Brexit burden</b> <b>27</b>	 <b>"We're not box shifters"</b> <b>28</b>
 <b>Full speed ahead on sustainability</b> <b>31</b>	 <b>Distie MDs on which rival they respect</b> <b>33</b>	 <b>Index</b> <b>42</b>

## Welcome to Top Distributors 2021



Tech distribution is undergoing one of the most turbulent – and yet also most successful – periods in its history.

The triple whammy of Brexit, Covid and component shortages has put the channel's middle tier firmly in the spotlight, with distributor sales and share prices both spiking sharply through lockdown.

Distributors may be facing renewed questions about their role in the channel ecosystem, but research by CRN confirms the enduring buoyancy of the sector.

The 40 companies featured in this report generated combined revenues of £12.9bn in their most recent years on record, a 7.6 per cent hike on the previous year.

Their bottom lines also rose slightly year on year, with mean gross profit margins rising from 12.3 to 13.1 per cent and mean net profit margins hiking from 2.25 to 2.48 per cent (see p11).

Tellingly, the share prices of publicly listed distributors the world over have shot through the roof in recent months – even outperforming the likes of Amazon and Google – as investors vote with their feet.

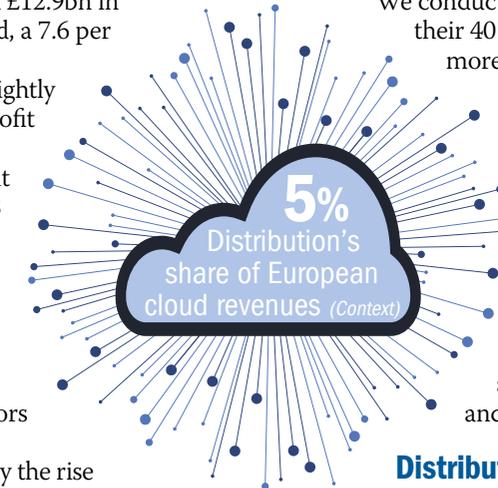
Far from being disaggregated by the rise of cloud, XaaS and marketplaces, they are poised to expand their role to become a hub for these emerging market forces, their proponents argue (see p17).

### The top 40

The CRN IT Distribution Report profiles the 40 largest UK IT distributors on our radar, from £2bn-plus-revenue juggernauts Westcoast, Tech Data and Exertis, to the niche £10m-£30m-revenue niche security, storage, UC and cloud specialists that tail the rankings.

We conducted quickfire Q&As with 39 of their 40 bosses, and also caught up in more depth with several top figures including Westcoast's Alex Tatham, Tech Data's Dave Watts and Distology's Hayley Roberts.

All 40 players are eager that distribution throws off its traditional reputation of being just 'a van and a bank', and recasts itself as the hub of a modern IT channel characterised by cloud and as-a-service, peer-to-peer partnerships and marketplaces (see p29).



### Distribution deep dive

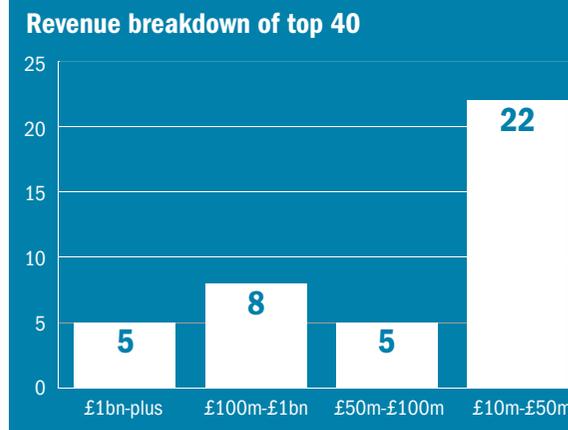
Sandwiched between those who make the technology and those that sell and manage it an end-user level, distribution has traditionally been the industry's least visible tier.

It is a sign of distribution's relative obscurity that few outside the industry will have heard of the top-ranked firm in this report, despite it now being the UK's largest privately held IT firm.

Critics often paint distribution as a necessary evil or the channel's junior tier, where pay is lower and staff less hungry than at either the vendors they carry or resellers they serve.

But there are signs that the sector's status is about to be upgraded.

Lured in by its growth potential, private equity investors have taken stakes in several distributors in recent years, including global giants Ingram and Tech Data, Exclusive Networks and Infinigate, and local VAD Distology.





And the companies in this report were more visible to the public than ever last year as they were granted key worker status during the pandemic.

Public investors have given distribution a vote of confidence over the last 18 months, with listed disties around the world including Synnex, Esprinet, ALSO and Computer Gross outgrowing the so-called 'GAFAM' big tech companies (see p14).

Many firms in this report believe that supply constraints, rather than demand, that will be

notable casualties from previous iterations, alongside distributors of industrial components (eg Rexel, Anixter), physical security products (eg Norbain) and gaming software (CentreSoft).

We added a number of small- to –mid-sized players based on word-of-mouth feedback. If any smaller players turning over more than £10m have been missed, we will endeavour to add them to the mix in the future.

Most figures in this report are based on recent filings in Companies House, but in some cases firms have shared their numbers directly with us.

We sought to identify a UK distribution number for the top players, but took a more liberal view outside the top ten (see p40). In some cases, we also attempted to isolate a distribution-only tally for hybrid reseller-disties (although not hybrid distie-vendors).

These 40 companies featured in this report generated combined revenues of £12.9bn in their latest years on record, a 7.6 jump on the previous year (see p7), and employ around 8,000 UK staff.

Of the 40, 32 grew in their latest years on record – including

**2.5%** Their average (mean) net profit margin

**13.1%** Their average mean gross profit margin

## Meet the Distributors

### 40 Pragma

**Revenues:** £8.8m

**Headcount:** 32

**Specialism:** UCaaS and VoIP

**Key vendor:** Ericsson-LG

**HQ:** Washington, West Sussex

Founded in 2012 by three former Crane executives, this UCaaS specialist is among a minority of companies in this report to focus on just one vendor in the form of Ericsson-LG, for which it acts as sole UK representative.

Although its revenues dipped four per cent to £8.8m in its year to 30 September 2020 (according to numbers it shared with us), it expects its top line to rebound to hit between £11m and £12m this year.

#### Quickfire Q&A with MD Tim Brooks

**What specialism is your firm known for, and what sets you apart from your peers?** Pragma specialises in delivering the iPECS UCaaS and VoIP solutions from Ericsson-LG, working in close partnership with high-growth resellers.

**What's the biggest misconception about distribution?** Most vendors and distributors seek to appoint as many resellers as they can. We do the opposite. We aim to deliver the maximum possible revenue through the smallest number of resellers.

**Do you expect to grow in 2021?**



**At first glance, the rise of cloud must be pretty devastating for distributors if there is no physical product to ship. How have you adapted?** Pragma started trading as a traditional distribution business in 2012, providing on-premise VoIP solutions. However, we recognised at that time that UCaaS would

# The full version of this report is available exclusively to *CRN* Essential subscribers

### The full report contains:

- Profiles of the top 40 distributors
- Analysis of market size and growth
- Feature on future of distribution market
- Analysis of net and gross profit margins
- Comment on major trends including Brexit, components shortages and sustainability
- Map of UK headquarters
- Much more

Please contact [Jessica.Richards@incisivemedia.com](mailto:Jessica.Richards@incisivemedia.com) for more information