CRN

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June 2018

Thinking bigger

Why an increasing number of resellers are moving beyond traditional channel models and creating their own intellectual property

THE PROS AND CONS OF RESELLERS WORKING WITH ONE OR MULTIPLE VENDORS **16** FIGHT NIGHT ROUNDUP **22** CYLANCE IS GOLDEN AS VENDOR MOVES INTO EMEA **26** CHILD'S PLAY FOR VARS **30**

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Foreign foray

Brexit or no Brexit, international trade forms a growing component of UK resellers' sales ledgers.

Countless VARs are expanding overseas directly, with many more scoping out potential partnerships in the region as they look to satisfy the increasingly global needs of their client base.

This makes the timing of the second annual European Elite, from *CRN* sister publication *Channelnomics Europe*, apposite.

The report, which you can view online completely free of charge, ranks Europe's top resellers by revenue, profiling 814 firms in total.

It also features interviews with no fewer than eight top executives from leading players, including Atea CEO Steiner Sønsteby, Cancom president Thomas Volk, and Insight UK managing director Emma de Sousa, the highlights of which you can read on p28 of this issue.

Last month also saw nominations close for our inaugural Women in Channel (WiC) awards, with nearly 400 nominations for individuals and companies received.

Although there were no shortage of entries for the technical categories, the lack of females in technical and engineering roles in the channel remains a cause for concern, as we explore in this issue's Big Interview with XMA tech chief Jennifer Norman on p20. She questions whether the industry is getting too hung up on coding and programming in its efforts to attract more women into technical roles.

"Countless VARs are expanding overseas. This makes the timing of the second annual European Elite apposite"

This issue's Spotlight examines how more and more resellers are developing their own intellectual property. Whether it's to solve a certain customer pain point, or simply to boost profitability, the ISV model is all the rage. Indeed, according to recent *CRN* research, 25 per cent of resellers have already developed their own IP, with a further 23 per cent planning to do so this year. On p10 we look at what's driving this trend and get some best practice tips from the firms that have done it successfully.

Elsewhere, don't miss our head to head between two VAR bosses on whether it's best to work with one vendor, or many. Arguing the case for vendor monogamy is Howard Hall at HP/HPE partner DTP. Putting the opposite argument is CAE's Justin Harling. Read the contrasting arguments on p16.

Meanwhile, on p30 we also look at the pros and cons of the graduate recruitment model made popular by Softcat.

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

■ Doug Woodburn is editor of *CRN*.

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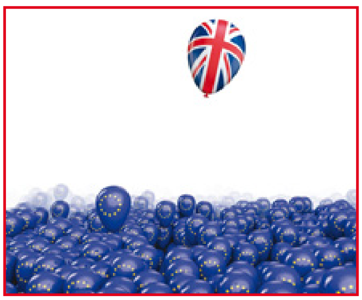


Five things we've learned this month

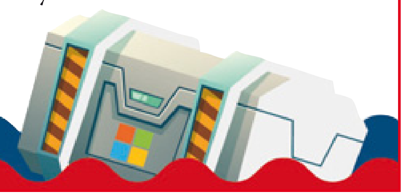
1. MICROSOFT'S DATACENTRE STRATEGY IS ALL AT SEA

Microsoft earlier this month dropped a datacentre into the Atlantic Ocean, just off the coast of the Orkney Islands in Scotland, as part of a project exploring sustainable IT.

The 40-foot-long sea container – which holds a total of 864 servers and is sitting 117 feet down on the seabed – is powered by renewable energy and uses seawater to maintain the correct temperature, as opposed to the expensive and energy-zapping cooling devices used in conventional datacentres.

Microsoft said the prototype will be used as a benchmark to establish whether marine-based facilities are a viable option for the future of datacentre technology – with demand for datacentre space only set to increase.

But not everyone is a fan of the exercise, with Lawrence Jones, CEO of UK hosting firm UKFast, dubbing it "truly one of the stupidest things I have witnessed in our industry".



2. CYBER-WARRANTIES ARE ON THE RISE

CrowdStrike has launched a breach prevention warranty of up to $1m with its Falcon Endpoint Protection Complete package, reigniting the debate on who should carry the financial risk in the event of a security breach – the customer or the manufacturer.

CrowdStrike claimed its warranty is "more comprehensive" than the rare instances of where vendors have offered financial recompense in the event customers are breached in the past.

"To be able to go to the table with the vendor… that's game changing and will define what happens in the next 12 to 24 months in the security market," said Adam Thornton, vendor alliance director at CrowdStrike partner Bytes.

3. SOFTCAT HAS AN EYE ON US AND EUROPE

Softcat has hinted that it could use its new Irish operation as a testbed for further international expansion.

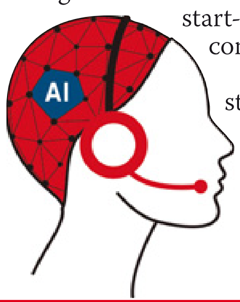
After receiving the keys for its Dublin County office, managing director Colin Brown said Softcat had an additional rationale to expanding into the Emerald Isle, over and above previous office openings.

"There is an element of having a foot in the Eurozone post Brexit," he said. "Another reason associated to that is that it's good best practice for us in terms of opening a Softcat office overseas. Okay, it happens to be in an English-speaking country, but it still gives us that good challenge of working somewhere with foreign currency and different employment and tax laws, and so on."

4. MOORE'S LAW HAS A NEW RIVAL

Artificial intelligence (AI) will provide the world with a third moment of "exponential impact" to rival Moore's Law and Metcalfe's Law, at least according to IBM CEO Ginni Rometty.

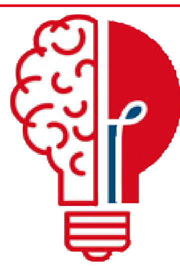
"Everyone would say those two moments in time [Moore's Law and Metcalfe's Law] have profoundly changed life as we know it," she told an audience of start-ups at French technology conference VivaTech.



"But I would tell you that we stand one more time at another exponential moment. Here's the formula: think of all the data in the world, add tools like AI, and what companies and people will be able to do is have exponential learning."

5. REDSTONECONNECT CONFIRMS IP CRAZE

Cisco Gold partner RedstoneConnect has taken the intellectual property trend (see p10 for more) a step further by selling its MSP and SI arms to focus entirely on software development.



Although the sale will see the firm's revenue plunge by 89 per cent, leaving it with just a £5.3m-revenue software unit, CEO Mark Braund billed it as an "exciting development in the evolution of our business".

"We firmly believe that the significant global demand for workspace management solutions, coupled with the market-leading suite of services already being deployed within our software division, creates an ideal base from which to accelerate our growth," he said.

Storm clouds

8

The number of vendors Gartner dropped from its 2018 cloud IaaS Magic Quadrant, leaving only six core players: AWS, Azure, Google Alibaba, Oracle and IBM

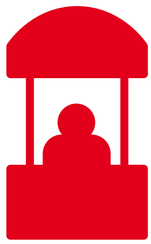
This month on LinkedIn:

"After 20 years or so as a Windows user, Windows 8 made me crazy, so I switched to a Mac. I loved it. I loved the iPad too. However – Windows 10 and a Surface laptop have enticed me back. Microsoft Windows is officially cool. #windows10 #mac #surface #ipad #laptops"

Stuart Fenton, CEO, QuantiQ Technology

FACTS AND FIGURES

$250m
Size of funding round snagged by next-generation storage start-up Cohesity



£640 per square metre
Cost of a prime spot at this year's Infosecurity Europe show

$1trn
Market valuation Apple appears to be heading for after its stock price soared again (it was valued at $944bn as we went to press)

14 years
Stint spent at BT by outgoing CEO Gavin Patterson, who was ousted following the "broader reaction to the struggling telco's financial results"

NOTABLE AND QUOTABLE

"There's an old saying, at least in American English, that you can't teach an old dog new tricks. I'm an old dog, and this is a new trick."
Former US president Bill Clinton on the thriller he has written with novelist James Pattinson about a US president trying to save the world from a cyber-attack

"There is undeniably a problem with the gender split in the industry... Having awards like this, that really showcase role models for these young women to look up to, is only going to be a good thing."
UKFast co-founder Gail Jones on why she has agreed to join the judging panel for the inaugural Women in Channel Awards

Meet the VARs becoming developers

***Tom Wright** asks why more resellers are turning towards intellectual property development to maintain differentiation and margins*

An unprecedented number of channel firms are turning to software development as a way to differentiate themselves from their competitors and boost ailing margins.

While some channel mainstays are still thriving with their traditional reseller business, others have found themselves in a position where they need to adapt quickly. Research conducted by *CRN* earlier this year found that over one in five resellers are planning to develop their own intellectual property (IP) by the end of 2018, with a quarter already doing so. Based on these figures, nearly half of resellers in the UK will be utilising their own IP by the end of this year.

Software development would have previously required vast capital expenditure on infrastructure just to get started, but the cloud infrastructure offered by the likes of Amazon Web Services (AWS) and Microsoft Azure means SMB suppliers can now explore building their own software products at a fraction of the cost.

Partners can also build on top of the solutions already developed by vendors and tailor them to specific customers and verticals.

But this change in direction cannot be achieved overnight and requires a change in mentality.

Why IP?

Many channel partners will still be prospering selling hardware and the associated services.

Others, particularly smaller VARs and service providers that cannot survive on the same slim margins as the market leaders, are looking for ways to stand out from the crowd.

Marc Chang, CEO at Cisco Gold partner Block Solutions, cited this as the main reason for the firm developing its own IP.

Block's flagship intellectual property is its WiFi product Luminosity, which targets NHS organisations.

The software allows these organisations to set up one network, through which they can provide both corporate internet access and guest internet for patients.

"You have people who will be able to sell based on cost, so some of the larger players," Chang said.

"When we look at that, we can't compete with some of

the big ones turning over half a billion pounds.

"We have to look at areas where we can add our value, so I think it's increasingly important for organisations that fall into our category to be looking for ways in which they can develop their IP and differentiate."

This extra value comes at a cost. Resellers need to build out the platforms required to develop the software, and also bring on board a different type of IT professional, with the capabilities to create software, rather than service it.

But the upfront investment may not be as steep as it would have been five or 10 years ago.

Chang said that the attitude of some of the world's largest vendors has changed over recent years, with a number of key players embracing the open source approach and opening up their software to third-party developers. Because of this, partners can use software already developed by vendors as a starting point for their own software.

"Generally, technology is changing," he said. "At hardware level things are becoming more commoditised and moving more into software, and things are becoming a lot more open through APIs.

"Cisco is one of our main vendors and its products now come with open APIs in a lot of the portfolio, so we're able to exploit that.

"A lot of the organisations have opened up their infrastructure to be programmable by partners such as ourselves and they've actively encouraged that, so we've developed those things to be able to take advantage of what's possible."

Specialisation

Because of the open nature of these vendors, partners can take the generic applications and tailor them to their customers' needs. A number of channel firms are taking advantage of this to create bespoke products in industry verticals.

TSG, for example, has built on top of Microsoft's Dynamics platform to build a system for rail franchises, named Traveller, that can handle customer tasks including complaints and refund requests. TSG's second product – Tribe – is a CRM platform tailored as a membership database.

Fleur Parker, group applications director at TSG, said that it now makes more sense to use software from established vendors as a building block, rather than build out a product from scratch.

"Part of our strategy is that IP is a clear vision, because it differentiates us and allows us to take our market knowledge into the industry," she explained.

"We have great experience in dealing with the train operators and in memberships, so being able to tweak the system and know what they need allows us to be able to deal with it really easily."

This specialisation is likely to become more important over the coming months and years.

The majority or organisations are moving to only a handful of public cloud providers, with AWS and Microsoft Azure currently the clear market leaders.

This trend can make it easier for partners to build out deep expertise, because they're only having to focus on a handful of vendors rather than dozens of on-premise infrastructure players.

Mark Skelton, head of consultancy at Microsoft partner OCSL, said this has made it more viable to invest in specific vendor technology.

OCSL has built a range of services around Microsoft Azure, branded "Fast Start", which provide quick migration services for organisations wanting to move workloads from on-premise infrastructure to the cloud.

"The move to common platforms is a big thing," Skelton explained. "If you're talking about cloud datacentres, you're really only talking about AWS and Azure.

"Because we're standardising on platforms it makes it a lot easier to deal with IP around those, because you're not dealing with the weird and wonderful things that you would deal with in a customer's datacentre – so standardisation has delivered that from a solutions perspective."

But along with the opportunities that come with the public cloud is a potential problem. Because the vast majority of channel firms playing in public cloud will be doing so with just two vendors, there is a strong likelihood that partners will be building out capabilities that are very similar to each other.

The danger here is that differentiation may become harder to achieve.

Lars Malmqvist, CTO at public sector supplier Arcus Global, claimed VARs might struggle if they are placing all their bets on providing services around the cloud. IP, he explained, is a good way of mitigating this risk.

"It will be really important for VARs to mix up their revenue stream so they're not relying just on professional services," he explained. →

"It will be really important for VARs to mix up their revenue stream so they're not relying just on professional services"
Lars Malmqvist, Arcus Global

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"Even managed service offerings on top of cloud platforms – that feels like it is more commoditised.

"More people are building those management layers, so while you still need those things, you also need something else. That can only be an investment in proprietary IP."

Arcus Global was traditionally a public sector reseller but made the decision three years ago to transition away from professional services as its main revenue driver, focusing instead on its own software products.

These products primarily target the public sector and build on generic software from vendors including Salesforce and AWS to create bespoke solutions for local government organisations.

Arcus Answer, for example, builds on Amazon's Alexa AI to provide bots to local authorities. These bots can interact with customers to resolve a number of typical queries, therefore freeing up employees to focus on more complex tasks.

Malmqvist said that developing these applications before a lot of its competitors has given Arcus a better chance of remaining a leader in its chosen vertical.

"We were differentiating simply by being the best at public sector," he explained. "Our edge in that space has been our domain knowledge, but the more you go down the direction of cloud and AI, the less secure you are in those traditional positions.

"A lot of the new platforms – like cloud and AI – are making those key differentiators easier to replicate. It's a less defendable position than it used to be."

How to get started

Despite the opportunities IP presents, it cannot be produced overnight and requires a number of cultural shifts within a partner if it is to be a successful operation.

The firms that *CRN* spoke to all offered the same advice with regards to how to begin the process: start with one customer.

Rather than invest time and money in a product and then market it to potential customers, the first product should be borne out of a collaboration with a client, they said. This means that the resulting solution has already been validated by an organisation in the market.

Customers will most likely not buy a product that hasn't been created yet, meaning that the partner would have to invest all the capital upfront to build the product without having any pipeline in place.

"Most of these things are born out of projects," TSG's Parker said.

"So when a customer comes in and says 'these are our requirements, can you tweak it to do that?' you do that a couple of times because you get a little bit of traction in the market, and then as a business you take the decision to make it a product, rather than a project."

The risk with building the product first is that, even if the partner thinks it is relevant to a particular market, it might not meet a genuine customer need.

Block's Chang warned that partners need to make sure that they stay tightly aligned to the product's original goals, and don't get carried away trying to build something too extravagant. Sticking to these objectives – and not adding a host of extra features – will help ensure that the solution is relevant to an entire industry vertical rather than a sole customer.

"Get your ideas checked by a customer themselves," he said. "Don't just think the idea itself is a good one; do your research and checks, and make sure you go outside IT. The people who will be using the software will usually be the business user themselves, not the IT department, so go out and get sponsorship into those key people to check that.

"Also be careful that you focus on what the core value of the IP is, because there is a tendency as you go out that the customers want everything. You have to stay true to what the core product is because you can't be all things to all people – that will never work. People try to bolt on all sort of things, but you have to build it not only for that one customer, but for the whole industry."

With this in mind, partners have to make sure that a product is relevant to an entire market vertical, rather than just one specific customer – otherwise the chances of repeat sales will be smaller.

Follow the leader

The channel's increased focus on IP is not just being driven by partners and customers.

Vendors including Microsoft, Amazon and Cisco have opened up their software over recent years, which has enabled developers to use this technology as a starting →

point for their own bespoke applications.

Arcus Global's Malmqvist said that vendors have softened their stance when it comes to partners sharing their recurring revenue, adding that the landscape has shifted to one where vendors need a strong partner community to be able to compete.

"Ten to 15 years ago you could sell a lot of professional services but Microsoft wouldn't cut you in on their licensing revenue," he said.

"These days they are happy for you to make additional recurring revenue on top of what they make because they see it as strengthening their ecosystem.

"The big suppliers don't think of it as product and value – they think about the total proposition as us, plus products plus services – the whole thing is the product that is being delivered."

Niko Mykkanen, EMEA partner boss at AWS, said that over the last few years the cloud giant has noticed a change in the dynamic of its partner base, explaining that the boundaries between different types of partners have started to disappear.

"If I look at our partner programme, we have traditionally divided it into consulting partners and technology partners," he explained.

"The more I look at it and the more I have conversations with partners, the limits and the boundaries are becoming much blurrier. All the companies are offering services and the services companies are building IP so there is a real transformation going on in that way; partners are absolutely expected to put other differentiating services on top.

"The way I look at it, we have the building blocks and every customer wants a castle. That castle becomes a combination of our services, our partners' services and of course what they can build themselves, so we have been encouraging it from day one."

AWS is perhaps a slightly different case to Microsoft, in that it does not need to encourage its partners to adopt new skills, or recruit a different type of employee. Since AWS was spun out of the wider Amazon businesses, it has always worked with ISVs that would manipulate its technology to build bespoke products.

Microsoft, by comparison, has generally worked with partners that would resell its technology and provide services.

"We have always been open about what we have been building," Mykkanen said.

"Many of these services have been built for our own needs in retail or other businesses that we have, but since then we have tried to support as many languages and protocols as needed and made those things available.

"That means partners can focus on the innovation, not the heavy lifting. Sometimes it takes time to know how we have been thinking about something, so we try to help and share what we do, but it is about having the selection available for them so they can focus on differentiation."

Like the partners quoted earlier, Mykkanen advised partners to start the IP process by focusing on one specific customer, rather than build a product and then try to sell it.

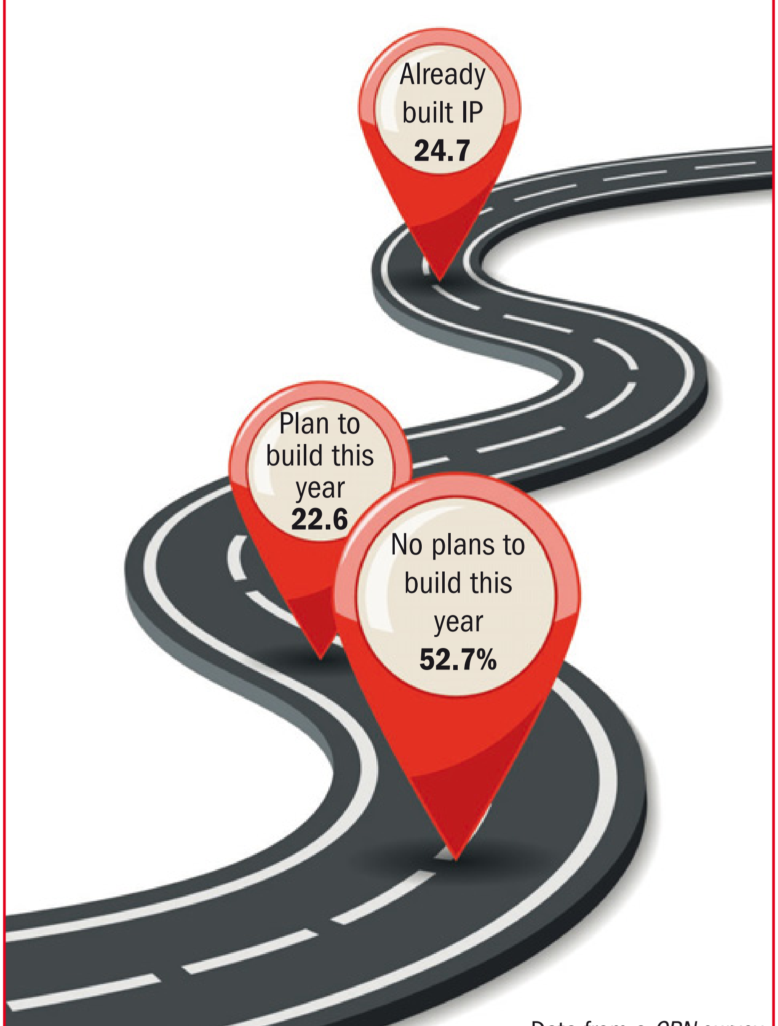
He also advised partners to utilise the resources that have been made available to them, including AWS itself and other partners in the ecosystem.

"It has to start with the customer – they have to know what they really want to get into and they have to find a way to be different," he said.

"The boundaries are lower than ever before, there is space for niche and focus and they need to do that to make sure that they really understand the customer need.

"The other piece is know what you are doing. Be open about it – seek for help, talk to us, talk to other partners and understand what the options are so you avoid building something that is built already."

Where are resellers on their IP journey?



Data from a *CRN* survey conducted in February 2018

Monogamy vs polygamy

***Tom Wright** weighs up the pros and cons of resellers working with one vendor, and working with multiple vendors*

DTP and CAE are two of the most respected names in the UK channel, both regularly posting sturdy financials and winning awards at vendor partner conferences.

But despite playing in similar spaces, the two organisations have fundamentally different approaches. DTP has built up a reputation over its 30-year existence by partnering solely with HP, while CAE prides itself on its high accreditations with multiple vendors.

Both firms attribute their success largely to their differing approaches. In its most recent accounts filed with Companies House, CAE pinpoints its "fundamentally manufacturer-agnostic" stance as key to the strong revenue growth that has propelled it towards the £100m revenue barrier.

DTP, meanwhile, claims it "differentiates itself by its loyalty and investment in being HPE and HP experts", as opposed to nameless competitors it dubs "multi-brand supermarkets".

Howard Hall, managing director of DTP, said this allows the firm to stand out from the broader channel players.

"The difference between value and volume is fundamental," he said. "We do a lot of volume business but while we're doing that we're a value player.

"We are trusted and we do a lot of direct fulfilment in a lot of HP Inc's global deals for them, just because we're a safe pair of hands."

Hall said that HPE and HP Inc put a lot of faith in DTP because of the loyalty the reseller has shown. This tight relationship, he said, means that the two organisations often work closely together and make jointly branded bids for large projects, which see employees from both work on solutions.

"They wouldn't back us if we were a multi-vendor on that particular bid because they wouldn't trust opening the kimono with us," he said.

However, Hall added that this type of relationship needs to be managed closely. He explained that it is important for DTP to keep HP Inc and HPE honest to ensure they don't take the reseller for granted.

"We still have to sell as much to the vendor as we do to the end user," he said. "The other side is that we might be seen as easy. They may not need to spend as much effort on us because they know they already have our business, so there's a fine line between the two."

"Being single brand means our techies can be deeper in the technology because they're not multi-branded"
Howard Hall, DTP

Watford-based CAE has a business model opposed to DTP's, and works with a handful of vendors including Cisco, IBM, NetApp and both HP organisations.

CAE chief executive Justin Harling told *CRN* that the reseller's approach is a response to demand from customers, who often want technology from a range of vendors in the outcome they are buying.

"For us that multi-vendor part is all to do with the customer and what they would like, which is choice and being able to understand which options are available within that complete solution, he explained.

"We still find that if customers always made what could be regarded as perfectly rational decisions then perhaps that would differ, but there will always be experiences of different technology and manufacturers that will weigh on the final decision. For us to take all that into account we think it is important to have that breadth."

Harling, however, said he does not take this approach for granted, and warned that all multi-vendor partners need to be aware of the demands of maintaining high-level relationships with so many vendors.

"There is a big upside there, but it is a conscious decision because the time, effort and resource that goes into that is significant," he explained. "It is incredibly difficult.

"It takes dedicated roles within the business to do that because there is always a significant amount of change within those partner programmes and it means having to invest in the training and everything that goes into it, but that is still important.

"It means that we are able to have and demonstrate a capability as opposed to it being logos on a page."

This is something that Hall claims is a benefit of working with fewer vendors.

He explained that DTP is able to build tight relationships with HPE and HP Inc because these are the only relationships that the firm has to manage.

As a result, Hall sits on HPE's Worldwide Partner Council as the UK representative, which gives him a direct line to CEO Antonio Neri and other members of the senior leadership team. Closer to home, HP Inc's UK and Ireland channel boss Neil Sawyer spoke at DTP's sales kick-off for its current financial year.

This kind of relationship, he said, is harder to build if you are juggling multiple vendors.

The same can be said of DTP's technical abilities, Hall said, with the focus on one vendor meaning employees can spend time building up technical know-how.

"Being single brand means our techies can be deeper in the technology because they're not multi-branded," he said.

"They're very highly accredited in the HPE brand. Some of our subject matter experts are as good as they get in the industry, and we have been parachuted into other resellers' problems by HPE to sort it out – that's once or twice every quarter."

This expertise can be important for individual employees inside a reseller, but Harling said some techies enjoy the variety of working with multiple vendors.

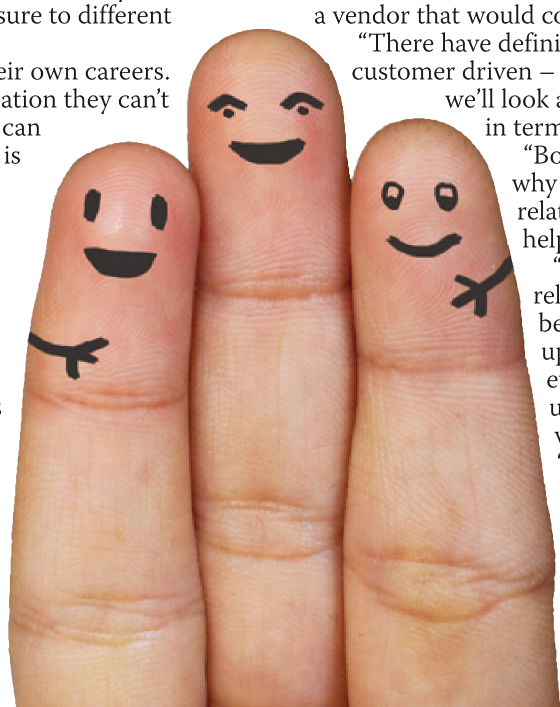
On some occasions the firm's high accreditations with the likes of Cisco and VMware have brought in new talent.

"It's not just about the customer," he explained.

"Sometimes we can attract staff because they want a more varied experience and exposure to different technologies.

"They want to be able to grow their own careers. If they're pigeonholed in an organisation they can't do that, but if they come to us they can spread their wings a little bit which is good for them in the long term."

> **"It's not just about the customer. Sometimes we can attract staff because they want a more varied experience and exposure to different technologies"**
> **Justin Harling, CAE**



Head to head

Having multiple vendors in its portfolio gives CAE more choice when it comes to building a solution for customers, but there will inevitably be times when two vendors offer equally viable options and both want in on the deal.

Harling said that in these situations, the reseller has to be firm in its choice and keep communications clear between all parties involved.

"We deal with it early and we never switch, because that's the only way to keep trust and integrity," he said. "We need to identify early what we think is the best choice, make that choice and stick to it.

"If we do that, it is possible to manage it. If you don't do that, it can be incredibly damaging to relationships. Those are probably the strictest rules.

"Everyone has to know where they stand because that ambiguity can damage a relationship."

On the flip side, Hall said that DTP has once or twice found itself in a position where it didn't have enough options for a particular customer. These situations led to the only two occasions where DTP looked to other vendors to plug gaps in its portfolio.

He explained that DTP was recently struggling to win deals in the low-end flash storage space, with HPE's 3PAR being more expensive than competitors. To mitigate this, DTP was in the process of becoming a Nimble Storage partner, only for HPE to acquire Nimble.

A similar thing happened earlier in DTP's life when the firm was not seeing great success with HP's PC. In this case DTP partnered with Compaq, which was then acquired by HP a few months later.

Room for manoeuvre

Harling said that CAE is also not opposed to adding more vendors to its portfolio, explaining that sometimes the offering is expanded as a result of customer demand, and on other occasions when CAE's team has identified a vendor that would complement the current line-up.

"There have definitely been times when it been customer driven – they'll ask about something and we'll look at it, but a lot of it comes internally in terms of people having conversations.

"Both parties have to understand why you are getting into the relationship; doing that that always helps," he said.

"If that relationship is going to be relatively low key then we find it's better to have that conversation upfront rather than promise everybody the world and then under-deliver. It is about those very honest conversations that say 'this is why we are looking at the relationship'. If you can set the expectations right, it's OK – if you don't, you'll waste even more time and effort."

Playing the long game

*Veteran credit management expert **Eddie Pacey** recalls a case from the 1990s when he helped out a stricken system builder*

Continuing a theme of business recovery case books, this latest one perhaps encapsulates the spirit that no matter how difficult things may outwardly appear, businesses can not only recover but go on to achieve significant impact and return.

The case in point was one of the most difficult I encountered and indeed was one of the longest on record, spanning almost 15 months from initial approach to clearance of the problems.

This particular case demonstrates admirably how experienced, knowledgeable, and above all empowered credit management can deliver not just bad debt avoidance, but significantly increased, profitable revenue streams and business continuity.

To provide a little background to the case book, I first visited this Midlands-based OEM in 1993. It was small, employing fewer than 10 people, and was focused on just one industry sector, that of education. Visits became a regular feature as business growth and demands on supply increased and the relationship became one in which the firm valued my input into performance and growth aspirations.

The owner had competition: several other local OEMs served the same industry and at one point some years later, our client decided to merge with another to, in the words of the director and owner, "stop us both cutting our margins to the bone". The one negative for us was that we had historically declined credit to the other OEM for a number of reasons.

We had absolute trust in the ability of those running our client's business but were alarmed at the manner in which the merger was arranged. This resulted in increased visits and demands for additional information.

The merger arrangement effectively meant our existing contacts were responsible for marketing, selling, purchasing and production but senior personnel from the other OEM took over responsibility for finance and administration.

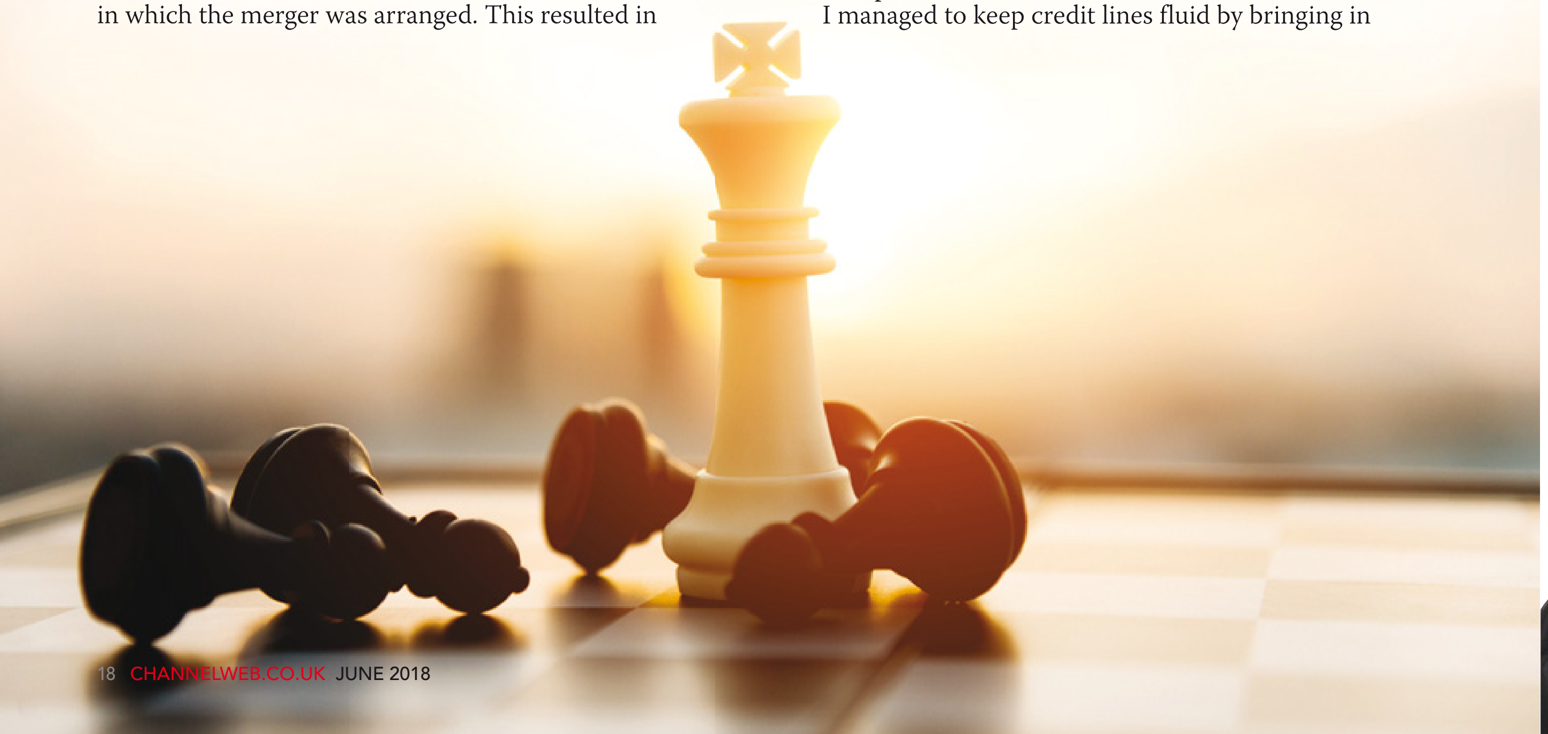
To say we were alarmed was an understatement and I insisted that on all matters my preference was to retain contact and meetings with directors I knew and trusted.

My first visit post-merger was some five months later, having been provided with management information that looked overtly far too positive and out of sync with known performance of the two prior to merger.

On pulling into the car park, I could not help but notice a number of expensive BMW 3 and 5 series and at the front of the building a gleaming and relatively new Ferrari. There was certainly a buzz about the place and directors were cock-a-hoop with apparent performance. I actually teased the managing director about the Ferrari and the expensive-looking cars but his response was upbeat, insisting that management information provided showed how well the business was doing.

On leaving, I insisted on being provided with monthly management accounts moving forward. I also quietly indicated my concern at the management information provided. "Are you absolutely sure this information is correct and validated?", I asked. "I can see revenue increase given the merger, but levels and profitability appear too high too quickly." He remained adamant that all was fine and that the coming months and year end would prove it.

I managed to keep credit lines fluid by bringing in



terms slightly and engaging on a twice-a-month payment cycle on 45-day terms in the run-up to their year-end when my requirement was visibility of draft full-year figures and then of course fully audited results. We remained one of their principal suppliers.

Draft full-year figures failed to arrive and some two months later, on forcefully making the request once more, I was assured the figures would be provided by my usual contact, the managing director. He was out when I called in meetings with his bank.

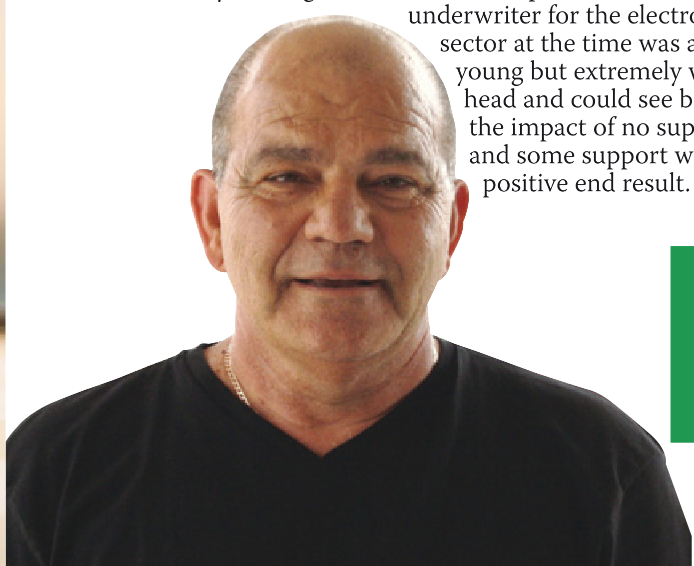
The following month, I received a call. Not quite the one I was hoping for, but nonetheless a movement of sorts. It was the managing director calling from his mobile. "I'm on my way down to see you with my bank manager who is now my finance director and I'll explain it all when we arrive," he said, interspersed with a few customary F-word expletives.

I arranged a meeting room and they arrived early in the afternoon. "Eddie, you were right," he said. "I should have taken more notice but I've sacked the entire finance team and my bank manager has agreed to come on board as finance director to help me sort this out. We're in a mess but I'm not one to give in and I really need your help and assistance to turn this around."

I'd not seen him so enraged and yet so determined to regain control and while the position looked quite bleak, I felt that given support in some areas, we might be able to improve the company's position over time. It certainly would need the support of at least one major manufacturer, two other mid-tier distributors and on this occasion, credit insurers.

It transpired that management had been fed falsified figures and coming off the back of these, a massive unwarranted explosion in costs and expenses had impacted. In working with his bank manager to create a more accurate picture of performance, draft financials suggested a hole in the balance of more than £1.5m, moving the company to an insolvent position and severely impinging cashflow.

For some extraordinary reason, the major manufacturer refused to support the business, placing further demand on the distributors but mercifully, the credit insurer, on this occasion, and knowing the client extremely well, agreed to assist. It helped that the head underwriter for the electronics sector at the time was a young but extremely wise head and could see both the impact of no support and some support with a positive end result.



The first challenge was to convince us and others that the revised financial information showing the extent of the black hole in the balance sheet was accurate. Those supporting my request agreed to defer an element of payment due and use this to obtain a full independent audit by one of the top five auditing firms for £25,000.

The audit revealed that the extent of loss was as indicated, so the next task was to look at the requirement of product supply over the remaining busy summer period and how this would fit in to forecast business levels and cashflow planning.

It was never going to be easy but having viewed forward order books and sensible, rational cashflow forecasts, we could see there was a chance to defer immediate payment of existing debt as much of it was current or only just payable, while applying a separate arrangement for fresh orders placed.

Essentially, we worked cashflow with the company to ensure a weekly cycle of old debt repayment with normal terms applied to current transactions. Insurers would retain current cover as long as old or fresh debt did not age more than 90 days beyond terms. Monthly reviews would occur with face-to-face meetings to discuss monthly management accounts, forecast and cashflow. This was vital as the engagement of support was just prior to the summer hiatus of the company's activity.

Internally, I set up a fresh account to process new orders on terms agreed and froze the old account, allowing weekly payments to whittle it down over time.

If there was one thing that drove me to support this request and push others to assist, it was the make-up and constitution of the principal director and shareholder. He was likeable, motivated, knew his business and his customers inside out, was utterly trustworthy and spoke with a typical Midlands accent, with every sentence carrying at least one F-word expletive; not in a bad way but one borne of mutual familiarity over the years. It also helped to know that his business had been profitable, was profitable and could continue to be profitable.

Monthly meetings at the firm's Midlands HQ became less intense as we worked through the programme of recovery and some six months in, the old debt was totally cleared and nine months later, fresh supply was being paid in accordance to terms applied with no overdue debt evident.

The turnaround was astonishing. The hole of £1.5m in the balance sheet was almost totally recovered and the business once more became an efficient, lean OEM servicing a sector it knew extremely well and in which it was highly respected, often winning deals against bigger, known vendor names.

"This case demonstrates how experienced, knowledgeable, and above all empowered credit management can deliver not just bad debt avoidance, but significantly increased, profitable revenue streams and business continuity"

Leading the way

*XMA tech chief Jennifer Norman talks to **Marian McHugh** about how her own career path could act as a template for other women entering the sector*

The lack of female staff in technical positions was a key headline that emerged from the gender pay gap reports all larger vendors, distributors and resellers were forced to publish by 5 April.

Technical roles tend to pay well, and many firms in our sector pointed towards a lack of female engineers as a contributing factor in their gender pay gaps.

To take a prominent example, Microsoft said it has a 73-27 male-female split in its UK business, but admitted that only 18.2 per cent of its technical staff are female.

Jennifer Norman, head of infrastructure transformation at Nottingham-based reseller XMA, said she has noticed that the industry is now more conscious about the lack of women in technical and engineering roles.

"In my specific field (technology infrastructure) I don't see an increase in women coming into roles but I do see an awareness of that, whereas previously there was none… because it was just accepted that there were no women there," she says.

"I couldn't bear it when something was out of my reach, so I'd ask questions. If I couldn't fix it, I'd go and find someone who might know how and ask them"

With over two decades of experience in engineering and technology, Norman's own career progression saw her start in a helpdesk role before eventually joining the server engineering team. She says that a "good proportion" of people working in helpdesk positions are women, but that much more could be done to encourage them to progress further.

"One of the areas we could be focusing on is developing women from the helpdesk roles into further engineering roles because that was my route. I haven't ever seen any other woman moving into datacentre engineering roles from helpdesks. You normally see plenty of women in that first and second-line role, but for some reason, they don't progress further," she says.

Norman's career as an engineer started "by accident" when she was working in an office and was asked to cover a phone line. "I enjoyed the troubleshooting and problem-solving side of it and I found that I could do it. I found the challenge of being presented with a problem, trying to find the solution to that [problem] and the satisfaction of knowing that I fixed it was almost addictive."

She admits that she pestered the engineering team at that office with questions because she "wanted to be able to fix things," resulting in an invitation to apply for a position on the server engineering team when it cropped up. "I couldn't bear it when something was out of my reach, so I'd ask questions. If I couldn't fix it, I'd go and find someone who might know how and ask them, so [then] I'd know how to fix it," she says.

Coding conundrum

As a woman working in an industry cluttered with men, Norman says nothing less was ever expected of her because of her gender.

"I was treated the same as everybody else but I think that's because I did the same as everybody else – I just got on with it," she explains. She also adds that despite the lack of women in technical positions, hiring people for such roles shouldn't be dependent on gender. "When you're looking for someone who…has specific skills in a specific area, gender doesn't come into it at all – if they have the skills, they have the skills," she explains.

Though she has not noticed an upswing in the number of women entering the tech sector, Norman does believe that the perception of women in technical roles is changing. "The perceptions of management during the hiring process is that they can expect female applicants, and I think that is a positive shift and we just need to keep going with that shift," she says.

Norman has observed that there are lots of events and efforts to encourage women into coding, but is wary of the emphasis placed on one area of tech. "There's a lot made of getting women into coding, but I don't see a lot being done to encourage women into other areas of engineering. Maybe that's something that we all need to address. The technology industry is vast and you don't have to be a programmer to be in technology."

Norman adds that getting more girls interested in technology may have to involve a broader approach, and a reduced focus on coding. "Getting girls into tech is doing anything in technology and just about being excited in what technology does and what it can do," she says. "We have so many other things coming along the line with automation and AI and analytics, it would be great to see women involved in some of those programmes as well."

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Fresh from the fight

It was a jab well done by all our plucky pugilists at this year's CRN Fight Night

It is a mark of the character and resilience of our Fight Night boxers that some of them made it into work the next day, almost as if they hadn't been repeatedly punched in a three-round fight the previous evening.

Some 18 brave warriors took to the canvas for the eleventh *CRN* Fight Night, which took place on 24 May at the Brewery in Chiswell Street, London.

Despite the bruises they sustained, *CRN* managed to track down several of them the following morning, including Dexter 'Bad Newz' Babalola from Mimecast, who edged a close cruiserweight contest with Comms-care's Benjamin 'Razor' Reddock.

Although nursing a swollen nose, Babalola said it was a "great experience".

"It was a really good night and well organised, and all the fighters were really nice guys outside the ring. My fight was matched up really well – the guy I fought was really fast," he said.

Meanwhile, Helen 'The Honey' Badger from Harman Professional Services was also in the office the following day after being paired in a super-middleweight bout with Incisive Media's very own Victoria 'The Vicious' Newell.

"I had a brilliant night and when I walked into the office this morning – probably still slightly hung over – everyone was just buzzing," she said. "I loved the training and the camaraderie with the guys who did the training."

Badger said she plans to box again.

"My coach said 'you've got two weeks off, and then we're back on it'. It's just the fitness and the way you're using your mind on top of the physical side of it – you don't get that in many other sports. A couple of the girls I sparred with in the last couple of weeks leading up to the fight were like 'see you in a couple of weeks' – I want to get back in there."

Babalola admitted he is still weighing up whether to continue with the sport after taking a big blow from his opponent on the night.

"It was my first time boxing and I'm still thinking about it," he said. "I did enjoy it but I didn't enjoy getting punched in the face. He caught me once and caught it really clean – all the rest I pushed him and blocked him. It's hard to keep your composure when someone hits you."

Having won the coveted Fighter of the Night award, David 'The Danger' Woodward from HPE Aruba was also up and about the next day.

He defeated Omari 'Iron Fist' Hunter from Agilitas in an enthralling middleweight contest.

"There's no doubt about it: Omari is a really tough dude and he hit extremely hard," Woodward told *CRN*. "It all came together on the night. Where he landed some big shots, I had the high volume of shots."

Woodward, who was in the gym five or six days each week during the six-week training period, said he also planned to add boxing into his fitness regime in the longer term.

Dinner, served after bout three, comprised a starter of chicken caesar croquettes, lettuce, samphire and smoked anchovy puree, a main of pork belly, black pudding, celeriac remoulade, spinach, caramelised shallot, baby carrot, potato galette and rhubarb gel, and a dessert of chocolate mousse, salted caramel, pink shortbread, summer fruits and strawberry ice cream.

The event has raised £225,000 for charity over the years, and attendees gave generously in the auction on the night that was raising money for 18 great causes.

See p23 and 24 for a full summary of last night's results, with some accompanying pictures. You can view a full gallery of the pictures on our Facebook page *facebook.com/CRNUK*.

David 'The Slayer' Skinner (Total Computer Networks) v Tim 'T-Pain' Roberts (Northamber)

Skinner had a strong first round but both fighters appeared tired in the third. The final result was very close at 29-28.

WINNER: SKINNER

Ryan 'The Bomber' Hall (Bytes) v Jake 'Cuddles' Anthony (LogPoint)

A heavyweight bout. There were several stoppages throughout the fight due to problems with gumshields falling out (both fighters) and helmets coming loose (Anthony, twice).

WINNER: ANTHONY

Victoria 'The Vicious' Newell (Incisive Media) v Helen 'The Honey' Badger (Harman Professional Solutions)

A super-middleweight bout. The audience vote saw the fighters neck and neck after round two and the judges obviously agreed.

RESULT: DRAW

Josh 'The Jester' Hughes (SoftwareONE) v Graham 'One Bomb' Findlay (SHI International)

A cruiserweight bout. Findlay injured his knee in round one and the fight was stopped.

WINNER: HUGHES

David 'The Count of Monte Fisto' Polier (intY) v James 'King' Macbeth (Westcoast)

A cruiserweight bout. The audience vote was 83 per cent in favour of Macbeth after round two, in a fight the MC described as "a rough-tough encounter".

WINNER: MACBETH

Sam 'The Gent" Kelly (last-minute replacement for Ali 'The Hurricane' Hussain) v Lewis 'Birthday Boy' Troughton (Computacenter)

A welterweight bout that saw equipment problems for both fighters with them needing to have their helmets adjusted. The MC called the fight "a squeaker" and said the result was due to Troughton having "slightly tighter combinations". Many in the crowd appeared to disagree.

WINNER: TROUGHTON

David 'The Danger' Woodward (HPE Aruba) v Omari 'Iron Fist' Hunter (Agilitas)

A middleweight bout. Most of the crowd were cheering for Woodward and the audience vote after round three was 90 per cent-10 per cent in his favour. The MC declared it "one of the best fights we've ever seen at Fight Night" and said the result was a "wafer-thin decision".

WINNER: WOODWARD

Lloyd 'The Powerpod' Parker (Softcat) v Sam 'The Hammer' Baldock (Datto)

A heavyweight bout with more helmet problems. The audience vote was firmly with Baldock throughout the fight, echoing the judges' decision.

WINNER: BALDOCK

Benjamin 'Razor' Reddock (Comms-care) v Dexter 'Bad Newz' Babalola (Mimecast)

A cruiserweight bout. Babalola had a lot of crowd support and the result represents the first time Comms-care has lost in the history of Fight Night.

WINNER: BABALOLA

The Fighter of the Night Award was presented by professional boxer and former British light heavyweight champion Frank Buglioni.

WINNER: DAVID WOODWARD

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Cylance is golden

*After crashing into the UK two years ago, Cylance had a relatively quiet 2017. Channel boss Stuart Quinsey tells **Tom Wright** that a 'building' year has seen the vendor spread out across EMEA*

Cylance made perhaps more noise than any vendor in recent years when it launched into the UK in 2016, demonstrated no better than when it plastered its logo over Waterloo Station.

But after its barnstorming introduction – and a handful of aggressive interviews taking aim at legacy security vendors – the California-based vendor was relatively quiet from a PR perspective in 2017.

Speaking to *CRN,* Stuart Quinsey, senior director of EMEA channels at Cylance, has now opened up on the progress Cylance has made in Europe, explaining that 2017 was very much a 'build year' for the firm.

Cylance now has 70 staff in Europe, including a team of 13 focused on the UK and Ireland.

Across EMEA the vendor has dedicated teams in the Nordics, Benelux and southern Europe – all of which are raking in seven-figure deals, Quinsey claims.

From a channel perspective, Cylance is working with fewer than 20 channel partners in the UK which, he adds, is by design.

"Less is more for me," he says. "If you can have fewer, strategically aligned partners you're likely to drive far more sustainable success and then you can build from that in slower form.

"I've never been a fan of over-distribution; I think unfortunately a lot of vendors do fall into the lure of just signing everyone and thinking it will be the key to their success. What that does is devalue the relationship you have with your partners and ultimately impacts the street price."

Cylance having so few partners may come as a shock to some, with the next-gen endpoint protection player perhaps the most talked-about vendor in the channel when it landed in the UK two years ago.

But Quinsey says the firm has had to manage the hype and has picked out a select group of partners to form its "national hit squad". He highlights the likes of Softcat, Bytes, CDW and SecureData as key to UK plans.

"Two years ago when we hit down in the region every man and his dog was interested in working with us and it didn't matter whether they knew security or could sell it; it was the lure of this new, AI (artificial intelligence) ML (machine learning) tech," he explains.

"It was about what it could do for their own portfolio as opposed to what we could do together. We had 120 people at our first partner event in the UK two years ago, but when you actually boil it down the thing that is important to me is how strategically we can work together and ultimately provide end users with stronger long-term solutions.

Picture: Hanno Böck

"If we succeed we share the spoils together and if we fail, we will both feel pain. We don't want to be just a next-gen offering in their portfolio. I want to hear that people are committed to us."

EMEA on the map

Quinsey says that the EMEA region saw growth of 300 per cent in the last financial year, outgrowing the rest of the business. Cylance does not disclose its revenue, but in January said that it had reached a revenue run rate of $100m and year-on-year growth of 177 per cent.

It claims to have reached this run-rate figure in a fraction of the time it took vendors including Palo Alto Networks, FireEye and Symantec.

Quinsey explains that this growth has allowed the vendor to place more emphasis on relationships with pan-European channel players and systems integrators, but stressed that there is still an important role for smaller, regional security VARs.

"It's incredible growth [for EMEA], which really did allow us to get on the map for the US and become a very important contributor to the global number," he explains.

"We do feel that, while the SMB and mid-market is important, the hyper growth will continue as you start to turn in those pan-EMEA and global accounts."

Quinsey says there is a key focus for Cylance to service those markets, "but the important thing is we have built an infrastructure where it doesn't matter if you're a small partner or not.

"What we don't want partners to do is fall into the trap of building that infrastructure themselves, which is why we've built a service platform over the last six months that the partners can consume from and fill the technical deficit they may have."

The buzzwords

It is hard to argue that Cylance's heavy marketing campaign didn't have an impact on the wider security market. In the years since, legacy vendors have tweaked their own approaches so that the terms 'artificial intelligence' and 'machine learning' feature prominently almost everywhere you look in the industry.

Quinsey believes that Cylance deserves to be credited with bringing AI and ML into the mainstream.

"I genuinely think that is almost unquestionable," he says. "A few years back when we were talking about AI and ML it was very unknown and there were a lot of questions from the market about what the thought process was and what the impact would be.

"I lost count of the number of times that we would go through those conversations with partners, so a lot of what we had to do was changing the thinking of the market, because if the market doesn't know something it will gravitate to what it does know."

Quinsey says that the whole aim for Cylance has been about staying true to what it does, "because we have the first-mover advantage when it comes to AI and ML. If you look at the market, I think people are trying to emulate what we do.

"Every company has an AI-infused solution, and that is amusing to me in one way and flattering in another, but what it really does is rubberstamp that that is the way the market is moving."

In terms of staying true to its word, Quinsey says that Cylance doesn't subscribe to the view that 'breaches are inevitable' and 'it's not if, but when' – mantras that some in the cybersecurity space are supporting.

Cylance is still very much backing its prevention approach, but what a lot of the industry is probably not aware of, Quinsey claims, is Cylance's post-breach capabilities.

"This is too hidden, in my view, but we are probably the most proficient services company in the world when it comes to incidents," he says. "If you talk about post-breach, a lot of our engagements are customers phoning us up and saying 'we've hit the big red button' because they think they've been compromised.

"We have a subset of our technology where we can send out our agents to assess where they have been breached, and clean that environment in record time. We can do things in a tenth of the time with ten times the sophistication to help customers out of the pit quicker."

First bump in the road

After the hype had started to die down towards the middle of last year, Cylance had what was probably its first real encounter with negative press, when news of restructuring and a batch of redundancies was leaked, and then confirmed.

Quinsey says these redundancies had no impact on the EMEA operation, adding that the cuts weren't as severe as reported.

"To be honest, I think these things are always blown out of proportion," he says. "When you go through the growth that we are going through you go from a handful of people to nearly 900 people in 18 months.

"There is no benchmark for that kind of growth, so you're putting people into the areas that you think are right as far as you can see – which is right in front of your nose at that point in time.

"Sometimes you need more investment in certain areas and less in others, so when you do this stuff you're making your best judgement call, and our attrition rate is actually very low. It's a natural part of a living, growing thing."

> **"If we succeed we share the spoils together and if we fail, we will both feel pain. We don't want to be just a next-gen offering in their portfolio. I want to hear that people are committed to us"**
> **Stuart Quinsey**

Reasons to be cheerful?

As part of Channelnomics Europe's European Elite report, some of the continent's top resellers talk to ***Josh Budd*** *about whether or not they're optimistic about the channel's future*

Amid dreary predictions from IDC and Gartner that the PC market is on an inescapable downward trajectory, Europe's largest resellers are swimming in optimism and have continued to grow.

Industry behemoths Bechtle, Cancom, Atea, Computacenter and Econocom all posted glowing financials in 2017, most of which logged revenue growth that extended into the double digits.

Computacenter CEO Mike Norris observed rude health for the channel last year, as his firm went on to post its best Q4 growth "for a number of years", while analyst Canalys claimed that in Q3 the industry enjoyed its highest growth quarter in more than a decade.

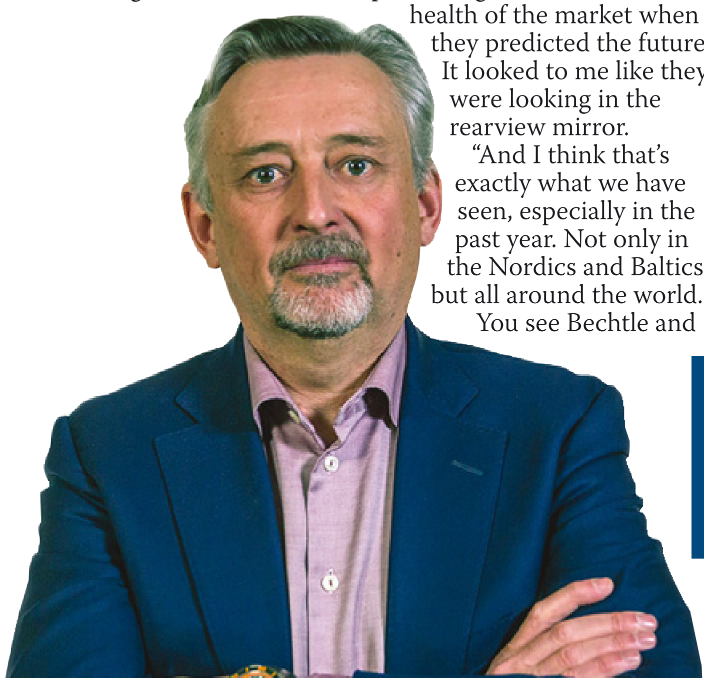
As part of *Channelnomics Europe*'s *European Elite* report, which is now available to download from our website, we spoke to a number of top execs at some of Europe's biggest resellers to find out whether this upbeat spirit is being echoed across the continent.

Steinar Sønsteby, CEO of €3.4bn reseller Atea, told us that he's been pushing back against IDC's gloomy IT outlooks for years, claiming that the market watcher has been far too negative about the future of the industry.

"A couple of years ago I started to be more optimistic – really optimistic – on both the IT market in general, but also the role of the channel," he said.

"I said many times in my quarterly presentations that I thought IDC was under-representing the market and the health of the market when they predicted the future. It looked to me like they were looking in the rearview mirror.

"And I think that's exactly what we have seen, especially in the past year. Not only in the Nordics and Baltics but all around the world. You see Bechtle and Computacenter and all these guys do really well and we are no different from them. I think for the next couple of years all of us will continue to post double-digit growth."



Sønsteby said it is extremely unusual for firms the size of Atea, Bechtle and Computacenter, in any industry, to see such high growth.

"I think there is something particularly interesting about the IT market right now in general. We are at the centre of interest for everybody: for politicians, for business leaders, for public employees. Every single problem that anyone has – or every single opportunity that someone wants to cash in on – is going to be solved by technology and – more specifically – IT technology," he concluded.

The Atea CEO wasn't the only executive we spoke to who said IT's mounting relevance is benefitting the channel.

Even the UK channel is brimming with optimism, according to Insight's UK managing director Emma de Sousa. She said that although Brexit is still a source of nervousness for many, the UK channel presents more opportunities than ever.

"If we look at the world today, every organisation is a tech organisation and every CIO I talk to is under pressure from their CEO to leverage IT to help them digitally transform their business," she said.

"I think it's a really fantastic time to be part of the channel in the UK. I feel very optimistic. Obviously, there are some economic questions and a lot of questions still around Brexit, and nobody knows quite what the impact of that will be, but I think the channel is very buoyant. It's constantly changing and evolving – that traditional supply chain channel is turning into something much more dynamic."

A note of caution

Of course, Europe's resellers are at the mercy of the economic climates in which they operate, and resellers surely benefitted from strong GDP growth from Europe's largest economies: the UK and Germany.

> **"A couple of years ago I started to be more optimistic – really optimistic – on both the IT market in general, but also the role of the channel"**
> **Steinar Sønsteby, Atea**

The UK economy grew by 1.7 per cent year over year in the first three quarters of 2017 and grew by 0.5 per cent in the fourth quarter of the year. Germany meanwhile saw a 2.2 per cent growth in GDP, its fastest growth rate in six years.

Resellers especially thrived in Germany in 2017. Top SAP partner itelligence posted its tenth consecutive year of double-digit growth last year, Computacenter's German arm swelled revenues by 15.5 per cent to just under €2bn, while Cancom and Bechtle each enjoyed record years.

Some reseller bosses in Germany have however cautioned that the market could see a slowdown in customer spending this year.

Cancom's general manager, Thomas Volk, told us that he's approaching this year with measured vigilance, suggesting that choppier waters could lie ahead.

"If the market continues to behave like it did last year, obviously we will see the growth. Recently there seem to be some irritations out there which, when you look at the indicators in the German market, are right now all not at the highest level. They are getting worse, actually," he said.

"The public predications right now are all lower than they were a year ago. What that might mean for us, I can't tell you yet, but obviously this is a potential indication that investment cycles and willingness on the customer side may be reconfigured. We don't know yet. But those signs and irritations in the market – we all know about – and we will have to work through them."

Turning to southern Europe, the Italian economy has meanwhile posted its best annual growth rate since 2011 thanks to a rise in exports and a national reform of its banking system.

Managing director of Milan-based systems integrator Lutech, Alberto Roseo, claims that the Italian economy is bouncing back, creating opportunity for resellers.

Lutech landed investment from One Equity Partners last year, and is now looking to become a €500m pan-European player through a buy-and-build strategy. The firm's revenues rocketed by 51 per cent to €268m last year.

"I think the Italian market is getting better compared with the last few years. We had very positive signals last year and this year will be even better from our perspective. Infrastructure, datacentre, networking and security are going very well," he told *Channelnomics Europe.*

Lacking loyalty

Despite a sense of positivity in the channel, access to talent continues to pose a problem for many resellers. Christian Werner, the German CEO of systems integrator Logicalis, said a booming employment rate in his home country is preventing the firm hitting recruitment targets.

"At the moment we have the highest employment rate in 26 years, so it is relatively hard to get good people at a reasonable price," he said.

"But we clearly see that our reputation in the market has increased a lot, and we are getting more and more good applications from staff at competitors and from vendors," he said.

Similarly, numerous resellers in France flagged holding onto talent as a major issue throughout 2017. The CEO of Saint-Ouen-based reseller Gfi Informatique blamed a one per cent sales decline in its French business in Q3 on a high employee churn rate. Similarly, Paris-based integrator Umanis identified employing in France as a major challenge for the rest of this year.

"We have very low staff loyalty in this market. We have to hire a lot of engineers, but the difference at the end of the year between people entering and exiting the company is very low," Umanis CEO Laurent Piepszownik told us.

"When we are in competition with big companies it is not a very big problem because they have the same problems we have in terms of salary policy. We have no competition around salary with the big companies like Accenture or Capgemini. The problem is the small companies that sometimes propose some salaries which are much higher than we can do, but they are short-term contracts," he said.

We're almost halfway through this year and Europe's top resellers have continued to post upbeat numbers, suggesting 2017's sense of optimism won't dissipate any time soon.

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> **"If the market continues to behave like it did last year, obviously we will see growth. Recently there seem to be some irritations out there which, when you look at the indicators in the German market, are right now all not at the highest level"**
> **Thomas Volk, Cancom**

'You can't win anything with kids' – or can you?

***Tom Wright** asks if more resellers should be looking to hire graduates and people from outside the industry to fill the increasing number of channel vacancies*

Alan Hansen was famously forced to eat his words in 1996, when his criticism of Manchester United's academy graduates on the opening day of the Premier League season backfired, with the team going on to win the Premier League and the FA Cup.

While most of the channel will not be as opposed to fielding young talent as Hansen was, the notion is perhaps not as explored as it could be. The majority of resellers will have looked on in awe as Softcat reaped the rewards of its famed graduate scheme, with few attempting to replicate the model, at least to the same scale.

But as the skills gap in the UK widens, academy schemes are becoming a more compelling option.

CCS Media, for example, launched an academy in one of its 18 locations two years ago, and has since rolled it out to two other sites. This year, the reseller will induct 60 people across these locations.

James Hardy, deputy managing director at CCS Media, told *CRN* that the concept was formed when a desire to grow the business started to become hampered by a lack of candidates in the channel.

"The channel has a finite amount of resources," he said. "There is nothing wrong with employing industry-experienced people and that's something that we'll continue to do as long as it's a good fit for our organisation, but the value of developing the next generation of not just CCS Media's talent but the industry's talent, was really appealing for us."

Hardy said that introducing academies required a shift in mentality for CCS, principally around return on investment.

Established salespeople with a history in the channel will likely arrive at a new employee with a client book jammed full of business, Hardy explained. In this instance resellers will expect to see value for money in the first few months that the employee is in the role.

However, resellers should not expect to see instant results from academy graduates. This, he said, is a deterrent for some resellers when considering whether or not setting up an academy is viable.

"Many resellers are looking for people with a contact book; they're looking at the return on the salary investment," he said.

"CCS Media is in a very healthy cash position so we can take a long-term view."

The cash resources of resellers is a further deterrent, he explained. Many will not have the upfront investment required to build out the academies.

While the salaries of the recruits will be significantly less than those of experienced channel recruits, the initial expenditure required to get the academies off the ground is significant.

"The academy approach is actually more expensive," Hardy claimed.

"An academy programme costs more than recruiting industry-experienced people because the break-even point and then the add-value point [of the employees] is typically a lot longer. Also the investment in management and sales coaches is three times that of what it would have been with a typical reseller model.

"The reason a lot of resellers wouldn't opt for the academy approach is the significant investment that you have to make."

Dried-up resources

The upfront investment may be steep when setting up programmes for graduates, but can be substantially cheaper if this new blood isn't brought in straight from university, according to Robertson Sumner managing director Marc Sumner.

The IT recruiter boss said that his books are filled to the brim with strong sales candidates from other industries wanting to be handed their first opportunity in IT, even though these candidates will likely require less training than university leavers.

He claimed that resellers are often reluctant to even consider experienced sales candidates from outside IT.

These candidates are not graduates and they're not experienced channel salespeople – they are sales professionals with solid records in other industries, but with no IT experience," he said.

"People are still looking for instant results. They're putting square pegs in square holes but there just aren't

enough people out there to keep doing that.

"Then they come to recruiters and complain, but the people aren't out there. There are a lot of people outside the industry – such as estate agents and people selling insurance or training – who would love to get into IT because they know it's a lucrative industry, but they're not getting the opportunity.

"I still think that is a better route for people to go down than hiring graduates; train them on the industry rather than sales. There are a lot of people who have the sales skills already and would love to get into the industry, but won't be given a chance."

He added that resellers are often suspicious of recruiters when they try to place candidates with no IT experience, fearing that the recruiter is just trying to secure an easy win.

The reality, he said, is that resellers are overestimating the time it will take for these candidates to learn the workings of the channel.

"In our job we have to go out there and educate the clients," he explained.

"Half the time they think recruiters just want to put anyone in because they can't find anyone. That isn't the case: they're good people who aren't being given a chance.

"All they have to learn is the technology side of things because they already know how to sell. If someone has been successful selling insurance then they just have to understand the channel, which doesn't take long at all."

"The reason a lot of resellers wouldn't opt for the academy approach is the significant investment that you have to make"
James Hardy, CCS Media

Location location location

One reseller claiming to be seeing success employing people from outside IT is Sussex-based cybersecurity reseller Blue Cube.

CEO Gary Haycock-West told *CRN* that the academy initiative stemmed from its struggles in recruiting people to Blue Cube's location.

"We are based in the provinces in East Grinstead", he explained. "We're not in the M3-M4 corridor, so it's not Brighton and it's not London. Sometimes geographically attracting people can be a bit of a challenge."

Haycock-West said that Blue Cube opted not to limit the academy to solely graduates, revealing that previous experience with a recruitment agency that places university leavers to roles had been mixed.

So the firm placed no emphasis on educational background, instead assessing each candidate individually. Blue Cube's first intake was relatively small as the model was tested for the first time, but saw a 50 per cent retention rate.

One graduate of the scheme, a former hardware and software salesperson, is still at Blue Cube and performing well, Haycock-West said – as is his son, who was put through the academy after a few years working in business insolvency.

A couple of people – one a former double glazing salesman and the other a former beauty therapist – fared less well and are no longer at the reseller.

"We took a view that there would be no preconditions on education level," Haycock-West explained.

"It was about getting people to come in at any level – obviously some IT experience is preferable – and then demonstrate their ability to sell."

How to get started

Haycock-West's advice to other firms considering setting up an academy is to encourage vendors and distributors to get involved in the process.

He explained that it is in a vendor's interest to help train up new IT professionals because they would ultimately end up as a specialist in this vendor's products.

While he said Blue Cube received support from vendors for its first intake into the academy, this is something he will push harder for when the next batch of recruits comes in.

"There has been a willingness from vendors to support us because they know that they can educate them about their products, so there is something in it for them and us," Haycock-West explained.

"Also I would say set the targets higher. We came in and set the targets a bit low, and they have been able to outstrip those, so I think our expectations were a bit lower than what they have been able to achieve."

CCS' Hardy warned that resellers should not take setting up an academy lightly, adding that it requires a different approach from the management team.

"A challenge resellers will have is, first and foremost, the long-term cash commitment to making the programme work," he said. "It's not a short-term strategy.

"One of the other biggest challenges is on-boarding the right management team to oversee the project.

"Another is management capability. The requirement of an academy management team versus the necessities of the management for experienced people is very different. You have to develop the individuals who are entrusting you with their careers and that is so fundamental.

"The big change that we made was instead of having a typical hierarchical structure with a sales manager and salespeople, we invested in sales coaches, who have a specific role of learning and development.

"Each graduate or apprentice has three people with them at any one time working on their individual development, sales coaching, and then general management. That has proved really successful and some of the people who have come through the academy are significantly contributing to the increasing prosperity of CCS Media."

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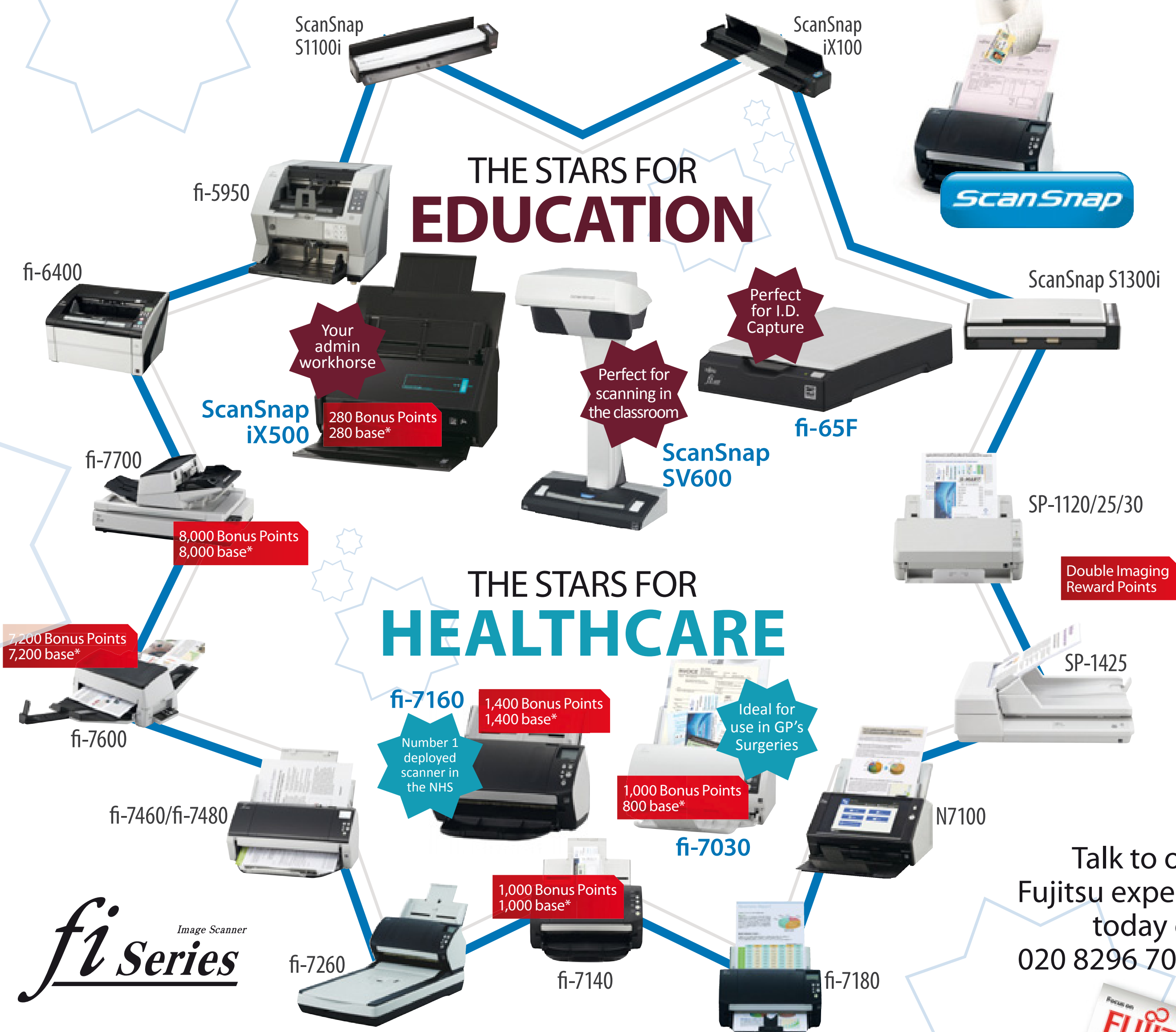

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Trumped again

Cyber security card game leaves the Dodgi office exposed

Playing Top Trumps as a nipper has left me a with an encyclopaedic knowledge of pointless car facts, like which has more cylinders out of a Lamborghini Countach or Ferrari F40 (it's the Countach, dummies – 12 versus eight).

So I was heartened and a little giddy at the prospect of reviving my boyhood hobby when I received a pack of 'Cyber Security' top trumps in the post the other day.

The game, created by the good people at security reseller Sec-1 and WatchGuard, allows players to do battle with various cyber security threats, including Trojans, cross-site scripting and weak passwords. The threats are scored across five factors, namely devastation, likelihood, nuisance factor, financial impact and defendability.

I don't mind admitting we're all addicted to the game here at Dodgi, so much so that Gordon forgot to do an important firewall update last week and we got breached.

Spamalot

As you'll know by now, I'm a lover of all of life's small ironies. Nothing tickles me more than watching commuters having to splutter their way through my plume of cigarette smoke in order to gain entrance to Romford Station when, before the ban, they could simply have avoided me as I puffed away on the platform.

So it was with much mirth that I observed how unsolicited spam-fighting law GDPR sparked possibly the biggest spike in unsolicited spam in living memory (or at least since I got hold of Plaistow Pete's PC Palace's contacts database in 2007).

In the run up to 25 May, Twitter and LinkedIn was awash with people complaining they were inundated with emails from people they'd never heard of asking them if they wanted more emails from them.

And in a further comic twist, it emerged that the European Commission fell short of the very law it had just introduced just days later when it accidentally published the records of 700 citizens.

Where's Alanis Morissette when you need her?

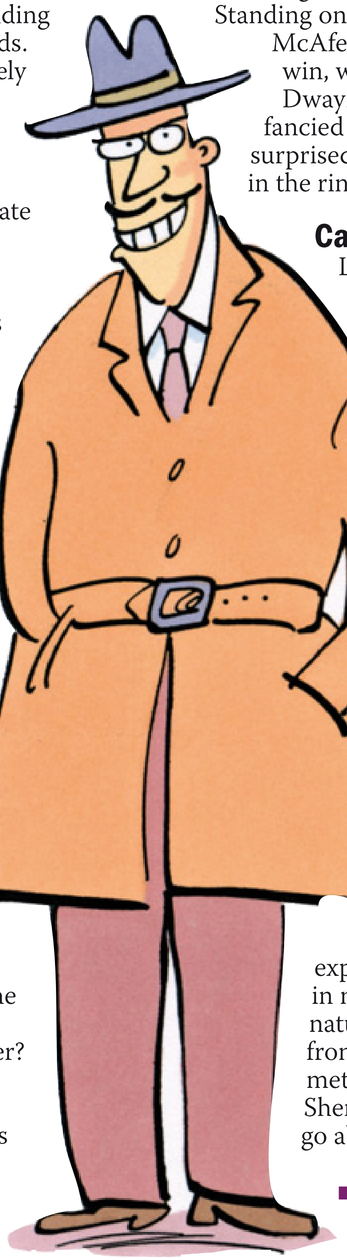
McTrump at the double

Come 2020, when Donald Trump's first term as president expires, what the world will need is a reasonable, sober and clear-thinking successor who can bring a bit of normality back to the global order.

Step forward gun-toting, controversy-courting anti-virus doyen John McAfee, who has announced on Twitter that he is to take a second tilt at the US presidency in two years' time.

McAfee may have founded one of the world's top anti-virus software brands, but his antics over the years make Trump look like a particularly diffident librarian, with his bizarre involvement in a Belize murder investigation in 2012 among his career highlights.

Standing on a cryptocurrency ticket this time around, McAfee is currently 100-1 with Sky Bet to win, with Mark Zuckerberg, Kayne West and Dwayne 'The Rock' Johnson among the other fancied contenders. At this rate, I wouldn't be surprised if Shirl from accounts also threw her hat in the ring.



Caw blimey!

Like the Dairy Milk drumming gorilla, sometimes the best adverts have almost nothing to do with the product.

So kudos to aggressive Chinese vendor Huawei for drumming up some national press coverage by randomly placing five giant ravens in various hotspots around the country in its latest – slightly creepy – PR stunt.

Huawei erected the eight-foot tall avians to plug its latest smartphone, the P20 Pro, its core message being that Brits apparently need to get closer to wildlife. Its 'study' found that one in four Brits has never seen a raven in the wild, with the figure rising to one in three for badgers and four in ten for weasels.

I agree with the central message behind Huawei's campaign, and there are certainly some lovely derelict building sites and polluted canals around Dagenham that I'm yet to explore. But the po-faced environmentalist in me wonders whether "getting closer to nature" armed with a gadget constructed from plastic, glass and various rare earth metals, and shipped from a factory in Shenzhen, is necessarily the most apt way to go about it.

■ Dave Diamond-Geezer, director of Digital Online Deals and Global Integration (Dodgi) of Dagenham Ltd.

Windows 10 Pro

Exertis recommends Windows Pro

Time to upgrade to Windows 10

Windows 10 includes exciting new features and advantages for your customers. From its simple setup and use, to its enterprise-quality security, Windows 10 is the right choice for business. Below are some of the key Windows 10 features, which will be most valuable in the B2B environment.

Featured Windows 10 Pro products from Exertis:

Dell
Latitude 7490

Windows 10 Pro
Intel Core i7-8650U Processor
8GB RAM / 256GB SSD
14″ FHD

Part code - S10193789

Lenovo
ThinkPad T580

Windows 10 Pro
Intel Core i5-8250U Processor
8GB RAM / 256GB SSD
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Part code - S10191799

Acer
TravelMate P459-M

Windows 10 Pro
Intel Core i5-7200U Processor
8GB RAM / 256GB SSD
15.6″ HD+

Part code - S10155862

Fujitsu
LIFEBOOK U728

Windows 10 Pro
Intel Core i5 8250U Processor
8GB RAM / 256GB SSD
12.5″ FHD

Part code - S10192945

Best platform for modern business

Simple to use	Easy for Windows 7users	The familiarity of the Windows desktop has been merged with the power of modern Windows Store apps, Live Tiles, and Snap.
	Familiar experience across devices	The look and feel is consistent across all Windows 10 devices, whether a laptop or tablet.
	Tailored to form factor	Windows 10 has the intelligence to adapt to the device of your choosing, behaving as appropriate when running on a PC and tablet.

Designed for cloud services	Runs SaaS apps for SMBs	In addition to SaaS apps, Windows 10 runs newer cloud services being built for SMBs, such as: CRM in the browser, E-commerce, Email marketing, and many more.
	Office Online apps	Windows 10 integrates effortlessly with Office Online – the free Office apps online where users can work on files with anyone, anywhere, in real time—for free.
	Sync with Outlook.com	Mail, Calendar, and People apps on Windows 10 automatically sync with Outlook.com.
	Skype anywhere	With Windows 10, users can connect through Skype with the rich desktop app or with the touch-first tablet.
	OneDrive built-in cloud storage	OneDrive is built-in so files automatically sync and are available wherever users are.
	Synchronized settings	When using a Microsoft account or an Office 365 ID, user accounts, preferences, favorites, settings, and apps synchronize between devices.

Affordable and innovative devices

Built for today's agile businesses	Thin, light, and stylish designs, to cover all your needs	Stylish and innovative designs are plenty. From thin and light notebooks and 2-in-1s that convert from tablets into laptops, to feather-light tablets.
	Fast boot times and responsiveness	Microsoft is building on the 30-70% faster boot times realized with Windows 8 that should further shorten boot times.
	Designed for long battery life	Chip manufacturers and PC makers are working closely with Microsoft to increase device battery life.

Enterprise-quality security for SMBs

Built for today's agile businesses	Trusted Boot	Trusted Boot is an architectural change in Windows 10 that effectively eliminates the potential for rootkit attacks, which are attacks that gain system access by tampering with the Windows boot process.
	App security	With Windows 10 Microsoft invested in a deep bench of functionality designed to prevent attackers from being able to manipulate application functions thus increasing app security.
	Windows Defender	Microsoft has dramatically improved Windows Defender's ability to detect malware. Windows Defender takes full advantage of the power of the cloud to get the fastest possible detection times.
	Windows and IE SmartScreen	SmartScreen technology takes advantage of the Microsoft cloud, which crawls the internet looking for new URLs and apps to apply reputations to. From there, Windows and Internet Explorer can block malicious, or even suspicious, sites and apps.

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