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CHANNEL ROUND-UP

VENDOR

■ **Alibaba Cloud** is on the hunt for UK partners as it moves to cement its presence in Europe. Speaking at the launch of its two London-based datacentres earlier this month, Yeming Wang, general manager of Alibaba Cloud for EMEA, said the UK was attractive to the Asian web behemoth with its attitude to the public cloud. The UK expansion – exclusively revealed by *CRN* – adds to the EMEA hubs Alibaba has already established in Frankfurt and Dubai, and Wang said the London datacentres were already up and running. The European boss confirmed that the company has developed local partners, but is on the hunt for more.

■ For the three months ending 30 September 2018 **Amazon** saw sales increase 29 per cent to $56.6bn (£44.3bn) while operating profit stood at $3.7bn. AWS was the golden goose for the quarter, with net sales up 45.7 per cent year on year to $6.7bn, while operating profit was up 77.4 per cent to $2.1bn.

■ **AWS** contributed over half of Amazon's overall operating profit. Despite this, the firm's share price still dropped 10 per cent.

■ **Apple** agreed a $600m deal with UK-based chip maker Dialog Semiconductors that will see it buy part of the firm for $300m and put down $300m in advance for future purchases. Apple will assume control of certain Dialog patents and a team of 300 engineers, as well as offices in Swindon, Italy and Germany. It will also license tech related to power management.

■ Google's parent company **Alphabet** reported its latest quarterly results, with operating profit standing at $8.3bn and revenue for the three months ended 30 September at £27.8bn. Because Alphabet bundles Google Cloud Platform sales into "other revenue" it is difficult to break the figures down further, but the category saw sales increase 29.2 per cent year on year to $4.6bn.

■ **ARM** unveiled a road map to position its Neoverse processor family as a mainstream alternative to Intel on desktop computers and servers. ARM said the new road map is designed for infrastructure, beginning with the launch of the Ares IP platform in early 2019 on 7nm and delivering performance gains of 30 per cent per generation through to 2021. Drew Henry, SVP and general manager, infrastructure line of business at ARM said Neoverse use cases will include hyperscale cloud datacentres, storage solutions and 5G networks.

Separately, the vendor and Intel have agreed to work together to manage networks of connected devices from both firms. In a statement, ARM said while the IoT presents "a tremendous opportunity…", solving the complexity, fragmentation and diversity challenges of IoT devices and the data generated by them is "not an easy task". The vendor added that "IoT requires a strong ecosystem of companies working together to deliver value, and one size does not fit all". As a result, it will work with Intel to support any device and any cloud "to remove IoT scaling barriers".

■ Global growth is fuelling a 53 per cent year-on-year upturn in profits at channel services provider **Agilitas IT Solutions**. The UK-based firm says it has seen a 23 per cent year-on-year increase in turnover, reaching £12.5m in FY18 thanks to several new business wins worldwide and "a refined channel and customer-centric business strategy" which it said helps major OEMs, IT resellers and MSPs extend their service capability and improve service delivery levels to their customers by managing their spare parts inventories across server, storage and networking technologies, and delivering complementary technical services.

The company now trades in around 60 countries worldwide, with this number increasing by 80 per cent in the past 12 months.

■ **Bitdefender** has acquired behaviour and network security analytics vendor RedSocks Security BV. RedSocks specialises in automated detection of suspect network behaviour and its solutions combine machine learning, artificial intelligence (AI) and cyberthreat intelligence and are designed to offer "non-intrusive, real-time breach detection solutions and incident response services". The purchase is aimed at building sales opportunities globally, with a heavy focus on →

Europe, given RedSocks' Netherlands base.

■ **CensorNet** is on a mission to accelerate its UK business and has switched to a two-tier channel model by appointing Infinigate as its UK distributor. The web and email security vendor and distributor have already cultivated a successful relationship in other European regions, including DACH and Benelux.

■ **Check Point** has bolstered its cloud offerings with the purchase of Israeli firm Dome9. Founded in 2011, Dome9 customers use its platform to secure multi-cloud deployments across Amazon AWS, Microsoft Azure and Google Cloud. The vendor claims to provide "intuitive" visualisation of security posture, compliance and governance automation, privileged identity protection and cloud traffic and event analysis, which make cloud deployments safer and more manageable.

■ "Hadoop powerhouses" **Cloudera** and **Hortonworks** announced plans to merge, with a view to becoming "the world's leading next-generation data platform provider". The new organisation is valued at $5.2bn. In a statement, Brad Shimmin, service director at analyst GlobalData, said the big data platform heavyweights "have agreed to an all-stock merger of equals, leaving the market with only a meagre few, dedicated Hadoop distribution rivals to stand up against hyperscale platform players in the race to the cloud". He added that on paper, "this merger has very little downside", as the two firms will come out with $720m in combined revenue, more than 2,500 customers, and debt-free $500m in cash.

■ **Cognizant** has confirmed that it is to buy Austin, Texas-based digital engineering and consulting firm Softvision for an undisclosed sum. In a statement, the company claimed the move "creates one of the top digital engineering companies in the world and a leader in software product development".

Softvision works with Fortune 500 clients in financial services, retail, consumer products, healthcare and other industries. Cognizant said it plans to continue using the Softvision brand after the acquisition, which should close in Q4 of 2018.

■ End-point security vendor **CrowdStrike** has hired Goldman Sachs to lay the groundwork for an IPO, with a reported market cap valuation of more than $3bn, according to Reuters. Sources suggest that the flotation is likely to happen in the first half of 2019. **Read more here.**

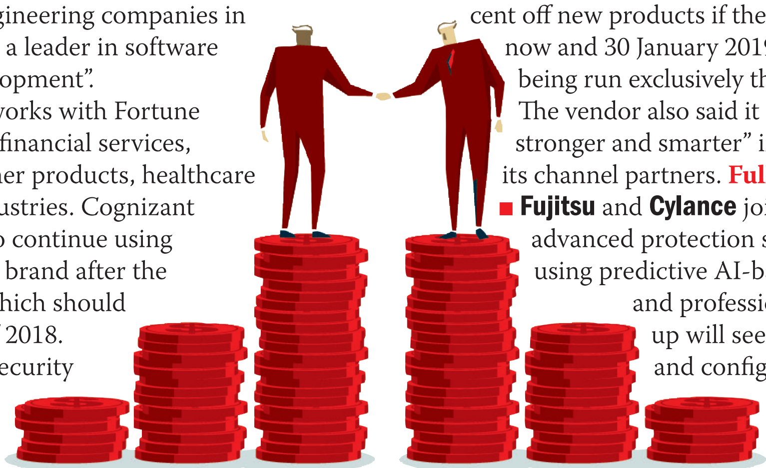
■ **Dell** revealed it has sought advice from investment banks on a potential IPO for the tech giant, sowing seeds of doubt about whether its first-choice "Class V" flotation is possible. Dell initially released an elaborate plan in July, detailing how it would bypass a traditional, underwritten initial public offering through buying out holders of VMware tracking stock, DVMT, using a mix of Dell equity and cash.

However, in a regulatory filing earlier this month, Dell confirmed that although the Class V route is its preferred method, it has been exploring a straightforward IPO for its return to the public market as plan B. In the filing, Dell described its latest meetings with the banks as "a potential contingency plan in the event that the Class V transaction is not consummated". Dell also told investors that if its Class V method is not approved by the end of 2018, it does not mean that the firm will automatically go with a traditional IPO.

Separately, the vendor launched a new data protection line to help partners provide their customers with "a last line of data protection defence" from cyberattacks. Dell EMC Cyber Recovery software, along with its Cyber Recovery Services, integrates with the firm's Data Domain protection storage hardware, combining data isolation and business continuity to help minimise the impact of a cyberattack, the vendor claimed.

■ **Extreme Networks** is seeking to lure new reseller partners with a refreshed channel programme and a special promotion targeting customers. The networking vendor is offering UK customers 30 per cent off new products if they trade in between now and 30 January 2019. The initiative is being run exclusively through Tech Data. The vendor also said it intends to be "simpler, stronger and smarter" in how it engages with its channel partners. **Full story here.**

■ **Fujitsu** and **Cylance** joined forces to deliver advanced protection solutions to customers using predictive AI-based security solutions and professional services. The tie-up will see the direct integration and configuration of Cylance's CylancePROTECT and CylanceOPTICS solutions into the →



Fujitsu intelligent SOC and security services to automatically detect and prevent attacks, according to the announcement.

Separately, Fujitsu is to close its last remaining production facility in Europe, affecting 1,800 employees as the PC maker moves its product business to Japan. The vendor announced it plans to shutter its product development, manufacturing and logistics centre in Augsburg, southern Germany, by September 2020 "at the latest". The vendor claimed it is looking for "socially acceptable" solutions for all employees affected by the change.

■ **Google Cloud** CEO Diane Greene warned that AI has triggered "so many concerns in the world" at the tech giant's Next London event. Speaking during a keynote, Greene talked up the firm's own AI capabilities, but said that work has to be done to address concerns. She said that Google's years of being in the "crosshairs" of hackers and servicing its billions of users made its cloud platform incredibly" secure.

Separately, Google is inviting its partners to become a partner or reseller for its new Google InMarket Leads service, powered by Fastbase. Launched on 1 October, Google claimed the new service "has already sparked substantial interest from the world's leading B2B companies".

Google claimed the InMarket Leads software not only discloses information on more than 130 million companies using its search engine every day, but also lists the companies that are visiting a business' or customer's website.

■ **HP** chief executive Dion Weisler addressed partner concerns over the acquisition of €285.5m (£252.1m)-turnover printing giant Apogee, claiming that one of its competitors would have swooped on the company in its place. Speaking to 1,000 channel delegates at Canalys' EMEA Channels Forum in Barcelona, Weisler revealed that buying up Apogee was a "defensive move" as it jostles for market share in the A3 contractual printer space. **Full story here.**

■ **Huawei** launched a series of products incorporating AI. Describing it as "an important part of Huawei's full-stack AI solution", the Chinese vendor released the Atlas intelligent computing platform which integrates products such as modules, cards, boards, edge stations, and appliances, to build an all-scenario AI infrastructure covering the end, edge, and cloud.

Separately, the vendor unveiled a range of new smartphones across the globe, with the US missing out on the launch amid ongoing national security concerns cited by the government regarding certain Chinese technologies, Reuters reports. The Mate 20 range includes various updated features, such as an ultra-wide angle lens, a 3x telephoto lens and a macro that shoots objects as close as one inch, according to the report.

■ **IBM** entered the history books this month after making the largest ever software acquisition through buying open source vendor Red Hat. Valued at $34bn, IBM's software takeover dwarfed acquisitions made by Microsoft for LinkedIn ($26.2bn) and Softbank's takeover of UK-based ARM ($31.4bn), while ranking as the third-largest tech acquisition in history behind Dell's acquisition of EMC ($64bn) and Avego Technologies buying up Broadcom ($37bn). IBM CEO Ginni Rometty went so far as describing the deal as one that has reset the cloud landscape and crowned IBM as the world's number one hybrid cloud provider. **Read more here.**

Separately, Big Blue posted a larger-than-expected drop in revenues, which the legacy giant has blamed on low demand for its mainframe servers and shrinking software sales. For its Q3 ending 30 September 2018, IBM hit $18.76bn in revenue, down two per cent year on year, and falling short of its forecasted $19.1bn. Gross profit was also down to $8.8bn from $8.98bn. The vendor had seemingly been on a roll this year posting growth in both Q1 and Q2, after a record 22 consecutive quarters of sales decline.

■ **Lenovo** is set to team up with Scale Computing on a new product for customers running applications sitting at the edge. The new solution is targeted at distributed, on-premise environments, such as retail stores or bank branches, with multiple locations managed by the enterprise from a central location.

Lenovo said the Scale Computing HC3 Edge Platform on Lenovo servers replaces traditional on-premise infrastructure and is "optimised for environments where application uptime is critical, yet →

on-premise IT resources are highly limited".

Lenovo also became the biggest backer of the hyper-converged vendor after Scale revealed it had raised $34.8m in Series F funding. Scale claims to have more than doubled its revenue over the past two years, while its revenue in the retail sector has quadrupled. The Series F round has been split in two, with the first part closing at $21.2m and the second set to close by the end of the year. Scale has now raised a total of $95.8m, according to Crunchbase.

■ **Microsoft** reported a clean sweep of growth in Q1, with revenue climbing in all areas. Overall sales were up 19 per cent year on year to $29.1bn, while operating income was up 29 per cent to $10bn. The vendor saw revenue rise in each of its three business units: Productivity and Business Processes, Intelligent Cloud and More Personal Computing. **Full story here.**

■ **Oracle** revealed it will include the Oracle Cloud Marketplace within the Oracle Cloud Infrastructure console. The marketplace is an online store for business applications built by both Oracle and its partners, such as FireEye and HighJump, the vendor said in its announcement.

■ **Snowflake Computing**, the only data warehouse built for the cloud, closed $450m in additional growth funding led by Sequoia Capital. The remainder of Snowflake's existing investors also participated: Altimeter Capital, Capital One Growth Ventures, ICONIQ Capital, Madrona Venture Group, Redpoint Ventures, Sutter Hill Ventures and Wing Ventures. New investor Meritech Capital also joined this round, which raises Snowflake's pre-money valuation to $3.5bn. This is the company's second financing announcement in 2018, bringing Snowflake's total amount raised to $923m.

■ **Splunk** revealed several updates to its Partner+ Programme which serves its 1,600 partners worldwide. These include an expanded global rebate incentive for partners, including sales engineer training and new logo rebates, which the firm says demonstrates its "increasing investment" in partners. It also upgraded the Splunk Certification Programme to include all new exam content, three new certifications and a more secure exam platform.

■ **Tintri's** demise should act as a warning for the channel to work only with financially strong vendors, according to rival NetApp's Adam Tarbox. Tintri filed for bankruptcy earlier this year before being auctioned off for $60m to US storage vendor DataDirect Networks last month. **Read the full story here.**

■ **Veeam** is gaining traction in the enterprise space with the customer segment increasing by almost 25 per cent year on year, and more than 80 per cent of the Fortune 500 as Veeam customers, the vendor boasted in its financial results announcement this month. Q3 18 is the firm's 41st consecutive quarter of double-digit growth, the vendor claimed, with overall bookings growing by more than 20 per cent, despite Q3 traditionally being a slower quarter across the software business due to summertime, according to Veeam. Its cloud segment grew by 26 per cent, with July's release of Veeam Backup for Microsoft Office 365 Version 2 being the main business driver. The bookings went up more than 700 per cent year over year.

■ Enterprise data protection firm **Veritas Technologies** is teaming up with all-flash storage vendor Pure Storage to help their joint customers "modernise data protection" and "maximise the value of their data for competitive advantage". The pair says their collaboration will enable organisations to consolidate modern workloads onto Pure Storage's data hub architecture, powered by Pure Storage FlashBlade. With the integration of NetBackup, Veritas' flagship technology, enterprise data can be shared, protected and unlocked.

■ **Xerox** took the wraps off two new workplace assistant printers that it claims will personalise work experiences and support mobility with secure, wireless printing. The two devices – the Xerox VersaLink C8000 and C9000 A3 color printers – are designed for medium-sized and large workgroups, and can be personalised for different work environments or individual users.

DISTRIBUTOR

■ **Beta Distribution** went into administration this month, despite being a £160m-turnover presence in the market. The firm suffered after several credit insurers pulled their cover last month, placing it in a precarious position. The firm made 60 of its 100-strong workforce redundant, along with nine employees at Content Wall, the AV company it acquired in June. The administration is being handled by Deloitte. **Read more here.**

■ **Datatec** saw turnover for both its Logicalis and Westcon arms rise in the first half of its financial year. For the six months ending 31 August 2018, Logicalis' revenue climbed 14 per cent year on year to $775.5m, while operating profit rose 60 per cent to £25.6m. Sales at Westcon International were up five per cent to $1.2bn. Datatec sold the Westcon Americas business to Synnex last year. The firm said it expects the financial performance in the first half of the year to carry across in H2.

■ **Exertis** has rebranded its recently acquired US business in the UK and Europe. The distributor's parent company DCC took its first steps into the North American market earlier this year, snapping up 210-employee Stampede. The US firm also had operations in Europe, which have now been renamed Exertis Pro AV Solutions.

■ **Infinigate** acquired German value-added distributor acmeo, just days after CEO Klaus Schlichtherle revealed his firm was on the verge of making a large European acquisition. Based in Hannover, acmeo became a distributor in 2007 and boasts over 1,600 customers in Germany, Austria and Switzerland, specialising in managed services, cloud security, cloud infrastructure and unified communications. Financial details were not disclosed, but the firm will remain a separate company under the Infinigate umbrella.

■ **Tech Data's** latest Q2 financials fell flat with analysts, despite a 10 per cent jump in turnover to $8.9bn and a seven per cent increase in operating profit to $110.4m. however, dig a little deeper and a different picture emerges. In Europe, operating margins were just 0.64 per cent of overall sales. Global gross profits grew by just two per cent to $527m, causing gross margins to sink from 6.37 per cent to 5.93 per cent. Speaking to analysts on an earnings call transcribed by Seeking Alpha, CEO Rich Hume admitted that the margin-rich Avnet TS business – which Tech Data has spent the last 18 months integrating – was markedly outpaced by its end-point business segment.

He attributed declining profit margins to this imbalanced business mix in favour of its lower-margin PC and laptop sales, coupled with lacklustre software maintenance sales, which came in flat for the quarter. **Full story here.**

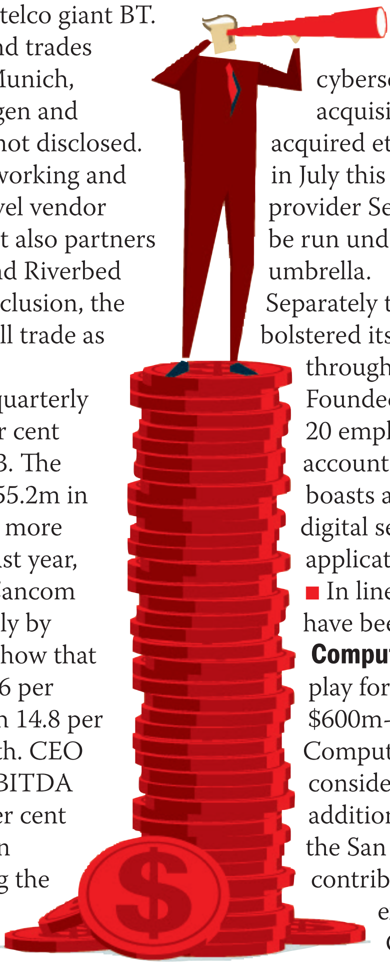
RESELLER

■ A Danish bribery scandal took its toll on the third quarter financial results of Nordic VAR **Atea**. But that aside the firm was on track for a positive full financial year. Excluding Denmark, Q3 revenues grew by 15.7 per cent year on year, as group revenues hit NOK 7.1bn. Including Denmark, Atea saw 6.7 per cent year-on-year revenue growth. Its EBIT, however, faltered as a result of strong losses in Denmark and "higher operating expenses", and tumbled by 25 per cent to NOK 132m. Norway posted a 36.7 per cent EBIT jump to NOK 83m on revenues that surged 15 per cent to NOK 2.14bn. Sweden likewise grew EBIT by 23.4 per cent and revenues by 18.2 per cent, Finland's bottom line rocketed by 160 per cent on revenues that swelled by 52 per cent and the Baltics saw 48.5 per cent EBIT growth on revenues that increased 7.7 per cent to €26m. **Full story here.**

■ **Bechtle** acquired a €60m-revenue comms and networking specialist from British telco giant BT. BT Stemmer has 160 employees and trades across six locations in Germany: Munich, Duisburg, Karlsruhe, Cologne, Siegen and Stuttgart. The purchase price was not disclosed. BT Stemmer brands itself as a networking and comms specialist and holds top-level vendor badges with Cisco and NetApp, but also partners with VMware, Microsoft, Citrix and Riverbed among others. Upon the deal's conclusion, the firm will drop the BT name and will trade as Stemmer.

■ **Cancom** logged its highest ever quarterly sales figures after racking up 30 per cent year-on-year revenue growth in Q3. The Munich-based provider posted €355.2m in sales in Q3, €82.1m (30.1 per cent) more compared with the same quarter last year, according to preliminary results. Cancom claimed it grew revenues organically by 22.8 per cent. Preliminary figures show that EBITDA similarly increased by 23.6 per cent to €26.7m for the quarter, with 14.8 per cent stemming from organic growth. CEO Thomas Volk said that the firm's EBITDA growth would have exceeded 35 per cent if it weren't for a €2m investment in bolstering its cloud business during the quarter.

■ Belgian IT services provider **Cegeka** has acquired Microsoft Dynamics partner Solutions Factory for an undisclosed sum. Cegeka claims acquiring the Vienna-based outfit will create a 50-employee-strong team of Microsoft Dynamics 365 experts in Austria. Solutions Factory bills itself as a consultancy and ERP implementation firm offering products and support around Microsoft Dynamics 365. It claims it has been negotiating with Cegaka over the last few months and found both parties to have "very similar mind sets". "I am convinced that Solutions Factory is a very valuable addition to the Cegeka Group. The Solutions Factory team possesses outstanding expertise, extensive experience and a great deal of entrepreneurial spirit. This move will strengthen our position in the market for top-quality project services in the ERP sector, particularly in the German-speaking region," said Cegeka's business solutions COO Arno Visser.



■ Managed service provider (MSP) **Claranet** has formed a dedicated cybersecurity arm after integrating two acquisitions. The London-based firm acquired ethical hacking firm NotSoSecure in July this year, adding to its deal for security provider Sec-1 in 2017. The new unit will be run under the Claranet Cyber Security umbrella.

Separately the firm claimed to have significantly bolstered its market position in the Netherlands through acquiring Dutch IT outfit Quinfox. Founded in 1998, Quinfox is a team of 20 employees serving customers in the accounting, healthcare and public sector. It boasts a services portfolio which includes digital services, hosted desktop, managed applications and professional services.

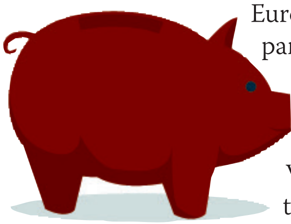
■ In line with market rumours that have been swirling for over a year, **Computacenter** has made a significant play for the US market by gobbling $600m-revenue reseller FusionStorm. Computacenter will pay an initial cash consideration of $70m and up to an additional $20m in differed payments for the San Francisco-based firm. It will also contribute $45m to refinance FusionStorm's existing facilities. Computacenter CEO Mike Norris has been far from →

hasty when it comes to taking his firm to the US. In an interview with our sister site *Channelnomics Europe*, he likened the process to buying a house. **Full story here.**

Separately, the giant released a third-quarter trading update, which showed a decline in revenue for the period to £900m, compared with £931m in Q3 2017. Services revenue for the quarter grew one per cent. The UK and France both saw a drop in turnover of nine per cent and six per cent respectively, with a fall of four per cent and one per cent in services revenue respectively. However German revenue grew by one per cent. The firm said it expects improved growth in Q4.

- The dual CEOs of licensing heavyweight **Crayon** have hinted that they are looking to acquire a services firm "in the short term", hot on the heels of the firm's pan-European rivals SoftwareONE and Comparex merging. Group holding CEO Torgrim Takle said the strategy to acquire is a matter of ensuring market longevity. **Full story here.**
- Nordic giant **Dustin** saw sales climb more than 10 per cent in its last financial year, as the firm continues to target aggressive growth across Europe. For the year ending 31 August 2018, Dustin saw sales increase 10.7 per cent to SEK 1.3bn (£111m), while adjusted EBITDA rose 17 per cent to SEK 501m. Dustin expanded into the Dutch market earlier this year, through the €65m acquisition of managed services firm Vincere Groep. The company is now looking to raise SEK 700m to bolster its operations across Sweden, Denmark, Norway, Finland and the Netherlands.

- European VAR giant **Econocom** claimed that every segment of its business has logged sales growth for the first nine months of the year. In its accounts, the Belgium-based firm saw 13.5 per cent revenue growth to €1.94bn, six per cent of which was organic. The majority of sales were derived from its technology management and financing (TMF) segment, which amounted to €871m; an increase of 5.3 per cent. However, products and solutions was by far and away the VAR's fastest-growing segment, swelling 35 per cent to €327m. Meanwhile, revenue for services stood at €747m, up 16.1 per cent. The VAR did not disclose its profits for the nine-month period.



- Leeds-based **Firstnet Data Centres** has received a "multimillion-pound" investment from new chairman Jason Beresford. The firm was formed last year, after Firstnet merged with Select Data Centres. The merger created two divisions – with reseller arm Firstnet Solutions going out of business earlier this year.
- Kentucky-based Pomeroy has officially been rebranded as **Getronics** following its acquisition by the pan-European IT services firm. With operations in 23 countries worldwide, Getronics says it is "implementing an ambitious strategy" to assert itself as the largest ICT service provider in the marketplace. It adds that although it was already present in the US through existing partnerships, acquiring Pomeroy "has enabled a solid foundation upon which to grow in North America and gain access to key markets." The purchase in August doubled Getronics' revenues to $1.3bn.
- Cloud networking provider **GTT Communications** has acquired North Carolina-based communication services specialist Access Point for a combined cash and shares sum of $40m. Rick Calder, GTT president and CEO, said the acquisition was a "compelling strategic fit for GTT".
- Struggling **IDE Group** sold 365 ITMS as part of the new leadership's plans to rescue the company. IDE, which rebranded from Coretx last year, acquired 365 in 2017 as part of an M&A spree, but has recently been going through a difficult spell that has seen its management overhauled. Executive director Ian Smith said the business had been split up into its three original businesses, with 365 now being sold. 365's management have completed an MBO for £3m, via a holding company named PTCA Newco Limited. The company reported a revenue of £10.4m for the year ending 31 December 2017 and an adjusted EBITDA of £400,000.
- **Insight** is planning to recruit 200 specialists to its European business over the next year, as part of a $10m investment in bolstering its as-a-service business on the continent. In an interview with *Channelnomics Europe*, Insight's EMEA boss Wolfgang Ebermann said that it expects to hire a first wave of 100 solution sales →

specialists in the next six months, with the final 100 coming six months after. **More here.**

Separately, Insight Enterprises unveiled Project Edison, an Azure-powered solution accelerator designed to help organisations bring IoT-enabled public safety solutions to market faster. The firm described "solution accelerators" as a collection of products and projects that "decrease the complexity of producing an IoT solution, shorten time to market, and help clients address specific industry and societal needs".

■ MSP **IT Lab** confirmed rumours this month that it has gobbled up £12m-revenue Microsoft Sharepoint partner Content and Code. IT Lab said the two parties have shaken hands on a deal, creating a £60m-revenue powerhouse with 550 staff and 700 mid-market and enterprise clients. Backed by private equity firm ECI Partners, London-based IT Lab has grown rapidly in recent years through a string of acquisitions, most notably Manchester-based Microsoft partner JMC in 2015. Formed in 2001, Microsoft Sharepoint and Office 365 specialist Content and Code made a net profit of £1.8m on revenues of £12m in its year to 31 December 2017.

■ French integrator **ITS Group** has revealed it is selling off its trading subsidiaries in order to focus on its two core divisions: infrastructure services, and cloud hosting and outsourced service centres. In its H1 2018 results, the Franche-Comté-based integrator revealed that its trading divisions were loss-making ventures, logging an operating profit loss of €500,000 in France and €700,000 in Switzerland. In comparison, ITS Group's cloud arm saw its H1 revenues shoot up 31 per cent year on year to €15.3m, while its services business was also up by one per cent to €46.5m.

ITS Group transferred its French infrastructure trading business, ITS Overlap, to Netherlands-headquartered powerhouse Getronics in July. Despite earning revenues of €50m for its FY2017, ITS Overlap pulled in only €24.4m for its H1 2018. Commenting on the divestment, president of ITS Group Jean-Michel Bénard said the sale will help the firm maintain a stronger focus on its profitable business arms.

■ **Metaphor IT** is expecting to break the £10m barrier within the next three years, according to founder Richard Callis. The managing director said he expects the company to generate turnover of £7m by the end of its current financial year on 31 March 2019. Callis said revenue expectations stem from organic growth but that acquisitions will continue to play an important part in the MSP's overall growth.

■ **PCM** reported UK third-quarter revenue of $17m this month, just a year after arriving on UK soil. This was up from $2.7m in 2017. The wider group saw sales for the quarter ended 30 September drop 10 per cent YoY to $381.6m. **Read more here.**

■ **Printerland** revealed it is on course to hit a turnover record of £50m for its financial 2019. The Manchester-based VAR this month reported a revenue of £44m for its 2018 fiscal year, an increase of 19 per cent on the £36.9m it reported in its financial year ending 31 March 2017.

■ Nordic systems integrator **Proact** enjoyed its best ever Q3 since its inception in 1994 thanks to growth in foreign markets. Financials for Q3 showed that revenues increased by 11 per cent to SEK 725m, and EBITDA grew by 10 per cent to SEK 52.9m. A little more than a month into his new role as CEO of Proact Group, Jonas Hasselberg claimed that strong sales and profits growth in Proact's Business Unit East, the UK and West compensated for a weaker quarter in the Nordics.

■ **Pure Technology Group** revealed it is set to make an acquisition as soon as November after reporting a record financial year, according to COO Cliff Fox. The Leeds-based VAR saw revenue increase 23 per cent year on year to £27.8m for the 12 months ending 31 May 2018, closing off the second year of the three-year growth plan it outlined in 2016. The reseller is targeting £40m turnover for the third year of its plan.

■ Services outfit **Roc Technologies** has continued its aggressive growth strategy with the acquisition of Wetherby-based managed services provider Esteem Systems. The newly combined firm is expected to hit sales of £80m in 2019, Roc said, with an EBITDA of nine →

per cent. Roc CEO Matt Franklin said: "The coming together of Roc and Esteem Systems is 100 per cent complementary in portfolio, customers, industry focus, and geography, and I am absolutely thrilled that together we can extend new value to our joint customers and accelerate our next phase of growth through a truly differentiated customer offer."

■ **SCC France** is set to rebrand its cloud infrastructure as-a-service arm as part of a restructuring process which saw the acquired business lose its sales force and become a pure services outfit.

Flow Line Technologies, which SCC acquired in 2016, will change its name in the coming months but will not take on the SCC brand, according to president for France Didier Lejeune. The Flow Line Technologies brand will disappear in the coming months, according to Lejeune, who said it would take on a new name and be run as a separate subsidiary.

■ **Softcat** smashed the £1bn revenue barrier – with room to spare – as CEO Graeme Watt hailed "exceptionally good market conditions". The Marlow-based reseller giant saw revenues hike 30 per cent to £1.08bn in its year ended 31 July 2018. This was more than matched at the bottom line, as net profit vaulted 37 per cent to £55m – although one analyst expressed concerns that the number of new customers the firm is adding is slowing. Watt paid tribute to Softcat's new apprentice and graduate recruits for winning hundreds of new customers during the year, and signalled that Softcat maintains a "strong appetite" for recruiting new talent. **Full story here.**

■ **SoftwareONE** reached an agreement with IT services provider Raiffeisen Informatik GMbH to purchase 100 per cent of shares in global IT service provider COMPAREX. As a result, the combined firm will help customers optimise and manage an estimated €10bn in software sales, with an expanded global reach across 88 countries, and more than 5,500 employees. Comparex CEO Thomas Reich and Marc Betgem, chief sales officer, will join SoftwareONE's executive management team.

Separately, SoftwareONE acquired Paris-based managed service provider (MSP) ISI Expert, which it claims will add Microsoft 365 and Azure capabilities to its operations in France. Founded in 2012, ISI Expert is spread across four subsidiaries in France: in Paris, Bordeaux, Rennes and Montpellier. Its employees will join the SoftwareONE organisation with immediate effect.

■ European systems integrator **Uni Systems** has opened an office in Italy, almost a year after cancelling plans to expand in the UK as a result of Brexit. The Athens-based SI has established a subsidiary in Milan, in a move to broaden its European footprint and better serve large contracts with EU institutions. The Milan outpost is the fourth organic expansion play on the continent for Uni Systems, after previously breaking into Brussels, Bucharest and Luxembourg.

■ Irish reseller **Version 1** has completed its second acquisition in four months, snapping up Dublin-based analyst Presidion. Version 1 raised €90m in funding last year from London investment firm Volpi, with plans to accelerate its international growth plans. The firm said that Presidion is a leading advanced analytics solutions and services provider, with thousands of customers.

■ Resellers that are not embracing services and innovating will endure a tough time as market growth cools and more spend moves to the cloud. That's the warning of Jim Kavanaugh CEO of global VAR **World Wide Technology** (WWT), who spoke to *CRN* this month during a visit to WWT's London office in Canary Wharf. **Full interview here.**

Click here to read the CEO's top five areas WWT will be investing in next year.

RESEARCH

■ Resellers are commonly buying up to 30 per cent of their stock from e-tailers such as Amazon, research from Context has claimed. In a development it has described as a "major challenge" for IT distributors, its research of over 7,000 resellers in 14 countries found that a substantial minority of respondents were cutting them out of the loop when sourcing goods. Some 30 per cent of respondents said they bought up to 10 per cent of their stock from e-tailers, 16 per cent between 10 and 20 per cent, and 14 per cent between 20 and 30 per cent, Context said. The research comes a year after Amazon launched a B2B business in the UK.

Product availability was cited ahead of price as the most common reason resellers are flocking to e-tailers among the respondents, who were drawn from the UK, Australia, New Zealand, the Baltics, the Czech Republic, France, Germany, Italy, Poland, Portugal, Russia, Slovakia, Spain and Turkey. **Read the full story here.**

■ UK organisations risk falling behind overseas competition due to a lack of AI strategy, according to a report from Microsoft UK. In the face of significant disruption, the research claims that 41 per cent of business leaders believe their current business model will cease to exist within the next five years. But despite fears over the future of their business models, more than half (51 per cent) of business leaders surveyed revealed they do not have an AI strategy in place to address these challenges. The figures also claimed that just 18 per cent of employees are currently having any sort of training to skill up in readiness for a wave of AI technologies in the workplace.

■ Amazon Web Services (AWS), Microsoft, Google and Alibaba all grew faster than the cloud market in Q3, with spending topping $17bn, according to analyst Synergy Research Group. Overall spend increased 45 per cent year on year in the quarter, with AWS maintaining its huge market lead. AWS has a market share of 34 per cent, with Microsoft its biggest challenger at 15 per cent. Synergy placed IBM as the third-largest player, with a share of seven per cent, ahead of Google and Alibaba.

■ About 70 per cent of digital commerce organisations report that their AI projects are very or extremely successful, according to Gartner. A survey of digital commerce organisations currently using or piloting AI shows three quarters are seeing double-digit improvements in the outcomes they measure. The most common metrics used to measure the business impact of AI are customer satisfaction, revenue and cost reduction. For these, respondents cited improvements of 19, 15 and 15 per cent respectively. Gartner predicts that by 2020, AI will be used by at least 60 per cent of digital commerce organisations and that 30 per cent of digital commerce revenue growth will be attributable to AI technologies.

■ Customer expectations and competition are forcing retailers to invest heavily in digital business transformation, according to Gartner. The analyst's latest forecast claimed global retail sector technology spending will grow 3.6 per cent to reach almost $203.6bn in 2019, with similar growth rates for the next two years. Gartner had described retail as a bit of a "laggard" in terms of appetite for change, but said the sector had now surpassed most other industries with regard to IT spend, particularly in software. ➔

■ New technologies will drive ICT spending to more than $6tn by 2022, with growth focused on drones, sensors, augmented reality and virtual reality (AR/VR), and 3D printers, says new research by IDC. According to the latest version of the *Worldwide Black Book: 3rd Platform Edition*, while China has emerged as the world's largest market for spending on the IoT, AR/VR, and robotics, the US currently accounts for almost 70 per cent of total spending on AI and more than 50 per cent of big data and analytics (BDA). US annual spending on AI will grow to nearly $50bn by 2022, while annual BDA investments will reach $140bn.

■ Worldwide PC shipments totalled 67.2 million units in the third quarter of 2018, a 0.1 per cent increase from the third quarter of 2017, according to preliminary results by Gartner. The global market has shown modest stability for two consecutive quarters. EMEA, Asia-Pacific and Japan experienced growth in the third quarter of 2018, while the US and Latin America declined. Latin America showed the steepest drop of 8.5 per cent after showing some stabilisation earlier in 2018. However, these results are in line with Gartner's expectations in view of CPU supply constraints for the rest of the year.

■ Despite 95 per cent of companies in North America and Europe having a disaster recovery plan in place, 23 per cent never test their plan, according to figures from Spiceworks. The findings show that among those who don't test their plan, 61 per cent cited lack of time, 53 per cent cited inadequate resources, and 34 per cent said disaster recovery is not a priority in their organisation. However, in the last 12 months, 77 per cent of organisations reported experiencing at least one outage – categorised as any interruption to normal levels of IT-related service.

■ Worldwide IT spending will total $3.8tn in 2019, up 3.2 per cent on the expected spending of $3.7tn in 2018, according to the latest forecast by Gartner. According to John-David Lovelock, research VP at Gartner, the shift from ownership to service is "sending ripples through every segment of the forecast" with more enterprises turning to the cloud instead of buying their own servers. Enterprise software spending will experience the highest growth with an 8.3 per cent increase in 2019. SaaS is driving growth in almost all software segments, particularly CRM, notes Gartner. Cloud software will grow at more than 22 per cent this year, compared with six per cent growth for all other forms of software.

■ The worldwide smart home devices market is expected to grow 31 per cent year over year in 2018 to 643.9 million shipments, according to IDC's *Worldwide Quarterly Smart Home Device Tracker*. The analyst says the entire smart home market, comprising smart speakers, video entertainment products, connected lighting, smart thermostats, and home monitoring/security products, will hit nearly 1.3 billion devices by 2022 with a five-year compound annual growth rate (CAGR) of 20.8 per cent. The fastest-growing category with a five-year CAGR of 39.1 per cent, accounting for almost 100 million units in 2018 and 230.5 million by 2022, will be smart speakers such as the Amazon Echo and Google Home.

■ A new report highlights the increasing importance of automation and orchestration tools to navigate the cloud. Techaisle's *US SMB & Midmarket Orchestration, Integration & Automation* study shows that roughly half of small businesses and two thirds of mid-market firms are using or planning to use hybrid cloud. Two thirds of small businesses and nearly 90 per cent of mid-market firms using or planning →

to use hybrid consider orchestration tools to be "critical" or "very important." Twenty per cent of mid-market firms that use hybrid cloud systems say that orchestration tools are critical to deploying workloads on hybrid platforms and another 69 per cent say orchestration tools are very important.

■ Only nine per cent of manufacturers are to invest in digital transformation projects over the next 12 to 18 months, according to research from InfinityQS. Jason Chester, director of channel programmes at InfinityQS, said the survey results highlight that manufacturers lack true understanding surrounding the benefits of digitalisation projects. He claimed that manufacturers are prioritising spend elsewhere such as waste management and data collection, instead of digitalisation.

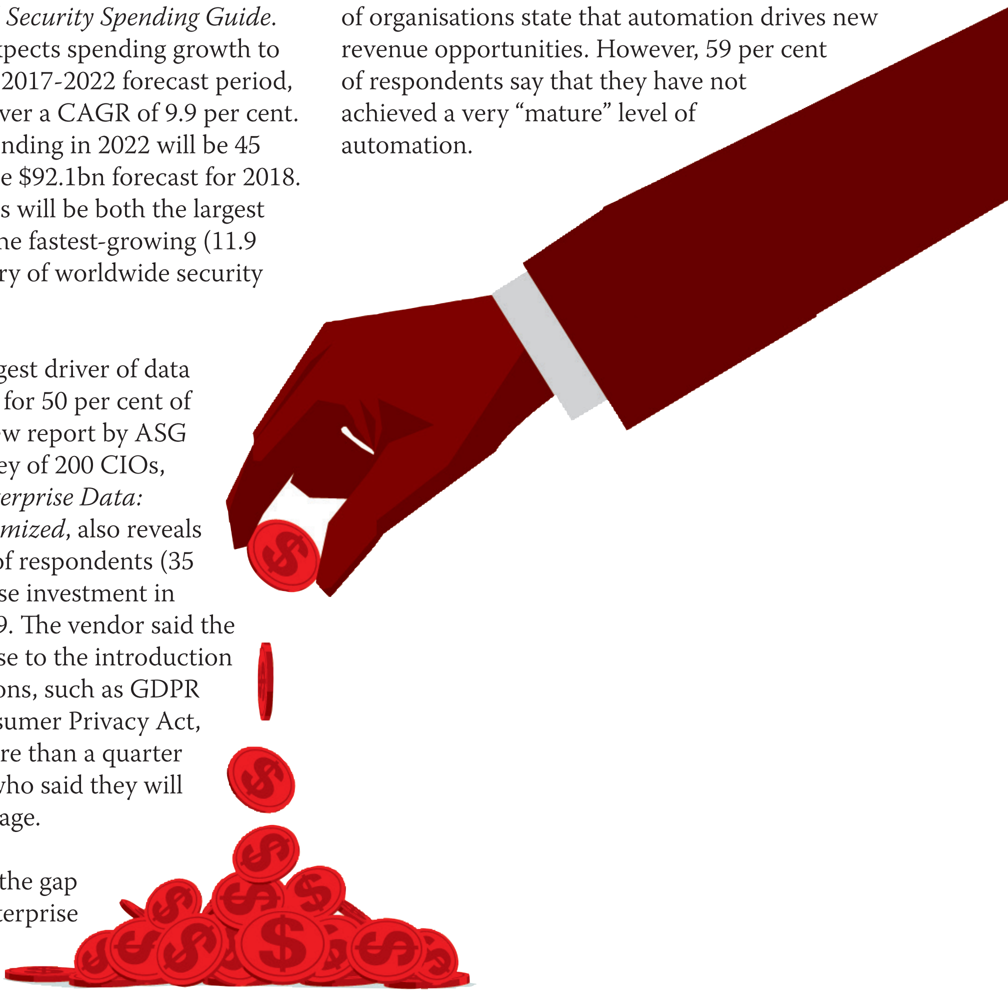
■ Worldwide spending on security-related hardware, software and services is forecast to reach $133.7bn in 2022, according to an update to IDC's *Worldwide Semiannual Security Spending Guide*. Although IDC says it expects spending growth to gradually slow over the 2017-2022 forecast period, the market will still deliver a CAGR of 9.9 per cent. As a result, security spending in 2022 will be 45 per cent greater than the $92.1bn forecast for 2018. Security-related services will be both the largest ($40.2bn in 2018) and the fastest-growing (11.9 per cent CAGR) category of worldwide security spending.

■ Compliance is the largest driver of data management initiatives for 50 per cent of CIOs, according to a new report by ASG Technologies. The survey of 200 CIOs, called *The Future of Enterprise Data: Democratized and Optimized*, also reveals that more than a third of respondents (35 per cent) plan to increase investment in data governance in 2019. The vendor said the move is a direct response to the introduction of new privacy regulations, such as GDPR and the California Consumer Privacy Act, and is supported by more than a quarter of CIOs (28 per cent), who said they will invest more in data lineage.

■ Dell EMC has closed the gap on Hewlett Packard Enterprise (HPE) in the battle for top EMEA server vendor, according to IDC. The analyst claimed that Dell EMC saw its server market share in EMEA increase just over three percentage points to 22.4 per cent in Q2, while HPE's declined more than three per cent to 28.4 per cent. IDC also reported that Dell EMC had displaced HPE at a global level earlier this year. Collective ODM direct vendors retained their status as the third-largest supplier in EMEA, but saw their market share decline just over one percentage point to 10.8 per cent.

IDC senior research analyst Kamil Gregor said this is a result of a slowdown in the number of facilities being opened by public cloud players.

■ More than half (51 per cent) of organisations see automation as key to delivering a rapid rate of change, according a report from CA Technologies. The study, *The State of Automation*, claimed that organisations which do not embrace modern business automation will flounder and struggle to survive. According to the report, 49 per cent of organisations state that automation drives new revenue opportunities. However, 59 per cent of respondents say that they have not achieved a very "mature" level of automation.



ANALYSIS

October has been another whirlwind month for the industry and also for the wider economy as a whole.

Right at the end of the month, chancellor Philip Hammond announced a budget that he brazenly claimed marked the end of austerity – but swiftly after, questions were asked about who, exactly, it has ended for. As ever with these grand, sweeping Budget statements, the answer will soon become clear enough.

Sticking with politics, as the dreaded Brexit edges ever closer, the UK and EU are seemingly no nearer to a deal, and the uncertainty over the future of the economy post-Brexit continued, giving the scaremongers a field day as their predictions of doom continued.

There is no doubt that the continuing Brexit debacle is having an impact, albeit a mild one thankfully in our industry, but it is definitely something most of us could do without, particularly when an increasing number of firms are operating on an international stage thanks to the relentless M&A activity happening across the pond and throughout UK and Europe. Whether or not a Brexit agreement is reached by next March remains to be seen, but it is looking increasingly unlikely in the current climate.

As autumn arrived with a bang and temperatures dropped with the first hint of frosts appearing in the mornings, the doomsayers warned we were in for our worst winter ever. Metaphorically speaking, with the Brexit cloud hanging over the UK economy, they could be right. But then, the UK was warned it was in for the worst summer ever this year, and look how that turned out.

Doom-mongers aside, the temperature in the industry remained red hot, as October saw a flurry of acquisitions, strong financial performances and general positive news, proving once again that the business world is able to transcend geopolitical influence to a large extent.

In the vendor world, the biggest announcement came right at the end of the month with **IBM** acquiring **Red Hat** for a whopping $34bn – its largest ever deal and one of the largest in the tech industry. Representatives from both companies said the deal will make IBM an even larger player in the cloud market, particularly in the hybrid and multi-cloud environments.

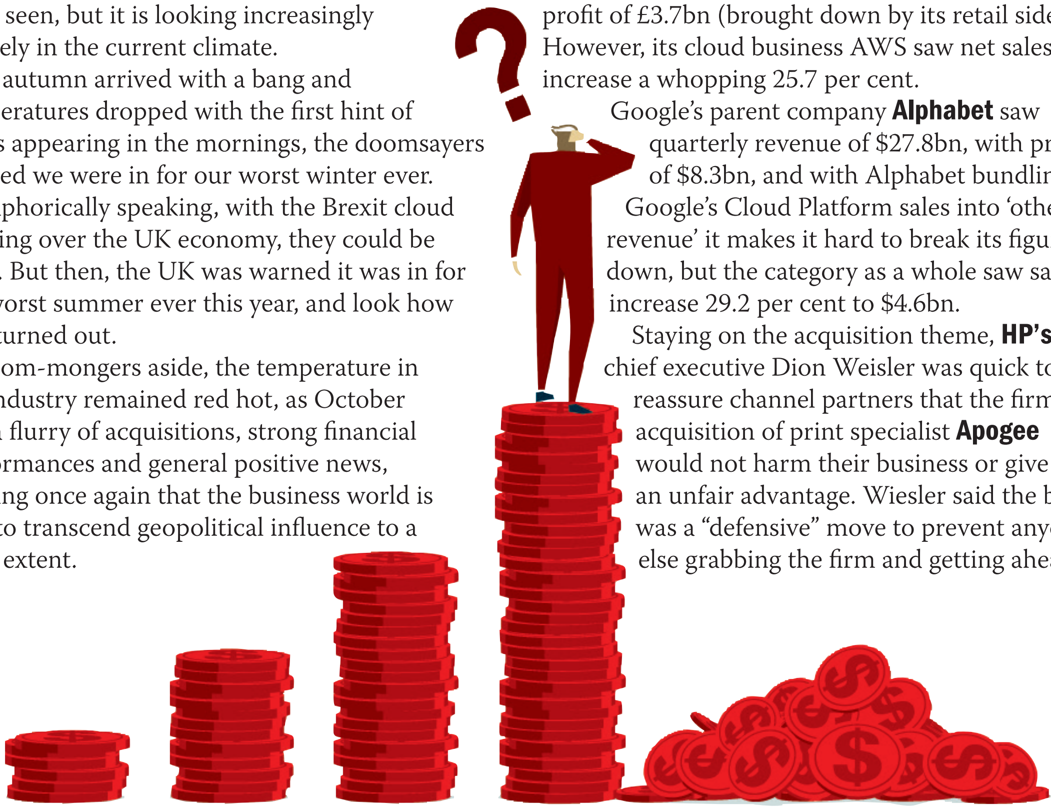
There is no doubt IBM needed a boost – after a couple of quarters of growth this year, its last quarterly results showed another loss. Prior to this year, Big Blue had suffered 22 consecutive quarters of loss. Red Hat could be just the boost it needs, but the fallout in terms of people is going to be significant. Plus, what will this mean for their respective partners?

Certainly the cloud space is a competitive one to be in, but IBM will have a long way to go before it catches up with the clear leaders **Microsoft**, **Google** and **AWS** all posting stellar growth for their respective quarters.

Microsoft's Q1 revenue grew to $29bn, with operating profit at $10bn, while Amazon saw sales growth of 29 per cent to $56.6bn, with operating profit of £3.7bn (brought down by its retail side). However, its cloud business AWS saw net sales increase a whopping 25.7 per cent.

Google's parent company **Alphabet** saw quarterly revenue of $27.8bn, with profit of $8.3bn, and with Alphabet bundling Google's Cloud Platform sales into 'other revenue' it makes it hard to break its figures down, but the category as a whole saw sales increase 29.2 per cent to $4.6bn.

Staying on the acquisition theme, **HP's** chief executive Dion Weisler was quick to reassure channel partners that the firm's acquisition of print specialist **Apogee** would not harm their business or give it an unfair advantage. Wiesler said the buy was a "defensive" move to prevent anyone else grabbing the firm and getting ahead →



of the game. Definitely an interesting motive for acquisition.

Lenovo also got very close indeed to **Scale Computing** this month, becoming its biggest backer in its latest round of fundraising. Does this mean it will swoop on the hyper-converged vendor at a later date?

Another ongoing story in the vendor space is the growing worry over a shortage of chips to keep up with an expected upturn in PC demand. Interesting this month that **ARM** and **Intel** – bitter rivals – have agreed to work together to manage networks of connected devices from both firms, thanks to the growth of IoT. This is a prime example of companies having to collaborate for the greater good of customers, rather than trying score points against each other.

Talking of ongoing sagas, **Dell's** IPO dilemma continues to roll on, as it waits to see if its 'Class V' flotation will be allowed, which would see it buy out holders of **VMware** tracking stock using a mix of Dell equity and cash. It has also met with investment banks in case it has to resort to a traditional IPO. There is no doubt the thorn in Michael Dell's side, Carl Icahn, will have something to say about that. He seems to like making Dell's life difficult, as was seen when he initially tried to take the company private.

On a similar less positive note, **Fujitsu** announced it was closing its production facility in Europe this month, leaving 1,800 employees facing an uncertain future, despite its pledge to find a "socially acceptable" solution. What even is this?

In a separate move, Amazon pledged to pay US workers at least $15 an hour from November onwards – extending the offer to seasonal workers. It is only right to pay workers a decent living wage, and it will be interesting to see if others follow suit.

Now governments just need to work on getting the giant corporations to pay more tax and it will be a triple win all round.

It would also be remiss not to mention the sad death of Microsoft co-founder Paul Allen, who lost his battle with non-Hodgkin Lymphoma, aged 65, this month. He really was a pioneer of his time and has left a lasting legacy in his creation. We extend our sympathy to all his family and friends.

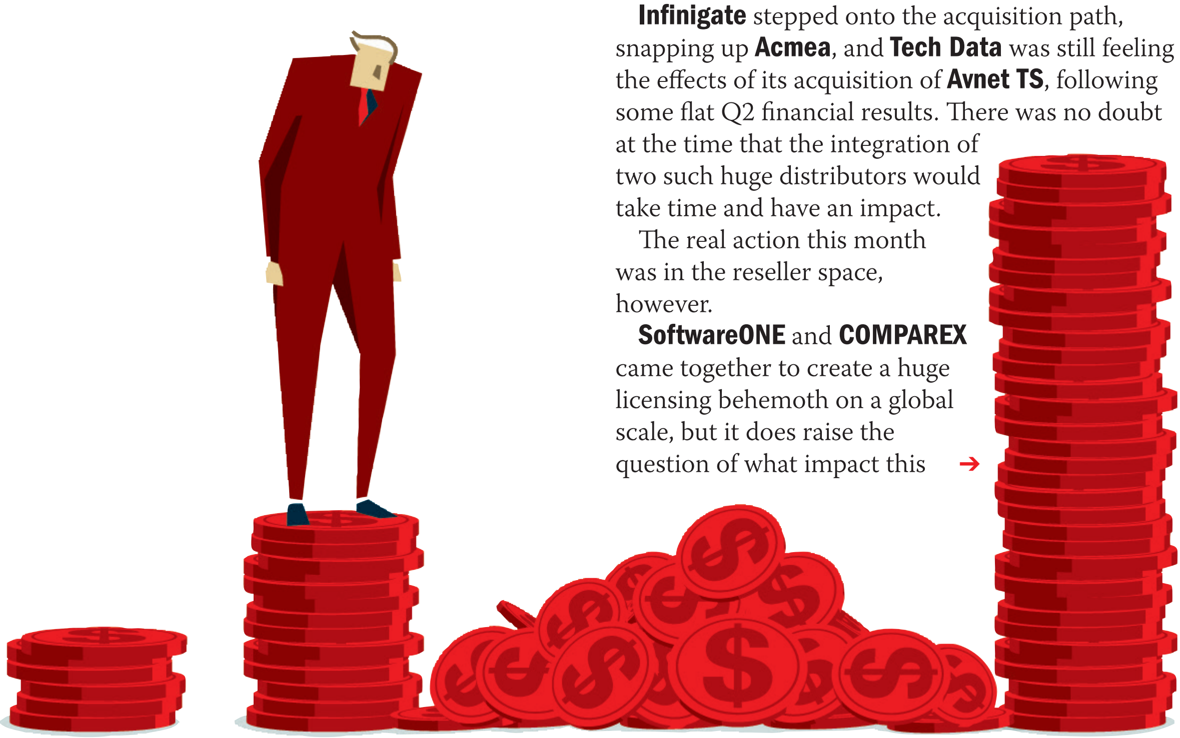
Moving onto the distribution space, the news was less positive with the fall of **Beta Distribution**, which went into administration this month. Sixty per cent of its workforce was made redundant, and the administrators have a job on their hands trying to sell it as a going concern.

It is a shame to see any firm go to the wall, but its cards were marked when credit insurers began pulling cover last month; no suppliers would want to take too big a risk in an environment that is still unpredictable, despite obvious successes.

Infinigate stepped onto the acquisition path, snapping up **Acmea**, and **Tech Data** was still feeling the effects of its acquisition of **Avnet TS**, following some flat Q2 financial results. There was no doubt at the time that the integration of two such huge distributors would take time and have an impact.

The real action this month was in the reseller space, however.

SoftwareONE and **COMPAREX** came together to create a huge licensing behemoth on a global scale, but it does raise the question of what impact this →



will have on the other players in the space. How big is too big?

Sticking with the global theme, **Computacenter** made its much-anticipated move into the US market when it snapped up **FusionStorm** this month. The services and infrastructure behemoth has seen phenomenal growth over the years, but could it be looking to new markets to combat a flat performance (certainly shown in its most recent trading update this month), in its more established European markets of the UK, France and Germany? It is going to be interesting watching Computacenter's journey across the pond and how rivals such as **CDW** will react.

Also on the acquisition path are **Bechtle**, which grabbed **BT Stemmer** from **BT**; **Crayon** – which hinted at its determination to get in on the acquisition act; **ROC**, which snapped up **Esteem**; and **IT Lab**, which gobbled up **Content and Code**, creating a £60m player.

US player **PCM** defied its critics by releasing strong UK results following its launch into the market a year ago, and **Pure Technology Group** celebrated a 'record' financial year by announcing it would be making an acquisition in the near future.

On the same positive note, **Softcat** smashed through the £1bn revenue barrier for the first time as its new chief executive Graeme Watt continues to lead the VAR along its phenomenal growth path, and **Insight** announced it was investing in its service proposition with plans to recruit 200 specialists.

This services investment tied in nicely with **World Wide Technology** CEO Jim Kavanaugh warning the channel that a failure to embrace services could severely affect their survival chances in the future. This message is certainly nothing new and there is no doubt that firms failing to provide services with some form of recurring revenue stream will struggle to survive.

Turning to the research side, it was a case of more positive news, with the PC market predicted to grow; and IT spending on an upward trajectory thanks to the popularity of 3D printing, drones, virtual reality, robotics and of course artificial intelligence. IDC predicted IT spending will reach $6tn by 2022 thanks to demand for these technologies. Gartner also got in on the act by predicting a 3.2 per cent surge in global IT spending in the coming year, reaching $3.8tn in 2019 and largely driven by cloud.

IDC also predicted a 45 per cent leap in security spending by 2022 – up to $133.7bn. Unsurprising considering the number of threats facing businesses today, along with how complex they are.

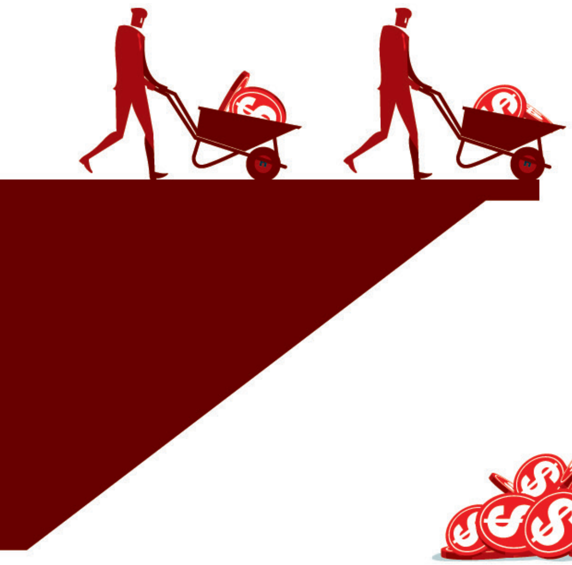
Other predictions included a growth in demand for automation technology, a warning that firms need to invest in artificial intelligence or risk getting left behind, and a boom in smart home device sales.

In conclusion, the month has been absolutely jam-packed with activity, and once again the messages emerging were overwhelmingly positive – centered around investment, growth, expansion and increased customer spend in multiple technology areas – all great news for the channel.

There has been so much going on that it has been difficult to keep up at times, certainly in line with the usual Q4 mayhem in this industry as everyone seems to step up a gear as we head towards Christmas.

Can the pace continue into November? Or will next month be a time for companies to reflect on recent acquisitions and begin integration processes, get houses in order (and in some cases keep reassuring channel partners/customers) and start bedding down for the seasonal slowdown? Will there be a deal to rival IBM's Red Hat buy?

Whatever happens next month, it is guaranteed to be an interesting ride.



EVENTS

■ **Canalys Channels Forum, Barcelona –** Some controversial points, including a pop at established vendors, and ambitious predictions were made at this year's event: **see highlights here**.

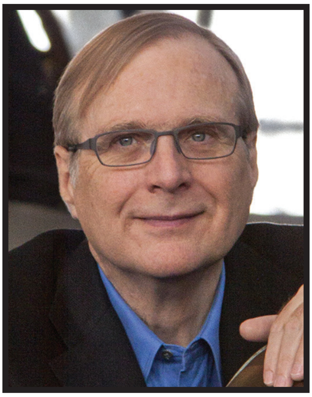
■ **McAfee's MPOWER Cybersecurity Summit, Las Vegas –** The vendor talked up the importance of AI and also launched new cloud security products at its annual event. For the full write-up of the event, **click here** and **here**.

■ **DattoCon, Barcelona –** The vendor went big on its channel commitment during its three-day EMEA-focused channel event, pledging even more support for its partner network. The firm announced it had grown its partner base in the region by 750 since the start of the year, and also unveiled increased investment in Europe in terms of more dedicated channel staff and extra partner resources. Datto has had an eventful month, with both founder Austin McChord and his brother Ian McChord (VP of product management) resigning. **More here.**

■ ***CRN* Women in Channel Awards 2018 –** the inaugural event was held in central London at a glittering ceremony attended by over 600 people. For a full write-up of the winners and the event itself, **click here**. To see the photos from the evening **click here** and to see interviews with some of the winners visit the dedicated hub **here**.

MISCELLANEOUS

■ Tech leaders around the world paid tribute to the industry pioneer and co-founder of Microsoft Paul Allen (*pictured*), who sadly passed away aged 65, following complications from non-Hodgkin lymphoma. His childhood friend Bill Gates hailed him as being responsible for the existence of personal computing. **Full story here.**



■ Amazon announced this month that it will pay all its US workers at least $15 an hour from next month, after listening to criticism of conditions for employees. The Seattle-based firm employs 250,000 full-time workers in the US and said it would extend the offer to over 100,000 seasonal employees over the holiday season too.

■ Apple CEO Tim Cook flatly denied allegations that Apple was the victim of a hardware-based attack by China, Buzzfeed reports. Along with this, the Apple CEO demanded a retraction of the story, originally published by Bloomberg. The denial relates to a piece published by *Bloomberg Businessweek* alleging that Chinese spies implanted infected chips into servers headed for the US, according to Buzzfeed. The Bloomberg article said that Apple was one of the companies affected by this and that the vendor discovered the hack and notified the FBI in 2015. According to Buzzfeed, Apple denied the allegations in the story directly to Bloomberg, issued a company statement denying the allegations and sent a letter to Congress denying the allegations.