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Top VARs 2017

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Welcome to Top VARs 2017

Not all of the UK's top 100 resellers, MSPs and SIs came out of their last financial years glowing. But thankfully a sense of optimism is returning to the industry, ***Doug Woodburn*** *discovers*

It's always a good sign for an industry when its largest and most iconic player says that market conditions are as buoyant as it can remember.

That was industry bellwether Computacenter's take on the market in late October when it revealed that UK and group revenues for 2017 are tracking six and 18 per cent ahead of last year, respectively.

It wasn't all smooth sailing for the UK's top 100 resellers, MSPs and integrators in their most recent full financial years, however. This includes Computacenter, which endured a decidedly mixed 2016.

As a group, the top 100 continue to grow apace. A look at their last set of annual accounts collectively reveals that revenues soared 15 per cent to £13.6bn year on year.

But as we explore on p5, their collective bottom line has taken a knock, with average operating margins slipping from 4.4 to 3.4 per cent. Brexit-induced uncertainty and currency headwinds were blamed in some cases.

Consolidation abounds

The competitive skyline has also undergone the most radical re-ordering since *Top VARs* began, with four of last year's top 20 vanishing from view.

Two – Danwood and Alternative Networks – were acquired amid a wave of consolidation that has swept through the channel in the last 12 months. The third, BT IT Services, was liquidated in June amid a reorganisation at BT. The final member of the quartet, £200m-revenue outfit Misco, sadly went out of business in October with the loss of 200 jobs.

On the flip side, *Top VARs 2017* features 11 new faces, added either due to their growth, or because we had not previously considered them. These include managed services provider Claranet and managed print outfit Xeretec.

The revenue threshold for the top 100 this year has consequently risen to £31.3m, up from £27.5m last year. When *Top VARs* was first launched in 2011, the threshold was £12.5m.

Those whose revenues have stood still will have fallen by as many as 10 places, or out of the top 100 entirely.

This year's 100 are an eclectic bunch, ranging from high-end AWS, Autodesk and Oracle consultancies to volume-based e-tailers. However they brand themselves, all 'resell' and service third-party IT hardware, software, comms and audiovisual and printer equipment to a greater or lesser extent.

A global flavour

Top VARs has more of an international flavour to it than previous years as resellers based in the US or mainland Europe continue to race up the rankings, chief among them WWT, SHI, Comparex and SoftwareONE. Another US giant, PCM, is set to feature prominently in Top VARs 2018 after taking on nearly 200 staff since launching in the UK in May.

Doug Woodburn is editor of CRN

Good times ahead

Alongside the top 100 rankings, we also questioned over 250 IT decision makers on a range of topics including IT budgets, supplier strategy, emerging technology, and what help they are seeking from tech suppliers around GDPR (see p38).

Among the headline findings are that IT budgets are generally up, with 48 per cent seeing an uplift in their kitties this year, compared with 41 per cent a year ago.

That survey was conducted in October, the same month Computacenter issued a buoyant Q3 trading update, Softcat released its bravura 2017 figures and research house Canalys said the channel had probably just enjoyed its best quarter in a decade.

A sense of optimism, sadly lacking from the last sets of annual accounts posted by many of the top 100, is returning to the industry. To be sure, 2018 promises to be a bumper year.

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Challenging times

*Comms-care's **Rob Darby** reflects on the channel's challenges – and its strengths*

Rob Darby is sales director of Comms-care

Comms-care is once again delighted to sponsor *Top VARs* in what has been another eventful but exciting year of change for the channel.

2017 has been quite a year of reflection for Comms-care as we celebrated the 15th anniversary of our business. When such important milestones are reached, and we consider our longevity over quite a turbulent period, it is natural to not only look ahead to how we see the future of the industry shaping up but also to look back over how times have changed, especially so in the technology environment which over the last 15 years has seen such significant introductions as YouTube, Twitter and the iPhone as well as the opening of App Store which ignited the mobile revolution.

In the channel, 2017 has been characterised by two trends which are changing the shape of the sector: continued market consolidation through a host of acquisitions, mergers, and even, sadly, the loss of some significant names has been seen alongside a proliferation of emerging businesses; from European and US resellers who have established a UK presence to a new set of niche players aligning themselves closely to vendors who are changing their approach to market.

Cybersecurity was again thrust to the forefront of public consciousness through a number of global ransomware attacks, while the trend of businesses moving to the cloud and undertaking digital transformation continues apace.

Looking ahead to 2018, it is clear that the pace of change and innovation is set to continue. Spending on Internet of Things solutions is expected to escalate further while interest in, and conversation around, artificial intelligence also seems set to grow as resellers look to identify the opportunity for the channel.

However, two key strands are likely to dominate the agenda — the General Data Protection Regulation (GDPR) and Brexit.

GDPR becomes enforceable from 25 May 2018, leaving around six months for organisations to get their houses in order around the way they process both employee and customer personal data.

While there has been much scaremongering around the substantial increase in fines which will accompany the regulation, the more educated approach should be for organisations to consider other risk implications such as reputational damage caused by a data breach; operational outages caused by a denial of service attack; loss of customers to competitors or even the ICO serving an enforcement notice or 'stop now' order following a breach.

Organisations are at different stages in their data protection readiness journey. Wherever they are, many end users will require at least some technology products and services to prepare themselves, and a significant number will also require technology advice and guidance. What is unclear, however, is how many resellers are in a position to assist with this process.

While the implications of GDPR seem clear, there is much less clarity around the issues and likely outcomes surrounding Brexit. The year ahead will see continued negotiations around key issues such as how much the UK will need to pay on leaving, the rights of UK and EU expat citizens post-Brexit, and trade deals with the EU and other countries worldwide, with the impact on investment levels, exchange rates, inflation and resulting market conditions uncertain and unpredictable.

The last year has seen an increase in European and US resellers appearing to accelerate their plans to enter the UK by opening UK-based businesses before the Brexit barriers go up, possibly feeling they need a dedicated UK presence due to uncertainty about what will happen when Brexit kicks in.

This year has thrown up many challenges for the channel as a whole, and 2018 will be no different. Although there might be a degree of uncertainty about the year ahead, there are many reasons for positivity and optimism; there is certainly a great deal of opportunity for those resellers keen to seek it out and diversify their offerings.

Comms-care remains committed to supporting and expanding the solutions of its reseller partners and together solving both new and existing technology and business challenges that end users face.

Which channel firms have made it onto this year's top 100 list? The countdown starts here...

100 Excitech

Revenue: £31.3m

Operating profit margin: 6.9%

This CAD specialist said its short-term profits and cashflow have been hit by vendor partner Autodesk's shift from a perpetual to subscription licence model. In its fiscal year ending 31 May 2016, operating profit dipped by over £1m to £2.1m, while revenues slipped one per cent. The Enfield-based outfit also complained that a weakening of sterling increased its cost of sale.

99 PCMS

Revenue: £31.6m

Operating profit margin: 11.5%

This highly profitable retail specialist saw revenues pogo eight per cent in its year to 30 September 2016. The Coventry-based firm counts its Ominchannel Vision software suite as the jewel in its crown, but also provides a full range of IT managed services to its clientele in the retail and distribution sectors. Operating profits for the year fell to £3.6m, compared with £4.3m a year earlier.

98 Intrinsic

Revenue: £32.4m (pro rata)

Operating profit margin: 1.8%

We have broken out separate numbers for this Cisco and Avaya partner despite its £5.25m acquisition by #30 Top VAR Maintel in August. For the 18 months ended 31 May 2016, the Merseyside-based outfit — which is currently branded as "Intrinsic, a Maintel company" — saw operating profit hit £863,000 on revenues of £48.5m, up 14 per cent on a pro rata basis. It specialises in workspace, networking and datacentre solutions.

97 Red Stack Tech

Revenue: £32.4m

Operating profit margin: 3.9%

This Chelmsford-based Oracle partner is one of the few firms in this report which practises vendor monogamy. Founded in 1998 under the e-DBA name and now owned by US outfit Data Intensity, Red Stack provides managed and professional services across the Oracle hardware and software stack. In its year to 31 December 2016, operating profits rolled back from £1.9m to £1.3m on revenues that swelled 15 per cent.

Profit of doom

When we introduced a profit component into *Top VARs* last year, we were pleasantly surprised to discover that the industry's collective bottom line was on the rise.

Unfortunately, that trend appears to have reversed this time around, with average (mean) operating profit margins falling from 4.36 to 3.42 per cent across the 95 firms* that disclosed the figure for their last two financial years.

Of that 95, 57 saw their margins fall year on year, while only 38 saw them rise.

Collectively, these firms posted operating profit of £308m in their most recent annual accounts, compared with £376m a year earlier. That represents 2.9 per cent of their collective revenues, down from 3.9 per cent a year earlier.

Median profit margins – perhaps the most meaningful figure given that the data is skewed by one or two outliers – also fell, from 3.2 to 2.6 per cent.

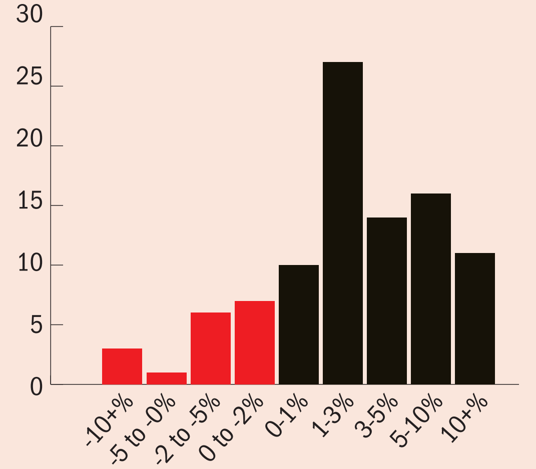
It would be easy to lay the blame at the door of last June's referendum result, and indeed some firms did just that in their annual commentaries. Stone partly attributed its fall in gross profits to "Brexit aftershocks", while Excitech said currency fluctuations in the wake of the vote had increased its cost of sale.

The reality will of course be more complex, but with market conditions seemingly improving in recent quarters it would be tough to bet against a margin rebound next year.

Biggest operating loss
NCC Group: -£53.4m

**The five firms excluded from the analysis are: Computacenter and Capita, which reported only adjusted numbers; US outfits WWT and SHI, which do not report UK figures; and Coretx, which has reported only one year of accounts.*

Operating profit margin in most recent year



The double-digit club: The 11 Top VARs with an operating profit margin above 10 per cent

Wireless Logic	32.21%
Edenhouse Solutions	24.04%
Blue Chip	19.35%
OneCom Limited	15.40%
ANS	13.09%
Adept Telecom	12.58%
PCMS	11.52%
Apogee	10.73%
NSC Global	10.50%
Annodata	10.48%
Claranet	10.08%

96 Natilik

Revenue: £32.6m
Operating profit margin: 4.8%

This Cisco Gold partner has grown for nine years running, with revenues in its year ending 31 March 2017 leaping by a fifth. During the year it recruited its first chief financial officer, chief people officer and chief digital officer. It now employs 110 staff across its offices in London, Sydney and New York. The company's operating profits for the year fell just fractionally to £1.6m.

95 Viadex

Revenue: £32.7m
Operating profit margin: 3.4%

This globe-trotting virtualisation specialist has burst into the top 100 after growing annual sales by a fifth. With offices in Cape Town, Gibraltar, the USA and Singapore, Surbiton-headquartered Viadex recently launched a partner programme to help channel firms grow internationally, and now draws half of its sales from overseas. Operating profits hit £1.1m in its year ending 30 June 2016, up from £801,000 in 2015.

94 eBECS

Revenue: £33.1m

Operating profit margin: 5.2%

Proving that firms must grow to stay still in this industry, this Chesterfield-based Microsoft Dynamics specialist moves up just one place in *Top VARs* despite growing revenues 17 per cent in its year to 31 March 2016. Operating profits fell marginally from £2.1m to £1.7m. It has an offshore development base in Jordan, and claims to be Saudi Arabia's number-one Microsoft partner.

93 The Saville Group

Revenue: £34.4m

Operating profit margin: 5.6%

This York-based audiovisual specialist's chairman, John Sills, hung up his boots after 48 years in April, as part of a management buyout. Despite a one per cent drop in revenues, operating profits for its year ending 31 December 2016 doubled to £1.9m thanks to "a conscious effort to control costs and improve supplier relations". The group's parent, £42m-turnover outfit SEA Holdings, also owns AV furniture maker Quadra Concepts.

92 Adept Telecom

Revenue: £34.4m

Operating profit margin: 12.6%

Having made four acquisitions during its year to 31 March 2017, this LSE-listed comms player laid down a further £12m to buy schools ICT specialist Atomwide in August. Its 2017 accounts showed operating profits of £4.3m on revenues that rose 19 per cent, with managed services revenues hiking from 44 to 55 per cent of the total. Tunbridge Wells-based Adept snared a new £30m credit facility from Barclays and RBS in January.

91 TSG

Revenue: £34.4m

Operating profit margin: -2%

Sage founder Grahame Wylie issued a vote of confidence in TSG by injecting another £1m into the Newcastle-based VAR during its year ending 31 March 2016. Operating losses for the year halved to £682,000 on revenues that dropped five per cent, a decline that the Sage and Sophos partner claimed was "not unexpected" given its decision to chase more recurring revenues, which now stand at 61 per cent of the total. TSG pumped £578,000 into product development during the year, including into Traveller, a complaints management system designed for the travel industry.

90 Trams

Revenue: £34.8m

Operating profit margin: 1.8%

This London-based Apple partner said that its efforts to expand its repertoire, including in storage and home-grown cloud services, enabled it to counteract margin pressure and the threat of direct-selling cloud providers in its year ending 31 December 2016. Revenues rose three per cent while operating profit fell fractionally to £637,000.

89 Wireless Logic

Revenue: £34.9m

Operating profit margin: 32%

"Europe's leading M2M managed services provider", as Wireless Logic styles itself, is a money-making machine, generating £11.2m of operating profit on revenues that rose 29 per cent in its year ending 30 April 2016. That equates to an operating margin of 32 per cent – a report high. The Berkshire-based business specialises in providing cloud-based management and monitoring platforms for M2M services across international mobile networks and satellite operators.

88 Esteem

Revenue: £35m

Operating profit margin: 0.6%

It was a year of flux for this Wetherby-based managed services provider as it welcomed a new CEO, chairman, and sales director. One of the new team's first moves was to make an £860,000 impairment provision relating to managed services contracts previously held on the balance sheet. Consequently, Esteem was left with a modest £199,000 operating profit for its year ending 30 June 2016 on revenues that rose three per cent.

87 TET Limited

Revenue: £35.6m

Operating profit margin: 3.8%

With revenues of £35.6m for its year ending 31 December 2016 but only 42 staff, this City-based VAR has one of the highest revenue-per-employee figures in the top 100, at £848,000. Operating profit more than matched its 35 per cent

Q&A: Darren Brodrick, SHI UK

The global Microsoft partner has big plans to crack the UK mid-market in 2018, according to its UK general manager

How large is SHI in the UK?
We have around 130 UK-based staff. We've operated a centralised and dedicated support model from the UK covering the EMEA region for 19 years and that will continue to be the model for our largest global customers. However, with the investment we've made in the last 18 months in the mid-market we have ambitions to grow our UK footprint.

Windows 10 refresh was highlighted as a big growth driver in SHI International's recent results. How far through that refresh cycle are we?
Most of the Windows 10 success we've had has been with our US-based customers with local operations but over the last few months there has been lots of interest from the UK market for Windows 10 migrations. I expect that business to continue to grow in 2018 as well.

As a traditional Microsoft partner, where does SHI stand on the cloud versus on-premise debate?
I have attended quite a few partner events this year and it's pretty evident that we now live in a hybrid IT world. This is really good for SHI: not only is Microsoft a key partner for us, but we've had some really good success with AWS as well.

My view is that I don't think it's a debate anymore about all applications running in the cloud; it's more about what cloud provider and partner has the skillset to help you to assess and decide if moving workloads to the cloud is right for your business.

What are your plans for 2018?
This year will be the UK's biggest year in terms of revenue and profit growth, so next year we have really big plans to add even more headcount in the UK with a focus on expanding our UK footprint. What I really get excited about is the investment [SHI International chief executive] Thai [Lee] has committed to make to support our UK ambitions in both the mid-market and technical pre-sales capabilities and service offerings.

annual sales rise, ballooning from £845,000 to £1.37m. The Microsoft, HP and VMware partner has a New York office and last year drew 28 per cent of sales from overseas.

86 Grey Matter

Revenue: £35.9m

Operating profit margin: 3.1%

Based on the edge of Dartmoor, this software reseller grew operating profit fractionally to £1.1m in its year ending 30 June 2016, despite posting a two per cent drop in revenue. It claims its account managers have an average tenure of six years and to have a direct relationship with 300 software publishers.

85 Bechtle

Revenue: £36.3m

Operating profit margin: 4%

One of two Germany-headquartered VARs in the top 100, this e-commerce specialist recorded a six per cent uplift in revenues in its year ending 31 December 2016. Operating profits widened from £1.4m to £1.5m. Its Neckarsulm-based parent is a €3bn-revenue monster with nearly 8,000 employees.

84 Options

Revenue: £36.5m

Operating profit margin: 9.5%

Specialising in managed services for the financial services industry, this London-based outfit has offices in global financial hubs including New York, Chicago and Hong Kong. Revenues hiked 44 per cent in its year to 31 December 2016, with over half that total drawn from the US. The Arista Networks partner, which more than doubled operating profit to £3.5m last year, operates and owns a specification datacentre in west London.

83 ECS

Revenue: £36.8m

Operating profit margin: 2.8%

The website of this Glasgow-based

Fresh blood

Since its inaugural year in 2011, the revenue threshold for *Top VARs* has risen from £12.5m to £32.3m, reflecting both the growth of the market and the fact that each year more firms appear on our radar. This year is no different, with 11 new names making their debut. Some had become known to us following a growth streak, while others were already sizeable players that we weren't aware of, or had previously felt hadn't fitted the *Top VARs* mould.

Of these, four – AWS partner Claranet, IT services powerhouse Getronics, UC specialist OneCom and managed print outfit Xeretec – turn over more than £50m. The remainder are 4Com, Cloudreach, Intercity Technology, ECS Europe, Options IT, Wireless Logic and PCMS. Three firms have also re-entered the top 100 on the back of a growth spurt, namely Viadex, Natilik and TET.

Top 100 revenue thresholds

IT infrastructure consultancy which was founded in 2003 claims that the company has over 750 employees and associates. The largest trading entity for ECS that we could find on Companies House, ECS Europe, saw revenues fall three per cent to £38.1m in its year to 31 December 2016. Operating profit stood at £1m. ECS' vendor partners include AWS, Blackberry, Docker, ServiceNow and Microsoft.

82 Printerland

Revenue: £36.9m

Operating profit margin: 9.2%

Founded in 1993, this print and consumables reseller claims that it now sells around one in three laser printers in the UK. Audited numbers for the year to 31 March 2017 that Printerland shared with us show revenues rising 10 per cent to £36.9m. The Cheshire-based firm, which sponsors the Sales Sharks rugby team, remains highly profitable, with operating profits for the year hitting £3.4m.

81 Hardware UK

Revenue: £37.5m

Operating profit margin: 0.9%

As a specialist in complex networking solutions, this Juniper, Dell, HP and F5 Networks partner counts service providers, e-tailers, online gaming firms and airlines among its key clientele. During its year to 31 March 2016, the Swindon-based firm implemented a number of cost-cutting initiatives. Despite this, operating profit fell by more than £100,000 to £324,000 on revenues that slipped four per cent.

80 DTP

Revenue: £38.6m

Operating profit margin: 1.1%

This Leeds-based reseller differentiates itself from the "multi-brand supermarkets" it competes with by having a laser focus on HP and HPE. Revenue for its fiscal year ending 30 June 2016 rose three per cent, thanks in part to the traction of Solutionpath, a majority-owned subsidiary whose mission is to boost student engagement in DTP's core higher-education vertical. Operating profit dipped fractionally to £428,000.

79 CSI

Revenue: £39.1m

Operating profit margin: 7.4%

This IBM and SAP partner's revenue run rate rocketed to £50m following its November 2016 swoop on managed services specialist APSU. For its year ending 31 December 2016, operating profits rose from £2.1m to £2.9m on flat revenues of £39.1m. In August, it took on investment from MML Capital in a deal that valued the London-based outfit at an estimated £80m.

78 Edenhouse Solutions

Revenue: £39.5m

Operating profit margin: 24%

This SAP consultancy has nearly doubled in size in the last two years, with revenues for its year to 31 March 2017 hiking 30 per cent. Operating profits of £9.5m also make it one of the most profitable firms in this report. During the year Edenhouse made a "significant investment" in SAP's Digital Suite, S/4 HANA and in its cloud capabilities.

77 Intercity Technology

Revenue: £40.1m

Operating profit margin: -12.9%

With a heritage in traditional mobile reselling, this Birmingham-based outfit is busy reinventing itself as a "complete technology services provider". Its year ending 31 December 2016 was described as a "transitional period" as costs associated with its 2015 acquisitions of Gage Networks and Imerja dragged it to an operating loss of £5.2m. Revenues rose by 12 per cent.

76 MTI

Revenue: £40.1m

Operating profit margin: 2.2%

Private equity house Endless vowed to restore MTI to a "new era of growth" when it bought the storage integrator in January. It immediately installed Scott Haddow — who previously headed up former Endless-backed venture Trustmarque — as CEO. For its year to 31 March 2016, operating profit hit £887,000 on revenues that fell five per cent to £40.8m. It also operates in France and Germany.

75 4Com

Revenue: £41m

Operating profit margin: -1%

An investment in sales, new brands and internal systems helped push revenues up 22 per cent at this Dorset comms specialist in its year ending 30 June 2016. It also led to an operating loss of £421,000. Having bagged a new five-year credit facility with HSBC in 2015, Samsung partner 4Com launched an IP phone under the '4Phone' brand in 2016, and targets firms with four to 250 handsets.

74 Probrand

Revenue: £41.1m

Operating profit margin: 1.2%

This Birmingham-based reseller and MSP merged with its cloud technology sister company, Icomm, at the tail end of last year and said it planned to remain competitive in 2017 by launching a digital marketplace. Revenue for the year to 31 December 2016 rose six per cent, with operating profits up slightly to £507,000.

73 RedstoneConnect

Revenue: £41.5m

Operating profit margin: 3.5%

This smart buildings specialist grew revenue four per cent and returned to profitability in its year ending 31 January 2017, following its rebrand from Coms the previous year. In September, the LSE-listed firm's share price soared on news of a £5.5m contract win to connect over 45,000 data points across a network housed within an unnamed financial services firm's new flagship London office.

72 Cisilion

Revenue: £43m

Operating profit margin: 2.8%

This Cisco and Microsoft partner enjoyed a solid year to 30 May 2016, with operating profit more than doubling to £1.2m and revenues leaping by a fifth. The Heron Tower-based outfit has one of the highest average wages in the top 100, at £72,000. In August it bagged a deal to roll out Cisco Meraki's SD-WAN offering across HMV's 130 retail sites.

71 Sabio

Revenue: £43.4m

Operating profit margin: 3.8%

This contact centre specialist has made two acquisitions in 2017, courtesy of a £30m M&A pot gifted to it by new private equity owner, Lyceum Capital, the previous July. This includes Rapport, a customer engagement analytics specialist which counts Thames Water, the BBC, ITV and British Gas among its clients. Its revenues for its year to 30 September 2016 rose four per cent, but operating profit rolled back £1m to £1.6m.

70 IDE Group

Revenue: £43.4m

Operating profit margin: -7.9%

This recently formed IT managed services brand has 560 staff, 130 of which are stationed at its service desk and network operations centre. In December, it rebranded from Coretx following a trademark dispute. The AIM-listed firm is a fusion of two firms — Selection Services and C4L — and this April acquired Cisco partner 365ITMS. It posted an operating loss of £3.4m on revenues of £43.4m in its year ending 31 December 2016.

69 PC Specialist

Revenue: £43.9m

Operating profit margin: 1%

The performance PC market

is enjoying something of a renaissance, as evidenced by this Wakefield-based system builder's bumper results. Revenues for its year ending 31 August 2016 rocketed 16 per cent, with operating profit also rising to £440,000. Its average number of warehouse and production staff expanded from 48 to 59 during the period.

68 Blue Chip Customer Engineering

Revenue: £45.4m

Operating profit margin: 19.3%

This IBM maintenance specialist saw revenues for its year to 30 September 2016 hike 20 per cent, with its core maintenance and managed services streams both growing "in plan with expectations". Operating profits hit an impressive £8.8m, compared with £8.4m in its previous annual results (which were to 31 March 2016). Blue Chip claims to have 50 IBM power systems in its cloud service, and 2.2 million CPW [commercial processing workload] of IBM i processing power.

67 Cloudreach

Revenue: £46m

Operating profit margin: -5.1%

This born-in-the-cloud ace specialises in migrating customers from traditional IT to AWS and Azure, a trend it claim has "increased dramatically" in recent years. It's no surprise, therefore, that its revenue for the year to 31 July 2016 romped up 76 per cent. During the period, it divested its Google business, and in February sold a majority stake to private equity house Blackstone. Operating losses last year hit £2.3m, reflecting "significant continued investment in the business".

66 Zones

Revenue: £46.5m

Operating profit margin: 4.1%

Six years after acquiring its way into the UK, US reseller Zones' local operation is close to a £50m business. It uses London as a beachhead into Europe, shipping locally in 10 EU countries. The EU consequently accounted for 43 per cent of the UK arm's sales in its year to 31 December 2016.

65 AVM Impact

Revenue: £47.8m

Operating profit margin: 2.6%

This audiovisual specialist blamed a 14 per cent annual revenue fall on a lack of large projects in its year to 30 June 2016. Operating profits were flat at £1.2m. The Sunbury-on-Thames-based outfit, which is backed by private equity house Alcuin, has a relatively low revenue-per-employee ratio of £119,000, not surprising given that 200 of its 400 staff are engineers.

64 Academia

Revenue: £48.7m

Operating profit margin: 0.5%

Public sector budget cuts have taken their toll on this education specialist, with accounts for its year to 30 June 2016 showing a four per cent revenue dip. The Enfield-based outfit is, however, counting on its inclusion on an Apple university framework to bolster sales until April 2019. Last June Academia acquired recycling specialist Charterhouse Muller UK.

63 European Electronique

Revenue: £50.1m

Operating profit margin: 0.6%

This education specialist has filed no new accounts since *Top VARs* last went to press, meaning we have had to recycle last year's numbers. Budget cuts in its core schools market led the Oxfordshire-based HPE, Aruba, HP, Fortinet and Microsoft partner to post a five per cent revenue drop in its year ending 31 March 2016.

62 GCI

Revenue: £51.9m

Operating profit margin: -4.2%

A decline in customer scepticism over cloud was cited as an annual highlight for this acquisitive Microsoft partner. For its year ending 31 December 2016, revenues rose eight per cent, while operating losses hit £2.2m (although EBITDA rose to £9.1m). CEO Adrian Thirkill told us in July that its largest purchase to date — that of Poole-based Blue Chip — would boost its turnover run rate to £95m and headcount to 500.

61 Total Computers

Revenue: £52.1m

Operating profit margin: 2.3%

After four years of frenetic top-line growth, this Kettering-based VAR's revenues were virtually static in its year ending 30 June 2016, despite a "significant" investment in staff that saw average headcount for the year top 100. Operating profit rose fractionally to £1.2m. At the end of its fiscal year it disposed of Australian entity Total Consulting Services.

60 Millgate

Revenue: £54.2m

Operating profit margin: 1.9%

Millgate's auditor told us it did not expect any further adjustments

Preparing for the opt-in revolution

FMXA CEO Alisha Dattani says the arrival of GDPR next May will force resellers to rethink their sales and marketing tactics

Resellers live or die by the quality of their sales leads and marketing activities, which in turn depends on the quality of data they hold on customers and leads. There's just one problem: the EU General Data Protection Regulation (GDPR) is set to have a major impact on these efforts. By enshrining sweeping new rights over how data is used and protected, resellers need to urgently revisit and revise their processes.

The most successful channel players will view this not as a burden, but an opportunity to improve customer engagement and drive sales.

The GDPR is the biggest change to Europe's data protection laws in a generation, designed to bring them up to date with our cloud, IoT, mobile and social-driven world.

It is set to affect any business which processes personally identifiable information (PII) on EU citizens. Thanks to the UK Data Protection Bill making its way through parliament, it will continue to apply to UK resellers post-Brexit. In addition, the old Privacy and Electronics Communications Regulation (PECR) which governed marketing communications is to be replaced by a new ePrivacy Regulation designed to fall in line with the GDPR.

The most obvious element that will affect sales and marketing functions is that the individual (or "data subject") must explicitly give consent for their data to be used and to understand exactly how it will be used (known as the right to be informed). Resellers will also have to keep a record of how consent was obtained, and respond speedily to requests to withdraw consent. Sales and marketing comms will have to be more targeted to the specific individual in a business, so resellers can argue they had a "legitimate interest" in sending it. Business email addresses apply, as do personal ones.

What does this mean for resellers?

All this has major implications for common reseller practices such as buying data lists, following up on leads provided by vendors, allowing vendors to access customer databases for campaigns, or uploading lead data to partner portals. Resellers may need to be more self-sufficient than they might have been in the past in terms of compiling these lists.

Historically the reseller community has always received leads from vendors who gather them from contact forms and web downloads. In the new GDPR world order, vendors won't be able to hand these leads to resellers for follow-up without explicit and specific opt-ins from consumers. This could result in the short term in a dramatic decline in reseller leads. To combat this, resellers will need to boost their own in-house marketing and lead-generation capabilities.

Focus on building and promoting your unique brand: hire a PR team and bring in SEO expertise to improve organic search rankings. The aim should be to improve credibility and awareness of your organisation. Develop compelling content positioning your business as a thought leader, and don't forget the power of social media channels to enhance inbound marketing efforts.

The GDPR will also force resellers to revisit their privacy notices, to include more information on "fair processing" written in "clear language". However, privacy notices must be separate from GDPR consent notices. Be sure to include here any GDPR-compliant sharing of data with third-party services. You must name your organisation and any third parties that will be relying on consent.

Under lock and key

The GDPR also introduces strict rules on how to protect, store, process and transfer this PII. One of the core principles is data minimisation; that is, only to collect and store what's strictly necessary for the tasks for which you have obtained consent.

Conduct a data audit to see what data you hold, where it's stored and where it flows, inside and outside the organisation. Then check what security controls you have on consumer PII and plug any gaps. The GDPR isn't explicit about what you need to put in place, but anything following industry best practices — especially approaches accredited with ISO 27001 and other frameworks — will stand the best chance of appeasing regulators. Pseudonymisation and encryption tools are a given.

The most successful resellers will embrace the challenge to improve internal data protection and become more self-sufficient in lead generation.

Q&A: Bob Swallow, Logicalis

Logicalis' UK managing director talks us through the firm's nearshoring move

You announced in June that you are shifting 65 UK first- and second-line support jobs to South Africa, with the first 40 roles moving in September. Has that affected service levels for your UK customers?
We have had no negative comments from any customers, and in fact we've had at least half a dozen quite positive written thanks for the service they are getting. We got to reinvest the significant savings this has made in growing our managed services in the UK, so we have created a new service practice and brought in Dean Mitchell from Gartner to head that up. We think we are the right shape now, and clearly we want to get into growth. We will be going aggressively after growth in the areas we've mapped out.

Why did you choose South Africa over more obvious nearshore locations such as Poland or Romania?
It's a market our shareholders know well. Secondly, we managed to secure a team that had been doing these services for the UK market for Computacenter. The time zone and language are also clearly in alignment with the UK, and it has affordable labour costs.

How important is managed services as a revenue stream for Logicalis?
We are probably doing around £70m in services, and I would think around £30m of that is recurring services, and we are looking to get that to £60m very quickly. We realise that customers have an increasing challenge with the speed that technology is moving in areas such as IoT [Internet of Things] and security. They need more help, not less, and more managed services.

Who do you regard as your top five competitors?
CDW and Softcat are still strong competition for us in the traditional [reseller] space, where we are seeing far less of Computacenter and SCC. BT is still very strong in public sector. And then you've got a new landscape, particularly in managed services, where we come up against Accenture and TCS.

to the Sheffield VAR's numbers for its year to 31 July 2017, which show revenue breaching the £50m barrier, up from £43.9m a year ago. Sister company, wireless comms specialist Millgate Connect, turned over £4.1m in its most recent year, and together the duo generated operating profits of £1m.

59 Proact

Revenue: £55.4m
Operating profit margin: 4.8%

This pan-European storage integrator's UK arm achieved "outstanding profitable growth" in its year ending 31 December 2016, with sales up 12 per cent and operating profits rising from £2.1m to £2.7m. The Chesterfield-based outfit claims it was an early investor in hybrid cloud, with over a decade of capability. Its Swedish parent, which employs 800 staff in 15 countries, recently won an award for having the best annual report of all NASDAQ Stockholm-listed small cap companies.

58 Timico Technology Group

Revenue: £55.7m
Operating profit margin: -3.1%

This managed services provider appointed a new CEO in the shape of Ben Marham in September 2016, before undergoing a Lyceum Capital-backed MBO in February. Revenues in its year to 31 December 2016 rose six per cent as 2015 acquisitions Wirebird and Coms fed into the top line, although operating losses hit £1.7m. The O2 and Vodafone partner recently announced a six-figure investment in robotics and cloud-based IT services management platform ServiceNow.

57 Stormfront

Revenue: £55.8m
Operating profit margin: -0.3%

Strong demand for iPhones was behind a 19 per cent surge in annual sales at this Apple Premium Reseller, which operates 23 stores across the UK. But losses sustained

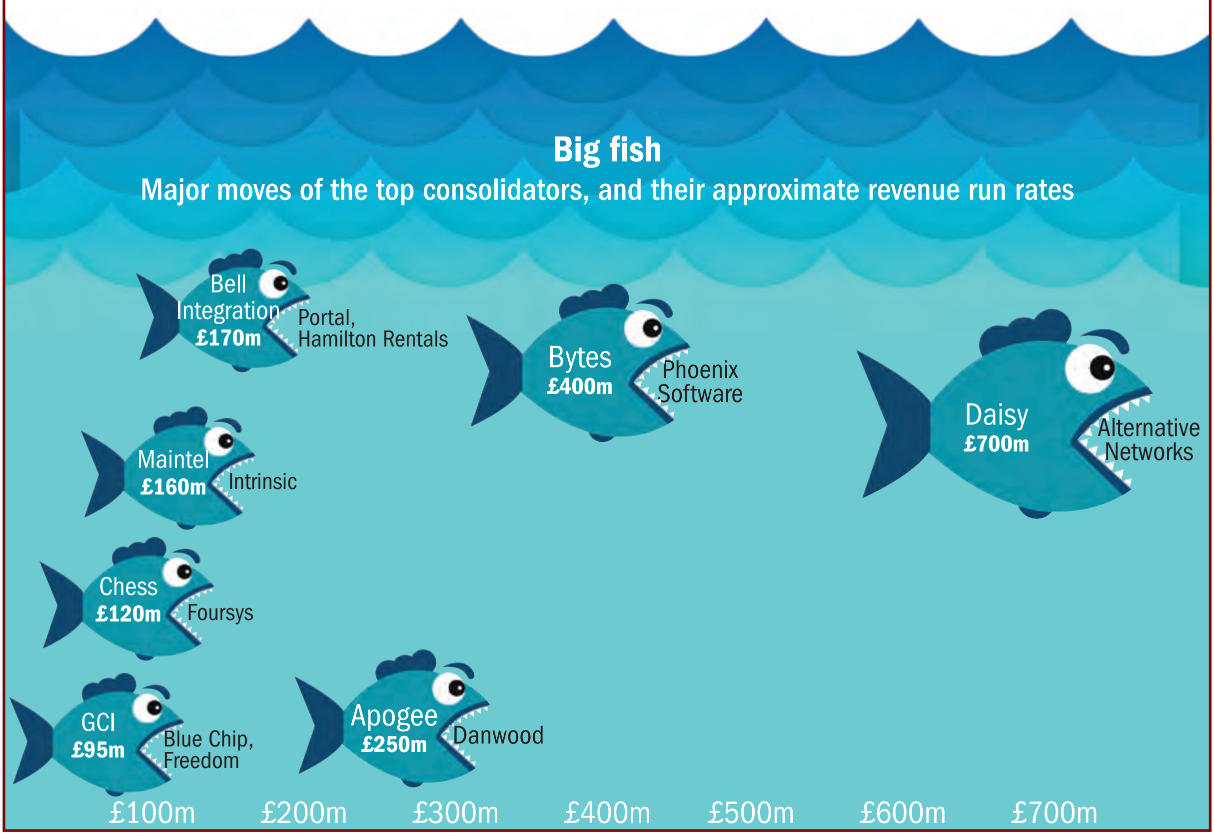
Feeding frenzy

An M&A frenzy has gripped the channel over the last 12 months, with three of last year's top 25 – Danwood, Alternative Networks and Phoenix Software – having been gobbled up by competitors.

Much of the deal-making was driven by a small handful of resellers, often backed by private equity cash. Indeed, according to M&A adviser Regent Associates, private equity accounted for 480 of the 2,688 European technology, media and telecoms deals signed in the first nine months of 2017.

Having bagged investment from private equity house Equistone in September 2016, print VAR Apogee grabbed £150m-revenue rival Danwood in March. Daisy's £165m acquisition of Alternative Networks last December also came after the comms player was taken private in 2015 by founder Matthew Riley, Toscafund and Penta Capital.

Claranet, Sabio and CSI are among the other private equity-backed players on the acquisition trail, alongside deep-pocketed privately held VARs Bell, GCI and Chess. Publicly listed outfits such as Maintel, Adept Telecom, Bytes (whose parent Altron is listed on the Johannesburg stock exchange) and IDE Group have also got in on the game.



at its education arm, which it closed during the year, pushed it to a £189,000 operating loss for the 12 months to 30 September 2016. This August, a gang of seven raiders were jailed for stealing £200,000 worth of Macbooks and iPhones from its Exeter warehouse, according to *Devon Live*.

56 Xeretec

Revenue: £56.1m

Operating profit margin: 6.5%

This Wokingham-based Xerox partner claims its merger with HP print-focused Platinum partner Landscape Group in June created "a new managed print powerhouse". Its directors were content with results for its year to 31 August 2016, which showed operating profit up from £3.3m to £3.6m on revenues that fell nine per cent. Gaining access to HP's device-as-a-service offering was cited as a key reason behind the Landscape deal.

Be bold and be brave

It's an unsettling time for public sector suppliers, but those who take their chances will thrive, argues GlobalData principal analyst Rob Anderson

Indulge me for a moment while I take a trip back to 1990, when Manchester crooner Mick Hucknall penned the lines, "The end of an era, our future no clearer". He was referring, in the song *Wonderland* from Simply Red's multi-platinum album *Stars*, to the downfall of Margaret Thatcher, but the sentiment has resonance in the Britain of 2018. Short of an unprecedented political coup, we are still heading to the exit door of the EU despite no one seemingly having a clear idea what political, economic and social havoc that will wreak. So we live again in an age of uncertainty.

For suppliers to government, these are unsettling times. Yet history suggests that such periods of upheaval can also deliver opportunity for the bold and the brave, so I look forward to the coming year with optimism for those in the IT supply chain. It's certainly true that radical political reforms away from the Brexit table are highly unlikely with the Tory government limping along after the catastrophic snap election. However, transformation of public services continues apace, and the civil service, stretched to near breaking point by years of cuts, will need all the help it can muster.

With pressure on the Chancellor of the Exchequer to increase investment in public services, I expect a modest increase in the cash available for agencies to refresh or renew technologies. GlobalData's five-year forecasts, however, indicate that there is likely to be a realignment across the various categories of expenditure and a slight decline in external spending to balance the costs of increasing internal IT staff numbers.

While there is still an aspiration to insource new service development, an air of pragmatism is emerging that will see a mixed economy of IT delivery via multiple sources. This has reinvigorated the large suppliers whose prospects for growth had stalled in the early days of a GDS-influenced cohort of GovTech advocates in Whitehall. Thus we have seen a resurgence in competition from the traditional systems integrators, now joined at the party by not only cloud-focused multinationals such as Microsoft and AWS, but also younger digital agencies that have cut their teeth on G-Cloud contracts and seek growth in the areas of both revenues and influence.

The strategy of increasing engagement with SMEs has not waned, with the aim of 33 per cent business through this channel by 2020 being restated recently, but the focus has not been as sharp this year because of distractions such as Brexit and a weakened government. The Cabinet Office's own published data shows the proportion of contracts won by SMEs fell by a couple of percentage points in 2015-16. Nonetheless, the Crown Commercial Service continues to open up new routes to market for smaller enterprises, the latest being the Technology Services 2 (TS2) framework which aims to attract those public bodies disaggregating single outsourced contracts and features 60 per cent of suppliers with designated SME status. The Crown Marketplace will seek to make further advances in ease of doing business for smaller players as it makes its entrance in the coming months.

In my piece for this publication last year, I proposed that cloud and data exploitation would be key themes, and while both have seen growth over the last 12 months, many feel the public sector is still lagging in the latter. The passing of the Digital Economy Bill, with its clauses facilitating greater sharing of data across government, means the door is now open to drive better, faster, more innovative uses of these rich datasets. Suppliers that can demonstrate robust and secure data storage, manipulation and analytical solutions should be well placed to ride this wave.

To end on a note of caution, the past few months have seen two notable casualties in the public sector's supply chain: Misco, with its long and proud history being put in administration just days after being awarded places on the TS2 framework; and Datacentred, a hosting company that built its business around one predominant client, HMRC, and floundered when that contract was lost. These cases at opposite ends of the supplier spectrum illustrate that the public sector market offers great rewards, but consequent risks. In times of uncertainty, be bold, be brave, but also don't overstretch and remain in control of your own destiny; I wish you all good prospecting.

618%

Annual sales rise recorded by #13 Top VAR GBM, a *Top VARs* record

Fit for purpose: #51 Top VAR OneCom held a 'Workplace Race' in October that saw 150 of its staff monitor their daily activity for three weeks using heavily discounted Fitbit devices

Sales statistics:
Highest revenue per employee: GBM: £5.6m (45 staff and £250.6m revenues)
Lowest revenue per employee: TSG: £91,000 (378 staff and £34.6m revenues)

Clock watching: #4 Top VAR CDW UK has a clock on its website counting down the seconds until GDPR kicks in

Need for speed: #46 Top VAR Vohkus has sponsored the jet-powered Bloodhound Super Sonic Car as it attempts to break the land speed record and hit 1,000mph. It claimed the project reflects its own philosophy

£1M

Amount Sage co-founder Graham Wylie pumped into the #92 Top VAR TSG in its last financial year

£900,000

Amount Ofcom fined #10 Top VAR Kcom after uncovering a serious weakness in its emergency call service

55 NTT Data

Revenue: £57.1m

Operating profit margin: 2.1%

This Japan-based Oracle, SAP and Salesforce partner appointed Simon Williams as its new UK CEO in June. Williams joined NTT Data in 2012 when it acquired Value Team, a consultancy he started four years earlier. For its year to 31 March 2017, NTT Data's UK business, which has 470 staff, recorded a one per cent revenue drop, as operating profit fell from £1.7m to £1.2m.

54 Centerprise

Revenue: £59.3m

Operating profit margin: 3.6%

Founded over 30 years ago by industry stalwart Rafi Razzak, this group of companies encompasses not only public sector provider Centerprise International, but a number of other brands, including business continuity player ADAM Continuity and custom PC builder YoYotech. For its year ending 31 August 2016, the holding company posted flat revenue of £59.3m. Operating profit inched up eight per cent to £2.1m.

53 ProAV

Revenue: £59.4m

Operating profit margin: 2.6%

The largest audiovisual specialist in this report launched a Frankfurt office this February. In its year to 31 March 2016, revenue vaulted eight per cent, while operating profit rose from £1.1m to £1.6m. The Egham-based outfit, which is owned by two of its directors and has a 25-year relationship with Barclays Bank, saw average staff numbers swell from 250 to 295 during the year.

52 Axians Networks

Revenue: £59.6m

Operating profit margin: 8%

Part of French engineering giant Vinci, this networking and security specialist enjoyed lightning growth in its year to 31 December 2016, with sales rocketing 24 per cent and operating profits nearly doubling to £4.8m. Billing itself as a specialist rather than generalist, the Basingstoke outfit is reliant on a small number of vendor partners, including Juniper Networks. Its core verticals are service providers and public sector.

51 OneCom

Revenue: £59.9m

Operating profit margin: 15.4%

This Hampshire-based fixed-line and mobile supplier, which claims to be Vodafone's largest UK partner, saw revenue rise by nine per cent in its year to 31 December 2016. Despite incurring one-off costs of £533,000, operating profit stood at a healthy £9.23m. Its staff are currently taking part in a company-wide fitness challenge using Fitbit step counters.

50 MCSA Group

Revenue: £60m

Operating profit margin: 2.1%

This Buckinghamshire-based MSP may share its name with a well-known Microsoft accreditation, but its four-letter moniker is actually a portmanteau of its two constituent parts: Maindec and CSA Waverley. Revenue for the 12 months to 31 March 2016 fell two per cent, while operating profit rolled back from £2m to £1.3m. It claimed it addressed 99.5 per cent of service calls within SLA during the year.

49 Annodata

Revenue: £60.1m

Operating profit margin: 10.5%

Kyocera told *CRN* at the time it acquired Annodata last December that the managed print and unified comms specialist would be free to work with other manufacturers. A year on, the Hertfordshire-based firm still bills itself as an independent provider, counting not only Kyocera but also Ricoh, Datto, Cisco and Gamma among its core vendors. Revenues for its year to 30 June 2016 shrank eight per cent, while operating profit fattened from £6m to £6.4m.

48 Altodigital

Revenue: £61.8m

Operating profit margin: 4%

In September, Altodigital CEO James Abrahart used a company blog post to quash rumours that this print and office equipment specialist is up for sale. It was a frenetic fiscal 2016 for the Leighton Buzzard-based outfit as it made two small acquisitions, expanded its public sector sales team, and opened new branch offices in Scotland and the East Midlands. Operating profit rose by a third to £2.5m, while revenues jumped five per cent.

47 ANS

Revenue: £62.7m

Operating profit margin: 13.1%

This Manchester-based MSP and cloud provider broke the £60m revenue mark in its year to 31 March 2017, and is one of just 11 firms in this report to boast a double-digit operating margin. Recent acquisition Eison, as well as strong demand for its cloud readiness assessments, were among

Q&A: Neil Muller, Daisy

Daisy's CEO tells us why the Lancashire-based firm is turning its attention to organic growth following an acquisition spree that has transformed it into a £700m-revenue player

Can you update us on the enlarged scale of the business following your acquisition spree?
We are now a £700m business, with £120m-plus of EBITDA. From a market point of view, SMB – which we address both directly and indirectly – is a £300m business; mid-market – which we address directly – is a £300m business; and enterprise – which we address indirectly – is a £100m business.

If we break it down by product, we are a £130m voice business, a £150m mobile business, a £170m connectivity business, a £170m IT infrastructure business and a £80m to £100m business continuity and cloud business. We couldn't, through the acquisitions, have chosen a better balance of a £700m business across the five areas of the converged world. We talk about Daisy being the only one that exists which is an independent, converged organisation of scale.

You acquired Alternative Networks for £165m at the start of the year. Has the integration gone to plan, and do you foresee Daisy making further acquisitions?
The integration has gone extremely well. Combining the telecommunications and managed services that came with the Alternative acquisition with the IT infrastructure services and support of the Phoenix acquisition has created a mid-market powerhouse. We can now deliver converged services across telecoms, IT and cloud, genuinely at scale.

We believe we now have all the capability we need in order to address our customers' requirements. We are therefore in an organic growth strategy. Having said that, if any opportunities were to arise to increase shareholder and customer value, naturally we would look at them. But given the strength of our business there is a very, very high return on investment bar to meet.

What key trend will shape the market in 2018?
We believe data is the key hot topic, which I think traditional IT resellers don't necessarily buy into at the same rate as we do because they probably don't have the end-to-end capability to enable it. Whoever owns the connectivity, whoever owns the network, is probably going to take market share because data is the new currency and everything that will give our customers a competitive advantage. Our whole strategy is based on how we can provide our customers with better levels of access to that data.

Profits are down across the top 250 resellers. How are you addressing margin pressure, particularly considering that margins are thinner in IT than your traditional comms heartland?
We don't mind our percentage margins being diluted by [IT] acquisitions, as this is about us delivering customer value. We recognise that you can't make the same percentage returns on IT as in telecommunications. But actually because we can blend it all together we are making more money. It doesn't really matter if the percentage return has decreased by 0.5 per cent; the fact of the matter is that EBITDA has gone from £97m to £120m. We are maintaining our gross margins because 80 per cent of our revenues are recurring.

What is in store for Daisy next year?
We're in an organic strategy, we've got our heads down, and we are focused on serving and protecting our customers, and on cross-selling to all our existing customers. For instance, 50 per cent of our 5,000 mid-market customers don't buy mobile from us, and that's a massive opportunity for us to add more value to them. We're the fourth-largest B2B mobile operator in the UK now behind EE, Vodafone and O2, and we can use our scale and independence to deliver greater value to our customers.

the drivers of its 36 per cent annual sales hike, recently appointed CEO Paul Shannon told us.

46 Vohkus

Revenue: £64.4m

Operating profit margin: 0.8%

Southampton-based Vohkus is among a number of Top VARs that referenced its efforts to embrace a more consultative, managed services-driven model in its latest annual accounts. While handing it a “platform for continued growth”, its investment in more experienced technical staff hit margins in its year to 31 May 2016 as operating profit halved to £521,000. Revenues vaulted five per cent.

45 Getronics

Revenue: £66m

Operating profit margin: -2.8%

The new owner and CEO of Getronics, Nana Baffour, recently told us he’d rather own this IT services house than own a goldmine, adding that he intends to double its revenue to $1bn by 2020, mainly through acquisition. The UK arm of the business, which has 500 staff and specialises in service areas such as workspace management, technology transformation and security, sank to an operating loss of £2.83m in calendar 2016 on revenues that rose by 26 per cent to £66m.

44 NSC Global

Revenue: £71.8m

Operating profit margin: 10.5%

Founded in 1997, this Cisco Gold partner specialises in the development of communication infrastructures for corporate clients. The London Bridge-based firm enjoyed a bumper year to 31 October 2016, with operating profit nearly doubling to £7.5m. Revenues – which are split equally between product and services – clambered 24 per cent.

43 Comparex

Revenue: £72.5m

Operating profit margin: -1.3%

This €1.8bn-revenue, global Microsoft partner, which is owned by Austrian bank Raiffeisen, recently stated that it sees its future in managed services. The UK arm, which employs over 50 staff in Harrow and York, posted a £911,000 operating loss in its year ending 31 March 2016. Revenues rocketed 72 per cent. It claims to now be a major supplier to the Ministry of Defence.

42 NTT Security

Revenue: £72.5m

Operating profit margin: -2.6%

This security integrator now has no salesforce of its own and acts as the “factory service line” for parent NTT’s three operating companies: Dimension Data; NTT Data; and NTT Communications. Revenue for its year to 31 March 2016 hit £72.5m, compared with £90.8m for the previous 15-month period (flat on a pro rata comparison), while operating losses shrank to £1.9m.

41 NG Bailey IT Services

Revenue: £75.9m

Operating profit margin: 5.4%

Having seen sales plateau in 2016, this voice, data and cabling specialist’s revenues boomed by over a quarter in its financial year ending 24 February 2017, mirroring a 23 per cent sales spike at engineering parent NG Bailey. Operating profit climbed from £3m to £4.1m, while average staff numbers soared from 334 to 410. The Ilkley-based Cisco Gold partner appointed a new MD in May.

40 OCSL

Revenue: £80.5m

Operating profit margin: 1.2%

A two per cent fall in revenue at this HPE Platinum partner in its year to 31 March 2016 was “in line with the directors’ expectations”. Operating profit fell by two thirds to £961,000, which OCSL said reflects a shift in its revenue mix towards more slow-burning cloud and managed services streams. It employs over 200 staff at its headquarters in West Sussex and satellite offices in London, Hove and Cambridge.

39 Storm Technologies

Revenue: £81.7m

Operating profit margin: 2.8%

This Watford-based outfit said its results for the year to 31 December 2016 matched what it had budgeted for “almost to the penny”. Revenues shot up 11 per cent, while operating profit decreased slightly to £2.3m. Although Brexit and the US presidential election dented its gross margins, its strong liquidity position will underpin further growth, the directors’ report claimed.

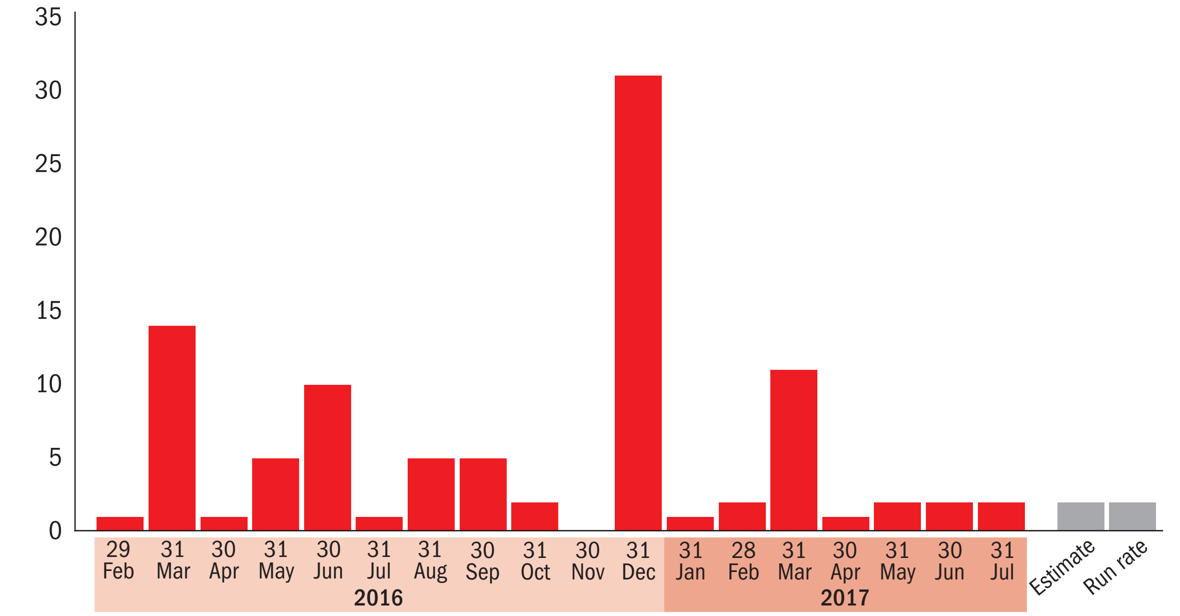
38 Stone

Revenue: £84.5m

Operating profit margin: -1.6%

This public sector system builder sank to a £1.3m loss in calendar 2016 as increased competition and Brexit-induced currency

Year ends



The vast majority of the headline revenue figures in this report are drawn from the last annual accounts filed on Companies House by the firm in question. This covers a big spread of year ends, from 31 July 2017 in the case of Softcat, to 29 February 2016 in the case of Logicalis. In several instances, firms provided us with annual numbers that had yet to be filed on Companies House at the time of going to press. Where this is the case it is clearly marked in the profile.

In order to convey their enlarged scale following a transformative acquisition, we have listed a run rate figure for two firms, namely Daisy and Apogee. We have also had to provide an estimate for two large US-based outfits that don't report UK numbers, namely SHI and WWT.

fluctuations hammered its gross margins. Looking on the bright side, revenues rose seven per cent, while the Staffordshire-based firm said it expected some "residual challenges" that lingered into Q1 of 2017 to "dissipate".

37 K3

Revenue: £84.6m

Operating profit margin: -11.5%

This AIM-listed retail software specialist endured a torrid year to 30 June 2017 as a dearth in large enterprise wins dragged it to a £9.75m operating loss. The Sage and Microsoft partner said it is reshaping its business to focus on its core SME market, and has also taken £3.7m in costs out of the business. Sales of its own intellectual property rose from 24 to 32 per cent of the total last year.

36 Claranet

Revenue: £94.2m

Operating profit margin: 10.1%

This pan-European managed services juggernaut has made 20 acquisitions in the past five years, and now boasts a revenue run rate of £310m, 43 datacentres and 1,800 staff. The UK arm saw revenue rise by seven per cent to £94.2m in its year to 30 June 2016, while operating profits fell marginally to £9.5m. The AWS partner welcomed on board Tikehau Capital as a new minority shareholder in May as part of an £80m refinancing.

35 Jigsaw24

Revenue: £95.2m

Operating profit margin: 1.4%

Having acquired creative industries specialist Root 6 in February, this Apple reseller became the subject of takeover rumours itself in September. According to the *Telegraph*, private equity backer NorthEdge Capital is seeking a buyer, with a deal expected to be concluded by early next year. Jigsaw24's parent company, Insanely Great, posted operating profits of £1.3m on revenues that rose 10 per cent in its year to 31 May 2016. The Nottingham-based outfit claims to have 25,000 customers and to hold £5m in stock.

34 CAE

Revenue: £95.7m

Operating profit margin: 3.6%

This Watford-based reseller, which describes itself as "fundamentally manufacturer agnostic", posted a 61 per cent revenue hike in its year ending 30 June 2017, according to audited figures the company shared with us. Operating profit also trebled to £3.4m. The Cisco, HP and Microsoft partner is gearing up to open its first northern office.

33 Ultima Business Solutions

Revenue: £96.8m

Operating profit margin: 2.1%

A recent £18m upgrade to this VAR's HQ will serve as a template for mid-market clients embarking on digital transformation projects, its CEO Scott Dodds told *CRN* in May. Ultima enjoyed a "highly successful" year to 31 March 2016, with revenues hiking by a tenth and operating profit hitting £2m — flat on an annual comparison. It was founded in 1990 by Max McNeill, who also created the Reading business park in which the Microsoft, Citrix, VMware, HP and Dell partner is based.

32 Scan Computers

Revenue: £99.7m

Operating profit margin: 0.4%

Just one more large order and this Bolton-based PC builder, retailer and e-tailer would have breached the £100m turnover barrier for its year to 30 June 2016. While revenues rose 15 per cent, operating profits more than halved to £386,000. Its website includes a dedicated zone for business clients, offering servers, enterprise storage, networking, security, commercial virtual reality and professional services.

31 Redcentric

Revenue: £104.6m

Operating profit margin: -2.9%

This MSP appointed a new CEO in October — industry stalwart Chris Jagusz — as it looks to return to profitability and minimise reputational damage from a recent accounting imbroglio. For its year ending 31 March 2017, the AIM-listed firm sank to a £3m operating loss on revenues that slipped five per cent. It operates five datacentres, including one in its home city of Harrogate.

30 Maintel

Revenue: £108.3m

Operating profit margin: 2.8%

In August, Maintel CEO Eddie Buxton told *CRN* that the AIM-listed comms provider's acquisition of #98 Top VAR Intrinsic would create a £160m company. Results for Maintel's year to 31 December 2016 show an operating profit of £3m on revenues of £108.3m. The £5.25m Intrinsic deal will hand Maintel a strategically important Cisco Gold badge, and follows its reverse takeover of Azzurri the previous year. It now has 700 staff and nearly 7,000 customers.

29 Chess

Revenue: £110.3m

Operating profit margin: 6.3%

This M&A grandmaster gets approached by up to 20 wannabe acquisition targets every month, director Richard Btesh recently told *CRN*. For its year to 30 April 2017, revenues jumped by a quarter, while operating profit rose from £5.6m to £6.5m. With a heritage in fixed-line telecoms, Chess is seeking to reinvent itself as a 'unified solutions provider' and in April leapt into the cybersecurity space by acquiring Foursys, a deal it said would add £11m to its top line.

28 Bell Integration

Revenue: £111m

Operating profit margin: -0.5%

We've had to recycle last year's numbers for this Portsmouth-based IBM, NetApp and Oracle partner. It's a sure bet, however, that Bell's revenue run rate is far higher than the £111m listed above following its acquisition of IBM software partner Portal last November and short-term IT and AV rentals outfit Hamilton Rentals this February.

27 Phoenix Software

Revenue: £118.4m

Operating profit margin: 4.0%

Phoenix Software was the subject of a channel mega-merger in September when it was gobbled up by fellow Microsoft partner, and #17 Top VAR, Bytes. It currently still operates under its own brand, hence why we have kept its figures separate. Software asset management services were an area of increased focus for Phoenix in its year to 31 October 2016, which saw a modest increase in its top and bottom lines.

26 Avanade

Revenue: £119.7m

Operating profit margin: 9.7%

Noteable and quoteable

“I would rather be an owner of Getronics than of a gold mine.”

The new owner of #45 Top VAR Getronics, US/Brazilian entrepreneur Nana Baffour, who was also appointed CEO in August, talked *CRN* through his plans to double global revenue to $1bn.

“I would like to categorically state in writing that these rumours have no substance to them and that I have no intention of selling the business.”

James Abrahart, chief executive of #48 Top VAR Altodigital, wrote an entry on the company’s blog in September this year to quash rumours that it will follow in the footsteps of fellow print players Danwood, Annodata and Midshire by selling up.

“The opening of our second global delivery centre is another important strategic milestone for the business and underlines our credentials as an international company with scale.”

James Rigby, managing director of #6 Top VAR SCC, cut the ribbon on a second global delivery centre in Vietnam in February, alongside secretary of state Liam Fox and SCC founder Sir Peter Rigby.

“For me, those e-tailers that are trying to emulate Amazon are finished, because you cannot out-Amazon Amazon, therefore you have to borrow some traditional retail skills around product and people, to differentiate yourself.”

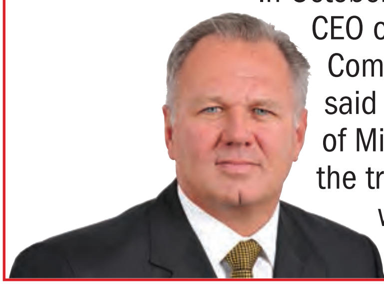
Nick Glynn, managing director at #26 Top VAR Buy IT Direct told *CRN* in January that any e-tailer not investing in traditional retail techniques is doomed.

“Many customers are choosing migrations to Windows 10 as a timely opportunity to upgrade end-user computing devices.”

In August, Thai Lee, global CEO of #14 Top VAR SHI, flagged up a rebound in PC sales in its half-year results.

“I think this is an isolated incident. In general resellers are doing pretty well. If you’re struggling at the moment, you need to look in the mirror.”

In October, Mike Norris, CEO of #1 Top VAR Computacenter, said the collapse of Misco bucked the trend of the wider market.



Q&A: Martin Hellawell, Softcat

Softcat's outgoing CEO opens up about what he would change if he had his time again, and why he thinks the reseller model is not dead

You grew sales 24 per cent to £832.5m in your year to 31 July 2017. Is that level of growth sustainable?
Revenue is not the most important factor for us. But [24 per cent growth] is pretty exceptional. It's way above what we've guided you to in the past. In the past we've talked about absolute growth rates more in the region of £60m to £90m a year, so last year was a bit of a bumper year. Certainly in terms of revenue that kind of growth rate is probably not sustainable, but a good double-digit growth rate is probably sustainable.

You've indicated in the past that Softcat may break from tradition by making an acquisition or expanding outside the UK. How much of a priority are those two things right now?
On a list of 100 things, they're somewhere between numbers 95 and 100. The strategy is about UK growth and about organic growth. Clearly we will look at opportunities outside that through acquisitions and potential international growth, but it is certainly not one of our priorities at the moment.

Your gross margins declined from 18 to 16.4 per cent during the year. Are you feeling margin pressure?
If there is incremental, absolute profit in a deal where we are going to make money, but which will bring our margins down, I will happily take it. We are much more interested in gross profit growth, rather than gross margin percentages, so I haven't felt under any particular pressure.

What do recent events say about the viability of the traditional reseller model?
It depends what you mean by traditional reseller. If it is a logistical warehouse operation selling PCs and printers, which is where the reseller business started 30 years ago, you've got a problem. If you've evolved your reseller business to get into areas such as security, networking, datacentre and so on, and you are providing advice and guidance to your customers based on the customer need, then I think you are in a fantastic place.

As you look back at your time in charge, is there anything you would have done differently?
I've made thousands of mistakes along the way. I probably would have gone faster in terms of diversifying our portfolio and opening up our branch network. But overall it's been a good journey, so there's no point looking backwards at what I should have done, as it's done alright.

The UK arm of this global Microsoft consultancy enjoyed a solid year to 31 August 2016 as revenues vaulted 13 per cent and operating profits came in flat at £11.7m. UK headcount, surpassed 350 during the year. A joint venture between Microsoft and Accenture, Avanade employs 30,000 staff globally and has 24,000-plus Microsoft certifications and 17 Microsoft Gold competencies.

25 Buy IT Direct

Revenue: £120.7m

Operating profit margin: 2.2%

This Huddersfield-based e-tailer's numbers continue to head in the right direction, with revenues for its year to 31 March 2016 rising 16 per cent. Headline revenue for fiscal 2017 is likely to hit £146m, CEO Nick Glynn told us, adding that its IT business is currently showing "disproportionately high growth". It also stocks drones, phones, TVs, kitchen appliances and furniture.

24 SoftwareONE

Revenue: £125.8m

Operating profit margin: 0.6%

The UK arm of this software licensing giant enjoyed a bumper year, with revenues booming

64 per cent and operating profits more than doubling in calendar 2016. Its Swiss parent, which has 3,000 staff and $7bn revenues, bolstered its unified comms business in September by acquiring global Skype for Business partner UC Point.

23 SBL

Revenue: £130.6m

Operating profit margin: 2.7%

Founded in 1987, this York-based Microsoft partner claims it is "widely recognised" as a market leader in information security, and has counted the MoD as a customer for over 20 years. It posted a marginal rise in operating profits in its year 31 August 2016, despite revenues falling three per cent. In October, SBL announced it had invested in new accommodation to house its service centre, technical and project teams.

22 CCS Media

Revenue: £153m

Operating profit margin: 2.7%

This Chesterfield-based reseller recently told us it aims to hit £250m revenue within five years by growing headcount, investing in staff development, and building its IT services business. For calendar 2016, revenues pogoed 24 per cent, while operating profits have trebled in the last two years. It claims its account managers each look after an average of 30 clients, compared with an industry average of 50 to 70.

21 Logicalis

Revenue: £153.9m

Operating profit margin: -9.4%

Fiscal 2016 was a year to forget for the UK arm of this global Cisco, IBM and HPE partner, as revenues slumped 9.4 per cent and operating losses hit £2.1m. During the period, a bumper, seven-year Welsh public sector deal came to an end. Following a restructure, which included moving first and second-line support roles to South Africa, Logicalis UK is gearing up for growth again, according to its UK managing director Bob Swallow (see Q&A on p12 for more).

20 BT Business Direct

Revenue: £156.5m

Operating profit margin: 2.6%

This is now BT's sole representative in *Top VARs* following the liquidation of BT IT Services in June. Billing itself as a one-stop shop for business computing, networking and ICT needs, the Bolton-based outfit saw revenue hike by 29 per cent in its year to 31 March 2017. Operating profit rose at a similar rate to £4.1m. Our best understanding is that BT IT Services' £300m business has been dispersed into various parts of BT, including its major accounts unit, although this has not been confirmed by BT.

19 RM

Revenue: £167.6m

Operating profit margin: 9.5%

This London-listed education supplier posted "solid results in a difficult market" in its year ending 30 November 2016. Its flagship ICT arm, RM Education, employs 900 staff, and provides IT outsourcing, cloud-based SaaS solutions and software and services to 7,000 UK schools and colleges. Its revenues fell four per cent to £77m — a slower rate of decline than previous years — as the wider group posted an operating profit of £15.9m on revenues of £167.6m.

18 Ebuyer

Revenue: £188.6m

Operating profit margin: 0.7%

Despite complaining that its electricals stomping ground remains "exceptionally competitive", this e-tailer recorded flat sales and gross margins in its year to 31 December 2016, with operating profits rising from £1.1m to £1.2m. Ebuyer claims to be one of the "very few" UK firms that can take orders until 11pm and deliver them next day. The East Yorkshire-based outfit is part of the £500m-revenue WEST Retail Group.

17 Bytes

Revenue: £238m

Operating profit margin: 3.6%

It was a year of frenetic expansion for this Leatherhead-based software licensing specialist as it opened a seventh office in Reading Park and acquired fellow Microsoft partner, and #27 Top VAR, Phoenix Software. For its year to 28 February 2017, total revenues boomed 23 per cent to £238m, with Microsoft arm Bytes Software Services contributing £215.8m and Bytes Security Partnership chipping in a further £22.2m. Together, they posted operating profits of £8.7m, compared with £7.7m a year earlier.

16 NCC Group

Revenue: £244.5m

Operating profit margin: -21.8%

NCC Group's CEO, Rob Cotton, left with immediate effect in March following a downturn in the Manchester-based cybersecurity provider's fortunes. For its year to 31 May 2017, the FTSE 250 firm swung to an operating loss of

£53.4m on revenues of £244.5m, and a search to find a buyer for its web performance and software testing business is now under way.

15 Apogee

Revenue: £250m

Operating profit margin: 10.7%

Apogee became the 800-pound gorilla of the UK managed print market in March when its acquisition of troubled rival Danwood more than doubled its revenue run rate to £250m. Danwood was Apogee's fourth and largest acquisition since taking on investment from Equistone Partners Europe in September 2016. Apogee's accounts for its year to 31 December 2016 show revenue rising by a third to £112.7m and operating profits more than quadrupling to £12.1m (hence the 10.7 per cent operating margin quoted above).

14 SHI

Revenue: £250m

Operating profit margin: N/A

This global Microsoft Licensing Solutions Provider may fly under most people's radars in the UK, but based on market sources we estimate its local business now has a £250m revenue run rate. Fronted by Thailand-born Korean American billionaire businesswoman Thai Lee, New Jersey-based SHI is the largest minority and woman-owned business enterprise (MWBE) in the US, with 3,500 staff and $7.5bn revenues globally. See p7 for our Q&A with UK general manager Darren Brodrick.

13 GBM

Revenue: £250.6m

Operating profit margin: 0.9%

This Apple specialist has climbed a whopping 64 places in the rankings after posting the biggest sales hike in *Top VARs* history. For its year to 31 December 2016, the Manchester-based outfit saw revenues balloon from £34.9m to £250.6m — a 618 per cent rise — while operating profit more than trebled to £2.2m. GBM's website features a number of well-produced video case studies on iPad deployments it has carried out in the schools market.

12 Dimension Data

Revenue: £258m

Operating profit margin: 0.5%

This global Cisco partner is as likely to appear in the pages of *Cycling Weekly* as *CRN* now that it has its own cycling team, whose riders include Mark Cavendish. Fiscal 2016 ending 30 September was an uphill slog for its main UK trading entity, however, as operating profits shrank by 86 per cent and revenues came in flat.

New personnel have arrived since year end, including former Cisco and BT Global Services bigwig Andy Ritchie, who was appointed as UK and Ireland sales director in February. Based in South Africa but owned by Japanese giant NTT, Dimension Data turns over $7.5bn globally, with offices in 58 countries and 31,000 staff.

11 World Wide Technology

Revenue: £320m

Operating profit margin: N/A

This US-based technology solutions provider does not report local numbers, but based on market sources we estimate its UK sales run rate has doubled annually to over £300m. Having touched down in the UK five years ago, it is now planning to build a custom software development team of up to 75 people at its Canary Wharf HQ through its Asynchrony Labs brand.

One of a small handful of Dell EMC elite-level Titanium Black partners, St Louis-based WWT currently ranks as the US' 51st largest private company, according to *Forbes*, with 4,000 staff and $9bn revenues.

10 KCOM

Revenue: £331.3m

Operating profit margin: 9.9%

This LSE-listed comms giant's enterprise arm put in a strong performance in its year ending 31 March 2017, with revenues up five per cent to £91m. This part of KCOM's business specialises in IP-related comms and IT solutions, and counts BUPA, HMRC and NFU Mutual among its customers.

Group revenues were down five per cent to £331.3m, however, and since year end, the LSE-listed outfit has been landed with a £900,000 fine relating to a failure around emergency calls in its native Hull.

9 XMA

Revenue: £358.5m

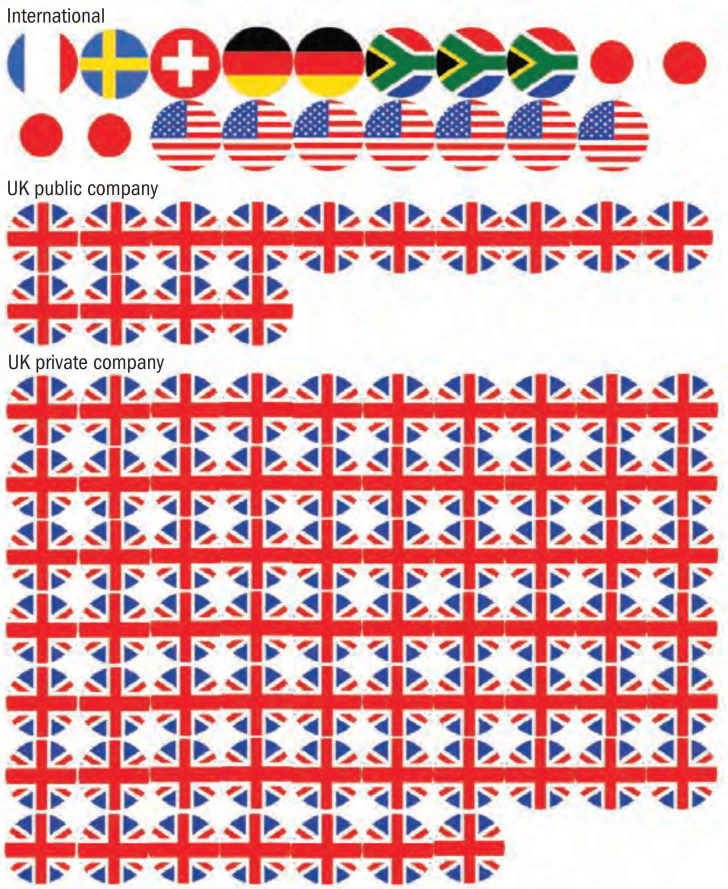
Operating profit margin: 1.7%

This Nottingham-based reseller continues its swift rise up the rankings on the back of 17 per cent growth in its year ending 31 December 2016. Operating profit was flat at £6.2m.

The public sector specialist pressed the fast-forward button on its private sector growth plans by taking on 20 staff from fallen rival Misco's Weybridge office in October. The new team will work under newly recruited corporate

Where in the world

Origin of the top 100's ultimate parent



sales director Tony Brooker, himself a former Misco bigwig, and one of several industry big hitters XMA has hired in 2017.

According to its website, XMA is included on 25 government, education and healthcare frameworks, and three-quarters of its projected 2017 sales of £400m will come from its public sector stronghold, CEO Lee Hemani told us in October.

8 Telent Technology Services

Revenue: £386.3m

Operating profit margin: 6.4%

Telent Technology Services isn't the first brand most people would associate with the IT channel, but its acquisitions of server and storage VAR Richardson Eyres and Cisco partner Telindus have thrust it squarely into our market.

Its Network Services arm, which among other things supplies Cisco and Juniper kit to telecoms companies such as Virgin Media, is currently building a 'Telent Cloud' across two datacentres.

Founded in 1961, Warwick-based Telent's revenues fell two per cent in its year to 31 March 2017, while operating profit rose fractionally to £24.8m.

7 Insight

Revenue: £452.5m

Operating profit margin: 1.5%

This NASDAQ-listed goliath's main UK trading entity, Insight Direct (UK), grew revenues by three per cent in its year ending 31 December 2016, which it attributed partly to brisk trading at its public sector division. The resulting shift in its revenue mix, however, was a factor in gross margins falling from 14.2 to 13.9 per cent.

While software and services sales beefed up a respective 17 and 50 per cent during the year, Insight's core hardware business endured a patchy 2016, with a "difficult" first half counteracted by double-digit growth in the second half. Annual operating profit fell by £1m to £6.6m. The US parent turned over $5.5bn last year.

6 SCC

Revenue: £602m

Operating profit margin: 2.9%

It is a symbol of SCC's standing as a British tech success story that secretary of state Liam Fox was on hand to open its new Vietnam delivery centre in February.

The Birmingham-based outfit's UK arm continued to subscribe to a "sales are vanity, profits are sanity" philosophy in its latest fiscal year as its top line shrank and its bottom line expanded.

Including the contribution of managed print arm M2, UK revenues were down 7.8 per cent to £602m in the 12 months to 31 March 2017. In contrast, operating profit powered up from £13.1m to £17.2m.

Its main UK trading entity, Specialist Computer Centres plc, turned over £574m. Services generated £178m, or 31 per cent, of the total, compared with 17 per cent in 2013. In contrast, SCC said its focus on removing low-margin product revenue reduced product turnover by £65m.

"EBIT growth will remain our objective ahead of revenue," CEO James Rigby said in SCC's annual results.

5 Capita

Revenue: £616.7m

Operating profit margin: 4.9% (underlying)

The relevant arm of this public sector behemoth – Capita Enterprise IT Services – saw revenues jump 15 per cent to £616.7m in calendar 2016, largely thanks to its acquisitions of Trustmarque, Electranet and Pervasive.

Capita appointed Jonathan Lewis as its new chief executive in October after issuing its first ever profits warning last year. Trading across the Capita Enterprise IT Services division – particularly in its 'Technology Solutions' reseller business – proved "challenging" in the second half of 2016, Capita admitted in its annual report.

Although Capita Enterprise IT Services' underlying operating profit fell from £49.7m to £30m in 2016, its bottom line has recovered this year following a restructure of the division, Capita indicated in its first-half progress report.

4 CDW UK

Revenue: £648.6m

Operating profit margin: 6.2%

Having founded Kelway in 1990 and sold it to US outfit CDW in 2015, Phil Doye closed a chapter in this reseller giant's history in March when he resigned as a director of the firm.

CDW UK enjoyed a barnstorming year to 31 December 2016 as revenues hit £648.6m, compared with £425.7m for the nine months ending 31 December 2015. That's a 14 per cent rise pro rata. During the year its headcount soared through the 1,000 mark.

It also boasts one of the healthier bottom lines in the top 100, with operating profits last year of £40.5m equating to an operating margin of 6.2 per cent. In the previous period it posted a big loss due to equity awards built into the Kelway deal.

GDPR is a hot topic for the firm, judging from the clock on its website counting down the seconds until 25 May 2018.

3 Daisy

Revenue: £700m

Operating profit margin: -2.4% (EBITDA margin: 17.1%)

This Lancashire-based outfit's rapid ascent up the *Top VARs* rankings list continues following its £165m acquisition of last year's #19 outfit Alternative Networks.

For its year to 31 March 2017, Daisy saw revenues hike 18 per cent to £602.9m, but the firm told us the figure would have stood at £700m if 12 months of Alternative's revenue had been included, hence the headline figure quoted above.

EBITDA for the year hit £97.1m, but after adding in costs associated with M&A, Daisy was left with an operating loss of £14.7m. Mindful of the importance Daisy attaches to EBITDA, we have quoted both the operating margin and EBITDA margin in the profile heading, the latter figure being based on a £120m EBITDA run rate the firm gave us.

In March, Daisy chief executive Neil Muller told *CRN* the firm would take a break from M&A activity because it had amassed the converged capabilities needed to reach its £1bn revenue goal organically. Read our Q&A with him on p18.

2 Softcat

Revenue: £832.5m

Operating profit margin: 6%

This Marlow-based reseller trounced expectations for its year ending 31 July 2017 as sales ballooned by 24 per cent. Operating profit rose nearly as quickly, from £42.2m to £50.2m.

Softcat CEO Martin Hellawell announced in May that he is to step back into the non-executive chairman role once a successor is found. Six months later, on 13 November, the board got their man in the form of distribution big hitter Graeme Watt, who will start on 1 April 2018.

The FTSE 250 firm attributed the 2017 sales boom to winning 800 new customers and selling more to existing ones.

"It has been a privilege to lead Softcat through a period of 48 quarters of top-line and bottom-line year-on-year organic growth and, while we are far from perfect and have much we can improve on, the business is in good shape and the opportunity ahead of us is clear," Hellawell said at the time of its annual results. Turn to p23 to read our Q&A with him covering several topics.

Read on to find out which channel heavyweight has bagged the coveted number one spot in Top VARs 2017...

1 Computacenter

£1.392bn

Adjusted operating profit margin: 3.4%

The UK channel's undisputed silverback still towers head and shoulders above its closest competitors, despite enduring a mixed 2016.

Computacenter's UK business put in a "disappointing" performance in the year to 31 December 2016 as adjusted revenues in its home market dipped one per cent to £1.39bn and adjusted operating profits fell sharply from £59.3m to £46.7m. Breaking that down, UK services revenue fell by 7.6 per cent to £491.9m, with UK supply chain (product) revenue expanding 2.8 per cent to £899.8m.

Having seen revenue fall for two consecutive years, the UK business is now matched in size by Computacenter's fast-growing German arm. A new UK managing director, in the shape of Neil Hall, was appointed in October.

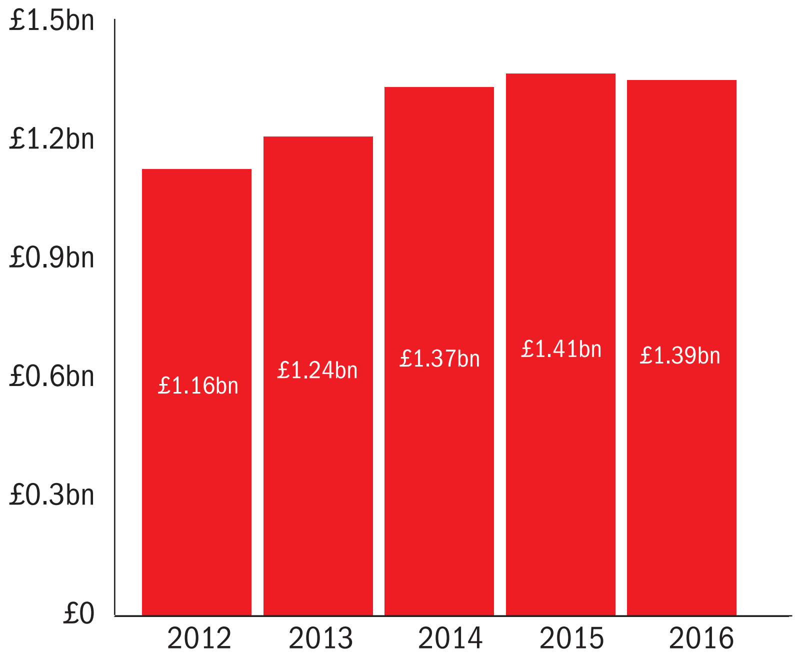
Group pre-tax profits fell 31 per cent to £87.1m on revenues that rose 6.1 per cent to £3.25bn.

Thankfully, 2017 has been a different story for the LSE-listed channel bellwether. UK revenues are up six per cent for the year to date, according to a Q3 trading update, with group revenues currently tracking 18 per cent ahead of last year. It has upgraded its outlook twice this year.

"New technologies, digitalisation and our customers' appetite to invest is as buoyant as we can remember, which is obviously driving our professional services and supply chain services," the firm said in late October.

Computacenter's 2017 highlights of include acquiring UK ServiceNow partner TeamUltra, refurbishing its Blackfriars office and opening an operation in the US, which CEO Mike Norris told us in July that it may look to bolster through an eight-figure acquisition.

Adjusted UK revenue by year (2017 tracking 6% ahead)



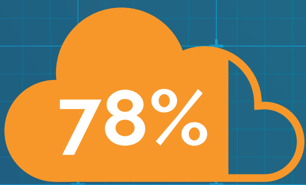
2016 group revenue breakdown

£	SUPPLY CHAIN
Total: £3.25bn (+6.1%)	Total: £2.21bn (+6.8%)
MANAGED SERVICES	PROFESSIONAL SERVICES
Total: £763.7m (+4.9%)	Total: £274.2m (+4.3%)

What does the cloud opportunity mean for businesses in the UK? More to the point - what does it mean for you as a VAR or CSP?

We think Cloud should be a major focus for you.

We commissioned our own research through Vanson Bourne, interviewing 250 end user organisations and 50 cloud resellers. Here are a few of our key findings:



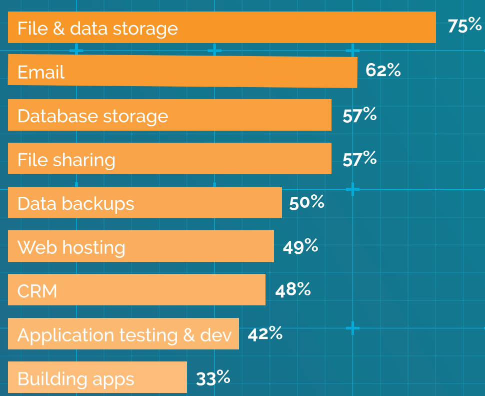
Business critical

78% of end user organisations use cloud for both critical and non-critical business infrastructure.

75%

Beyond storage

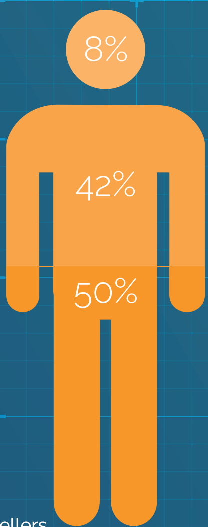
75% of end users are using cloud for file and data storage, but cloud is being widely adopted across the full range of workloads and applications.



The channel opportunity

Far from making the channel redundant, cloud transformation makes CSPs more valuable than ever as a trusted partner to help reduce complexity and deliver business value.

While only 8% of end user organisations buy cloud solutions exclusively through resellers, a further 42% buy from both resellers and direct from developers.



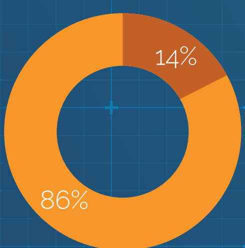
- Only buy directly from the developer
- Buy from both the developers and the resellers
- Only buy from the developer

Proven benefits

63% say cost savings

62% say better scalability

50% say improved data security

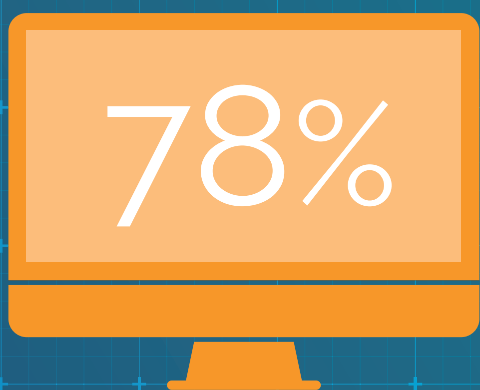


The majority (86%) of cloud resellers manage cloud services for their clients once they have sold them the platform, leading to long-term revenue opportunities for CSPs.

- Do not manage cloud services
- Manage cloud services

Looking forward

78% of end users plan to continue to adopt cloud solutions, with almost half (46%) planning to migrate all critical and non-critical infrastructure to the cloud.



Contact Ingram Micro to find out how we can help you grow your cloud business with Azure. Call 0371 973 3060 or email cloud@ingrammicro.co.uk

Special forces

End users are buying from an increasingly broad spectrum of suppliers and now value specialisation as much as price, this year's survey of over 250 UK IT decision makers has found. ***Doug Woodburn*** *reports*

A few years ago, big was considered beautiful when it came to IT vendors and suppliers.

But today, a new school of thought – embodied by HPE's Meg Whitman – has emerged, namely that big is cumbersome and unwieldy. HPE's headcount, compared with when Whitman took the helm of HP in 2014, has plunged from 300,000 to 50,000.

According to this philosophy, technology has become so complex that no single vendor can hope to cover all the bases, or move fast enough to fulfil all customer needs. Vendors – and by extension channel partners – must be content with providing a piece of the jigsaw. The smaller and more fleet of foot, the better.

In this world, specialisation is the new watchword.

In this year's *Top VARs* end-user research, we wanted to put this this theory to the test.

Are end users generally working with a wider variety of tech suppliers these days? And to what extent do they value specialisation as a trait in their IT suppliers against opposing factors such as breadth of offering?

Conducted in October, the research questioned 258 IT decision makers on a range of topics including IT budgets, supplier strategy, emerging technology, and what help they are seeking from tech suppliers around GDPR.

The respondents worked for a diverse range of public and private sector organisations. The verticals with the highest representation (*see figure 1*) were education (12 per cent) financial services (10 per cent), local government and professional services (nine per cent each), healthcare and telecoms (seven per cent each) and retail and media (six per cent each).

By size (*see figure 2*), 19 per cent worked for 10,000-plus-seat organisations, 37 per cent for organisations with 1,001 to 10,000 seats and 20 per cent for those with 251 to 1,000 seats. Some 17 per cent worked for SMEs with 25 to 250 heads and six per cent for micro-businesses with between one and 25 staff. Respondents were screened out of the survey if they were not an IT decision maker within their organisation.

Budget bonanza

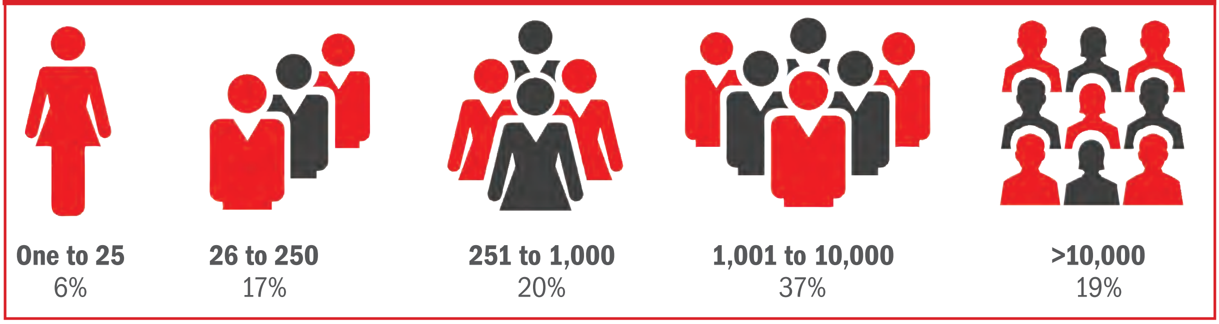
We started off by asking our IT buyers about their tech budgets.

IT suppliers will be high-fiving at the spread of responses (*see figure 3*), with significantly more end users saying their budgets were up (48 per cent) than down (18 per cent) in their current fiscal year. Some 30 per cent said their war chest was level-pegging with last year. In even more

1. Which of these best characterises the industry of which your organisation is a part?

Education 12%	Financial services 10%	Other professional 9%	Local government 9%	Healthcare 7%	Telecoms 7%
Retail 6%	Media 6%	Other public sector 5%	Central government 4%	Legal 3%	All other 24%

2. How many people are employed by your organisation?



positive news, these numbers are significantly up from when we asked the same question last year, when 41 per cent reported an uplift in their kitties.

The results are certainly consistent with analyst numbers showing a relative rebound in IT spending this year, with Gartner, for one, recently upping its 2017 growth forecast to 4.3 per cent.

In a first for this annual research, this year respondents were quizzed about which emerging technology areas their organisations had budgeted to invest in in their current financial years (see *figure 4*).

Out of the six options listed, hybrid cloud finished top, with 59 per cent of IT leaders having room for it in their budgets. This was closely followed by big data/data analytics on 53 per cent.

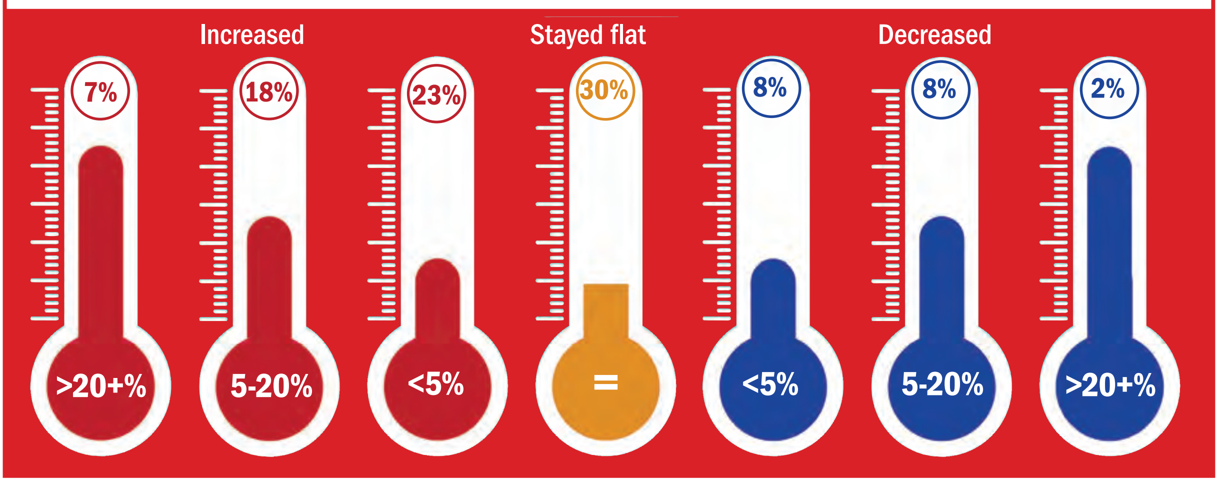
Artificial intelligence and the Internet of Things are two buzz phrases many people feel are suffering from over-hype. But it appears the hysteria is justified in both cases, with over a third of respondents having set aside budget for each.

Perhaps even more surprising is the fact that nearly a fifth of end users have budgeted for 3D-printing and augmented-reality projects. This will make comforting reading for resellers, particularly considering that two of the channel's traditional allies, HP and Microsoft, are pushing aggressively into these markets with their partners – HP via its Jet Fusion range and Microsoft with Hololens, respectively.

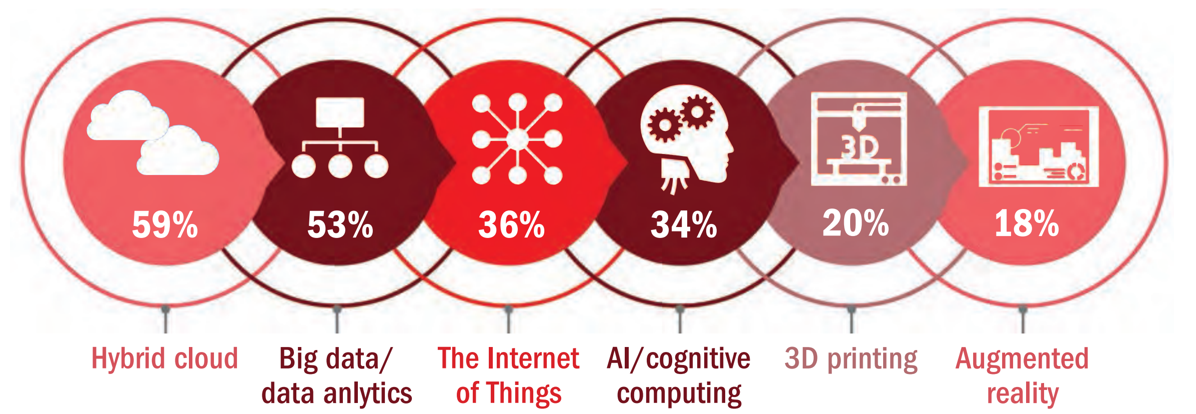
Resellers lose crown

In an intriguing development for the channel, IT hardware and software vendors came out top when respondents were asked from which breeds of IT supplier they buy (*see figure 5*). They commanded scores of 64 and 62 per cent respectively, ahead of IT product resellers on 60 per cent. When we asked the same question last year, it was IT product resellers who topped the pecking order, albeit only marginally.

3. In your current fiscal year, has your overall budget for IT goods and services:



4. Which of the following technology areas has your organisation budgeted to invest in its current fiscal year?



This trio were by far the most popular IT supplier types, finishing well ahead of telecoms/mobile operators (54 per cent) cloud services/hosting providers (52 per cent), ISVs/app developers (49 per cent), IT managed services providers (45 per cent) and IT consultancies (44 per cent). Bringing up the rear were systems integrators (25 per cent) and big outsourcers (23 per cent).

Big no longer beautiful

Returning to the key theme of the research, we also asked respondents several questions about how many IT suppliers they work with, and how they pick them.

A few years ago, big and broad was the order of the day for IT vendors and suppliers. End users were collapsing their supply chains with the goal of dealing with as few suppliers as possible, or so the argument went.

Since then, of course, two of the world's largest vendors, HP and Symantec, have voluntarily split in two, citing the need to become more dynamic and specialised. With the rise of hybrid cloud and the proliferation of security threats, the world of technology has arguably become more complex, which could make a jack-of-all-trades approach harder to pull off.

The issue of IT providers spreading themselves too thinly was highlighted in a recent *CRN* debate on what traits CIOs seek in their IT suppliers.

One of the IT leaders present said his major bugbear was paying suppliers to learn on his time.

"Technology is moving so fast, it can be difficult finding people who know what they're talking about and who are not using me as a pilot," he said.

Another added: "One problematic thing we've come across is people trying to sell services they don't actually know themselves."

When we asked respondents in our survey what had happened to the number of IT suppliers they work with "in the last few years", the largest number of respondents (39 per cent) indicated that it had increased a little (*see figure 6*). Some eight per cent said it had increased greatly. While 29 per cent said it had stayed the same, only 17 per cent and 3.7 per cent, respectively, said the tally had decreased "a little" or "greatly".

This upward trend becomes even more apparent when comparing these results with the answers we received to the same question in 2016. Back then, the highest number of respondents (45 per cent) indicated the tally had stayed the same. Only 34 said the number had increased a little and four per cent that it had increased greatly.

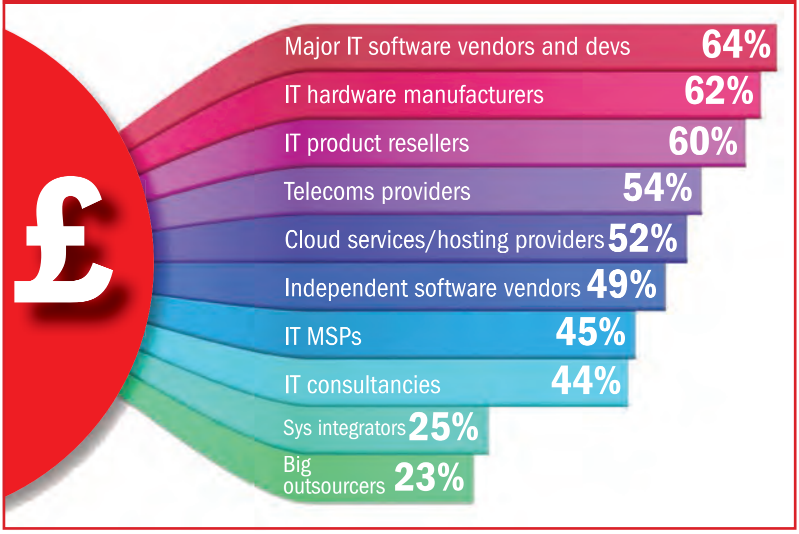
Supplier spread

The theory was also put to the test when we asked respondents how many suppliers they buy from (*see figure 7*).

Although more than half said they have relationships with three, four or between five and 10 suppliers, 31 per cent indicated that they buy from 11 or more suppliers. That compares with just 25 per cent when we asked the same question a year ago, and 24 per cent in 2015. End users are also less likely to work with a single supplier, or with two suppliers, than in previous years. Variety, it seems, is the spice of life these days.

For good measure, we also questioned respondents about how many IT suppliers they would want to work with in a perfect world (*see figure 8*). The vast bulk, 65 per

5. Which of the following types of IT supplier does your organisation buy from or work with directly?



cent, plumped for the nirvana of 'a handful of suppliers, but not too many'. The number who selected 'a wide array of specialised suppliers' stood at 14 per cent, up from 12 per cent two years ago. Conversely, the number preferring a single-supplier scenario fell from eight to seven per cent.

The question of specialisation was addressed even more directly when we asked respondents about how important a range of factors are when choosing their IT suppliers (*see figure 9*).

Price was only the third most important of the nine options listed, with a mean score of 3.8 out of five. Topping the pile were 'honesty and integrity' (4.0) and 'demonstrable track record of specialism in relevant area' (3.9).

'Financial stability and scale' (3.7), 'highly recommended by peers' (3.5 per cent) and 'existing relationship' (3.5 per cent) also scored above average.

It is perhaps telling that 'breadth of offering' (3.2) scored the second lowest out of all the options, ahead of only 'based locally', which scored a lowly 2.9.

In your own words

We also asked the end users to briefly tell us in their own words about how they choose their IT suppliers, and some of the responses can be read on p34.

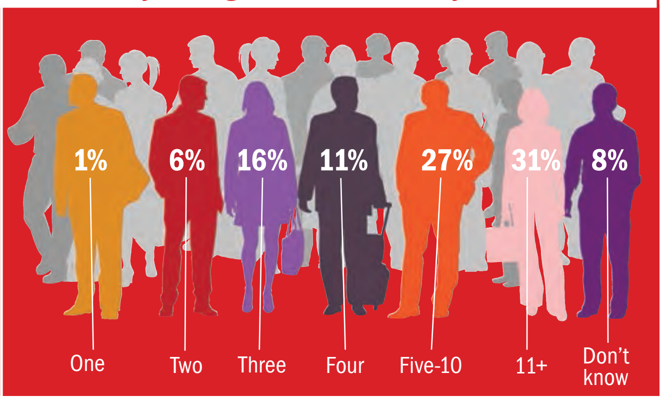
With GDPR the undisputed topic *du jour*, we couldn't resist picking respondents' brains on the incoming data protection rules, which kick in on 25 May 2018, specifically in relation to what kind of help and guidance, if any, they are seeking from their IT suppliers (*see p38-39 for some advice on how resellers should be preparing for GDPR internally*).

Although there was a marked range of responses, several respondents made it clear they saw GDPR as being outside the remit of their tech suppliers. "GPDR is viewed as a business/governance issue in our organisation, rather than an IT issue," one said.

Another had this pearl of wisdom: "Contracts with specific suppliers will need to be rewritten to ensure they cover GDPR

6. In the past few years, has the number of suppliers you work with...

7. How many suppliers of IT goods and services does your organisation currently work with?



What I look for in my IT suppliers: Andy Maxwell, director IT, Pyrotek

What does Pyrotek do?
Pyrotek is a global engineering leader in the aluminium industry. It operates in more than 35 countries with over 60 locations with products and solutions in use around the world in automotive, aerospace, rail transportation and high-tech manufacturing.

The IS [information systems] team's role covers supporting PCs, servers, network, security, cloud services, ERP and CRM systems. It is currently in the middle of moving to O365 having moved Exchange already, as well as upgrading 44 ERP instances to a newer version with major schema changes and a new version of SQL.

What traits do you seek in your IT suppliers?
I look for IT suppliers who are able to provide a global service at a reasonable cost. We manage to a tight IS budget and are not interested in being a test bed for a vendor to learn a new application themselves. We need honesty from vendors so that if they are suggesting an original approach, they need to be very clear that this is new to them as well.

What are your main dos and don'ts for resellers when they are selling to you?
One very annoying approach is to scattergun people at the company, so when I get the same email forwarded to me from CFO and marketing staff, it does not tend to get a lot of attention. The same applies when I say something is not of interest, to then email my boss about it. All that does is solidify my mind more. A major 'do' is to listen to what we want and not what a vendor wants to sell. As I said previously, be honest. If something will not work, then tell us upfront; finding out later will leave a very bad taste. We have had a vendor in the past quote pricing based on the Professional version and then demonstrate the features of Enterprise and at no point make this clear. This was a significant reason for their not getting the business.

How can IT suppliers best influence you early in the sales cycle? Do email spam or cold calls work?
Cold calls never work for me. If a phone number is not known, I will normally let it go to voicemail. The same applies to email spam as most of this goes into Clutter and is highly unlikely to be looked at as there are far too many of these items.

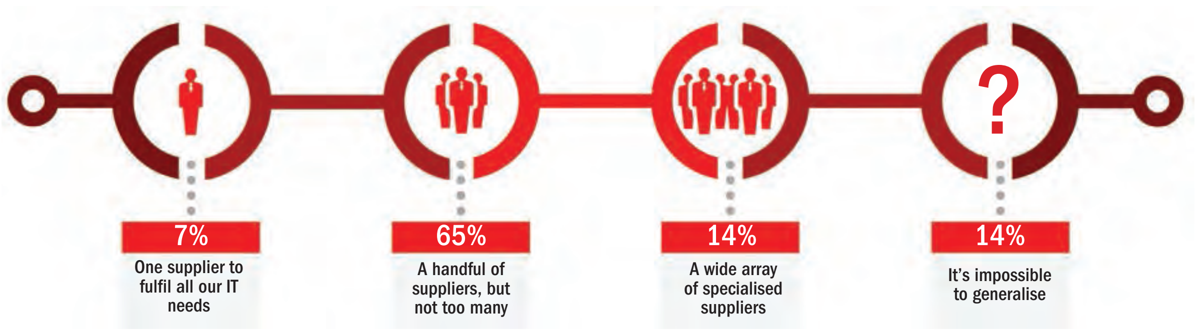
I would say that often the key for us is good information online as normally we will investigate needs when we need to explore something. Now, that does not always work with innovative technology as we don't even know it is there and we are more likely to discover this at shows and conferences, or in the IT press.

Can you give us an example of a project where an IT supplier has really impressed you? What did they get right?
Probably the best experience was working with a partner on selecting our CRM vendor. This was a US firm which specialised in CRM. Their knowledge was excellent, they very quickly understood our business and unlike other partners, did not point out our failings unless asked for opinions. They had experience across many different market types and business cultures and could work well with both IS and the business teams. They were a trusted adviser through the selection and this continues beyond go-live. We discovered them via articles they had published online.

Do MDs see you as part of their digital journey, or are you still just viewed as a massive cost that everyone wants to bring down?
This is a tricky one to answer. Yes, IS is a part of the digital journey and for some people we are moving too slow and for others there is far too much change at the moment. People would like more money spent on IS in areas that affect them, but would like the total cost to reduce or to not be in their costs. I would say the company is making good progress on the journey to digital transformation but there is still a long way to go.

A good example is a US project for a paperless shopfloor with work orders, bills of materials, drawings and so on all available on screens. This is progressing well but hits issues such as not having a standard drawing vault or different processes in different places.

8. In general, would you personally prefer to work with:



requirements if these suppliers process (or store) data for us."

A summary of the responses can be read on p38-39.

Conclusion

The results of this year's *Top VARs* research will provide an equal blend of encouragement and concern for resellers.

In the minus column, resellers have lost their status as the most commonly used breed of IT supplier. That accolade is now held by hardware and software vendors, albeit by a narrow margin.

Resellers may also have to accept that they will often have only a limited role to play in end users' GDPR compliance plans. Judging from the comments, most end users see GDRP as a legal or business assurance issue largely outside the remit of their technology suppliers. However, a second category of end user can also be identified who is looking for resellers to step up and play a trusted adviser role in the run-up to May 2018. For resellers, it will be about sorting which of the two categories their customers fall into.

On the plus side, nearly half of all end users have seen an expansion in their IT budgets year on year, significantly up on last year.

Some of the buzzphrases resellers have embraced in recent years are clearly more than hype. Nearly six in 10 end users have set aside budget for hybrid cloud this year and over a third for IoT. Even augmented reality and 3D printing feature in the budget plans of nearly one in five end users apiece.

Generally speaking, end users are broadening the spectrum of IT suppliers they buy from – with nearly a third of respondents now working with 11 or more partners. In today's market – where the technology landscape is becoming more complex and multi-faceted – end users are as likely to buy on the specialisation suppliers can demonstrate as they are on price. Those that can demonstrate domain expertise in their chosen areas of specialisation, therefore, are sure to prosper.

9. When thinking of how you go about choosing your IT suppliers, please score these factors out of five, with 1 being not at all important and 5 being extremely important

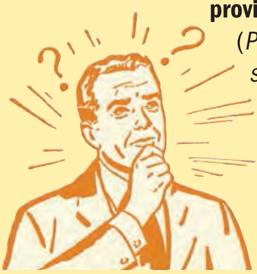
How end users select IT suppliers

"Based on service, credit checks."
(*Telecoms, 26-250 seats*)

"Tend to purchase from suppliers on national procurement frameworks."
(*Education, 1,001-10k seats*)

"It's all done by tender, which is scored (weighted by quality and price)."
(*Local government, 1,001-10k seats*)

"Capability of the software, then professionalism and integrity of provider."
(*Professional services, 10k+ seats*)



"Formal ITT process, short selection then proof-of-concept."
(*Telecoms, 10k+ seats*)

"Global purchasing is now taking precedence over local partners."
(*Healthcare, 10k+ seats*)

"We find out the costs for certain items and see how they compare with what we currently pay. I would speak to them on the phone and get a 'feel' for them."
(*Transport, 26-250 seats*)

"They are selected according to a previous relationship if possible. Cost is considered, as is expertise, flexibility and scalability. We initially make a smaller commitment and take on more services if the experience is good."
(*Telecoms, 251-1k seats*)

"Send out requirements to a few companies, receive the best price – that's what we go with."
(*Education, 251-1k seats*)

"We use some resellers specifically to 'box-shift' – usually large organisations that have the best buying power to offer the best prices. Smaller resellers usually offer better service, advice and support so they will be used where a more consultative approach is needed."
(*Financial services, 1,001-10k seats*)

"There is a formal procedure that needs to be followed to onboard a new supplier; it's nothing particularly demanding but it is surprising how few actually make it through the process."
(*Professional services, 10k+ seats*)

Characteristics respondents value in suppliers

"A good fit culturally – and willing to be flexible."
(*Financial services, 10k+ seats*)

"Flexible, secure, scalable, open source, minimised costs. GDPR compliant."
(*Public sector, 1,001-10k seats*)

"You build up a good rapport and they know your company and needs really well. You cannot pass that kind of knowledge to someone else quickly. Constant changes in account manager tell me that those people don't wish to stay in the role long and it doesn't fill me with confidence. I've had one account manager come to unbox a load of monitors and terminals because the delivery was late. Even though the fault didn't fall on him, he came over to help as we had a deadline to meet. You cannot buy that kind of service!"
(*Financial services, 1,001-10k seats*)

"Ability to focus on a long-term relationship with some ability to understand our sector (where relevant). Still have to be competitively priced."
(*Non-profit, 26-250 seats*)

"Honesty about pricing. Not being charged more than other buyers – transparent prices."
(*Public sector, 1,001-10k seats*)

"I appreciate genuine sellers who are upfront about their services and give realistic goals on the IT service. We know it's never perfect and sometimes things go wrong."
(*Financial services, 1-25 seats*)

"Honest assessments of vendors' products. Reasonable offers are nice to see. Good-quality support is important, but not at high prices."
(*Central government, 10k+ seats*)

"Prefer suppliers who have previous experience of the same industry."
(*Retail, 1-25 seats*)

"Price is king in the education sector. The supplier with the cheapest price will win 99.99 per cent of the time."
(*Education, 1,001-10k seats*)

■ Tactics that drive respondents crazy

"Trotting out people who used to work for us and took a job with a supplier, making out that they better understand our requirements, is an irritant; as is jumping on the latest buzzword bandwagon and pretending to be at the vanguard of the next big thing, when they are only following."
(*Central government, 10k+ seats*)

"When suppliers cold call and suggest they are from a big player to get through to your desk."
(*Professional services, 26-250 seats*)

"Big brands and hard sells."
(*Legal, 26-250 seats*)

"Cold calls and emails are more likely to put me off using a supplier rather than induce me to use them. I am thinking of removing myself from LinkedIn because it just generates cold calls."
(*Engineering, 251-1k seats*)

"Hard sells, not answering questions and a lack of integrity are all big problems for us."
(*Manufacturing, 10k+ seats*)

"Cold calls are a no – we ignore them and blacklist the supplier."
(*Financial services, 251-1k seats*)

"Not a fan of suppliers who think their products should cost much more than their competitors however they dress it up."
(*Media, 26-250 seats*)

"Arrogance of product line – 'we can do everything, no need to talk to anyone else!'"
(*Non-profit, 26-250 seats*)

"We never deal with someone who has not bothered to properly understand our business."
(*Charity, 1,001-10k seats*)

"The worst thing about IT companies is the addressing of our orders; they get delivered incorrectly so often."
(*Education, 251-1k seats*)

"Hard-sell and no-depth suppliers are bad. We suffered from this with a major supplier a while ago."
(*Professional services, 1-25 seats*)

"I get annoyed when people try to sell you stuff before asking what your needs are."
(*Education, 251-1k seats*)

"Buzzwords, jargon and slimy high-pressure sales are all a big turn-off. Also suppliers who don't understand our environment, and we are big enough that they should."
(*Healthcare, 1,001-10k seats*)

■ How respondents think suppliers can stand out

"A truly useful offering, for which a clear use case can be seen for our business, is the surest way to open a dialogue. Being expert in what they do and having a genuine USP are good indicators."
(*Central government, 10k+ seats*)

"Client testimonials are critical, as are example projects. Certifications from external bodies ensure we feel that a degree of independent vetting has been performed."
(*Education, 251-1k seats*)

"Show trustworthiness and [their] track record."
(*Local government, 1,001-10k seats*)

"Research and articles in sector-specific publications/websites not owned/promoted by vendors."
(*Distribution, 1,001-10k seats*)

"Be able to offer a wide range of products and services as well as good pricing but above all, need great customer service. The account manager needs to be 'static' as well. I don't like it when account managers change frequently."
(*Financial services, 251-1k seats*)

"Suppliers should get to know your business and understand what your needs are. In addition, they need to be responsive and flexible."
(*Professional services, 1-25 seats*)

"IT firms that are clear about what their capabilities actually are tend to get further – the vague 'we can do whatever you need' answers become frustrating and reduce confidence."
(*Retail, 10k+ seats*)

"An existing relationship with a known quantity will usually trump modest price differentials."
(*Media, 26-250 seats*)

"Wide ranges, expertise, and free delivery."
(*Wholesale, 251-1k seats*)

OUR IT DECISION MAKERS ON...

■ What GDPR support end users need from their IT suppliers

"A number of suppliers will be needed to undertake GDPR work. Others will be contracted to help."
(*Industrial, 10k+ seats*)

"Better engagement from suppliers/training."
(*Local government, 10k+ seats*)

"Encryption technology from our database supplier. That is all I need (and already have)."
(*IT, 1-25 seats*)

"Gap analysis, planning and consultancy.
(*Manufacturing, 251-1k seats*)

"Guidance around technical solutions (e.g. for avoiding extraction of data). Experience of what is working well in other businesses."
(*Consumer goods, 251-1k seats*)

"Help with assessment and changes required. IT suppliers must understand our business challenges with GDPR, and not just want to sell another magic bullet product that will solve all GDPR problems. We have not completed our preparations!"
(*Retail, 10k+ seats*)

"Just assistance with ensuring that discovery and deletion tools are effective and included."
(*Retail, 10k+ seats*)

"Knowing what is going on."
(*Education, 251-1k seats*)

"Managing existing resources in the cloud."
(*Manufacturing, 26-250 seats*)

"No support needed as we specialise in GDPR."
(*Professional services, 1-25 seats*)

"Our legal team is currently working on our GDPR requirements but these will involve considerable IT considerations. However, many of our suppliers are also investigating the impact of this."
(*Healthcare, 26-250 seats*)

"We are self sufficient – we bought a security consultancy!"
(*Telecoms, 251-1k seats*)

"Some support and guidance to fill specific knowledge/skill gaps in the short term."
(*Healthcare, 10k+ seats*)

"GDPR support from suppliers will be in the main related to their own compliance with GDPR."
(*Retail, 1,001-10k seats*)

"We don't want additional help from people who claim to know GDPR when we are working through it."
(*Financial services, 26-250 seats*)

"We advise on this, so we have the expertise."
(*Professional services, 10k+ seats*)

"We have an onsite employee whose part-time role is to asses and look at data protection issues. Where in-house is not always possible or appropriate, we will look at temporarily hiring a third party to get us up to the relevant expertise."
(*Telecoms, 251-1k seats*)

"We have taken advice from companies not trying to sell IT services."
(*Manufacturing, 251-1k seats*)

"We're of the view that GDPR will require IT investment but that it's not solely an IT solution. We need to change our mindsets when it comes to data and treat it like stock, holding only what we need, and being clear about what's sufficient. The tendency in the past has been that more data is better; the future view needs to be on the right data at the right time."
(*Utilities, 26-250 seats*)

"Will not need any help, This is the new Y2K and lots of suppliers are just trying to make money out of the panic!"
(*Education, 251-1k seats*)

"Deep technical knowledge; solutions that work in the real world."
(*Retail, 1,001-10k seats*)

"Desktop support, office networking support."
(*IT, 26-250 seats*)

"Lots!"
(*Transport, 10k+ seats*)

"Maybe some security consultancy."
(*Public sector, 1,001-10k seats*)

"We need suppliers to be fully aware of GDPR and not just use it as a buzzword to sell us things."
(*Public sector, 1,001-10k seats*)

■ Whether they are compliant with GDPR

"Going OK so far and most companies have been responsive to our requests."
(*Housing, 251-1k seats*)

"GDPR completed."
(*Education, 1-25 seats*)

"GDPR is embraced by our organisation and taken very seriously. We are ready."
(*Manufacturing, 1,001-10k seats*)

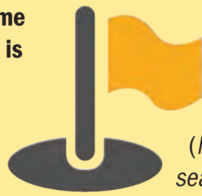
"GDPR is in hand and we have specialists involved in the risk assessments."
(*Healthcare, 251-1k seats*)

"GDPR is not to big a deal for us, we have little PII and it's mainly in email form, which is being secured."
(*Logistics, 251-1k seats*)

"I think we should be OK already."
(*Local government, 10k+ seats*)

"I feel like we have already complied with the GDPR standards and made preparations but it would be good if IT suppliers helped."
(*Financial services, 1-25 seats*)

"Given that GDPR is not fully defined and doesn't necessarily have a broad understanding in the wider world, it's to be expected that some of the detail will end up being sorted out in court. Given that GDPR is not fully defined and clients/ suppliers consequently can't be fully prepared, some level of mess is inevitable."
(*Professional services, 10k+ seats*)



"It's all being dealt with in-house, with a select number of individuals having outside training."
(*Education, 251-1k seats*)

"We have already completed preparations for GDPR."
(*Telecoms, 26-250 seats*)

"Our legal department carried out a gap analysis to current practice and we have developed an action plan based on this."
(*Manufacturing, 10k+ seats*)

■ Whether they feel GDPR is outside IT suppliers' remit

"GDPR is primarily legal and we believe we are close to compliance already. It only really affects suppliers where we take an external service hosting key data. Nevertheless, it is an important concern."
(*Financial services, 1,001-10k seats*)

"It's an internal/legal issue."
(*Public sector, 1,001-10k seats*)

"GDPR is seen more as a legal or compliance issue and is managed separately to cybersecurity. Anecdotally it's covered off, but possibly some support or guidance might be useful to ensure we meet our obligations. I would see this as quite specialist and not something we would look to our existing IT suppliers for."
(*Public sector, 1,001-10k seats*)

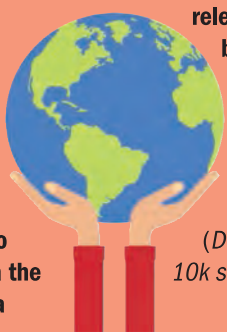
"It is mostly a business operations issue which is outside the IT domain."
(*Retail, 251-1k seats*)

"GDPR isn't an IT issue on its own. IT is and can be an enabler to help comply but too much focus is being put on this being an IT solution. The board and company need to get in line, then bring in IT to see if they can help the process."
(*Professional services, 26-250 seats*)

"We are looking at GDPR across functions and it is definitely not limited to IT. Third-party supplier assurance is not yet in place across the board but any new services are subject to DPIAs."
(*Utilities, 1,001-10k seats*)

"GDPR spans across all departments and needs to be taught to every employee who uses a computer."
(*Hospitality, 1,001-10k seats*)

"GDPR will have an effect on IT but should also be directed via the legal/HR/data protection team and implemented by IT."
(*Local government, 1,001-10k seats*)



"GPDR is being dealt with as an issue for the compliance department, not IT."
(*Manufacturing, 26-250 seats*)

"GPDR is largely outside the remit of suppliers (they should however raise the issue where relevant). It's a business issue, although the business may not be aware of this without prompting."
(*Distribution, 1,001-10k seats*)

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3 **Daisy** £700m
4 **CDW UK** £648.6m
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7 **Insight** £452.5m
8 **Telent Technology Services** £386.3m
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31 **Redcentric** £104.6m
32 **Scan Computers** £99.7m
33 **Ultima Business Solutions** £96.8m
34 **CAE** £95.7m
35 **Jigsaw24** £95.2m
36 **Claranet** £94.2m
37 **K3** £84.6m
38 **Stone** £84.5m
39 **Storm Technologies** £81.7m
40 **OCSL** £80.5m
41 **NG Bailey IT Services** £75.9m
42 **NTT Security** £72.5m
43 **Comparex** £72.5m
44 **NSC Global** £71.8m
45 **Getronics** £66m
46 **Vohkus** £64.4m
47 **ANS** £62.7m
48 **Altodigital** £61.8m
49 **Annodata** £60.1m
50 **MCSA Group** £60m
51 **OneCom** £59.9m
52 **Axians Networks** £59.6m
53 **ProAV** £59.4m
54 **Centerprise** £59.3m
55 **NTT Data** £57.1m
56 **Xeretec** £56.1m
57 **Stormfront** £55.8m
58 **Timico Technology Group** £55.7m
59 **Proact** £55.4m
60 **Millgate** £54.2m
61 **Total Computers** £52.1m
62 **GCI** £51.9m
63 **European Electronique** £50.1m
64 **Academia** £48.7m
65 **AVM Impact** £47.8m
66 **Zones** £46.5m
67 **Cloudreach** £46m
68 **Blue Chip Customer Engineering** £45.4m
69 **PC Specialist** £43.9m
70 **IDE Group** £43.4m
71 **Sabio** £43.4m
72 **Cisilion** £43m
73 **RedstoneConnect** £41.5m
74 **Probrand** £41.1m
75 **4Com** £41m
76 **MTI** £40.1m
77 **Intercity Technology** £40.1m
78 **Edenhouse Solutions** £39.5m
79 **CSI** £39.1m
80 **DTP** £38.6m
81 **Hardware UK** £37.5m
82 **Printerland** £36.9m
83 **ECS** £36.8m
84 **Options** £36.5m
85 **Bechtle** £36.3m
86 **Grey Matter** £35.9m
87 **TET Limited** £35.6m
88 **Esteem** £35m
89 **Wireless Logic** £34.9m
90 **Trams** £34.8m
91 **TSG** £34.4m
92 **Adept Telecom** £34.4m
93 **The Saville Group** £34.4m
94 **eBECS** £33.1m
95 **Viadex** £32.7m
96 **Natilik** £32.6m
97 **Red Stack Tech** £32.4
98 **Intrinsic** £32.4m (pro rata)
99 **PCMS** £31.6m
100 **Excitech** £31.3m

The figures on this list are intended to be a fair and reasonable reflection of the annual sales of each company that are generated in this country by a UK-registered trading entity. They are based on annual accounts filed at Companies House or, in select cases, reliable first-hand testimony or informed market research. Figures may have been recalculated to account for sales or acquisitions; extended or truncated reporting periods; the identification of a UK sales figure from a larger total; or a currency conversion at a historically appropriate exchange rate.

If you have any questions, comments or complaints, please email *doug.woodburn@incisivemedia.com*

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