

# CRN

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# CHANNEL ROUND-UP

# VENDOR

■ **Actifio** has claimed it has reached a valuation of \$1bn (£780m) after announcing its latest funding round of \$100m. The data management vendor has now taken its total funding to over \$300m, according to Crunchbase, after backtracking on its decision to go public in 2016. The funding was headed up by Crestline Investors.

■ Application intelligence vendor **AppDynamics** added a new tier to its channel partner programme, Pioneers. It originally launched its Titan Partner Programme in 2017. It describes Pioneers as regional partners with existing application practices that have deep engineering expertise and are focused on recurring revenue models in cloud and applications. The Pioneer level includes dedicated channel account and sales engineering support, customised training and enablement programmes, and certifications.

■ **Apple** attributed its \$53.3bn Q3 revenue to the success of the iPhone X, its growing services offerings and its accessories range. The revenue results represent a 17 per cent year-over-year increase, making it the fourth consecutive quarter of double-digit growth for Apple and pushing the company within a hair's breadth of being the first \$1tn company. iPhone revenue grew 20 per cent year on year, subscriptions to Apple's services passed \$300m – up 60 per cent YoY, and its accessories range generated \$10bn. The only thing that stuttered was the MacBook, sales of which dropped 13 per cent year on year.

■ **Arista Networks** is set to pay Cisco \$400m in compensation to bring the legal war between the pair to a close. The vendors have been locked in legal wranglings since 2014, when Cisco accused its rival of “repeated and pervasive copying of key inventions in Cisco products”.

■ Chip manufacturer **ARM Holdings**

confirmed its acquisition of data analytics firm Treasure Data following earlier reports. In a statement, ARM described Treasure Data as “the final piece of our IoT enablement puzzle”. The firm followed the announcement with the launch of its Pelion IoT Platform, which it claimed will enable companies to connect and manage IoT devices and data at any scale.

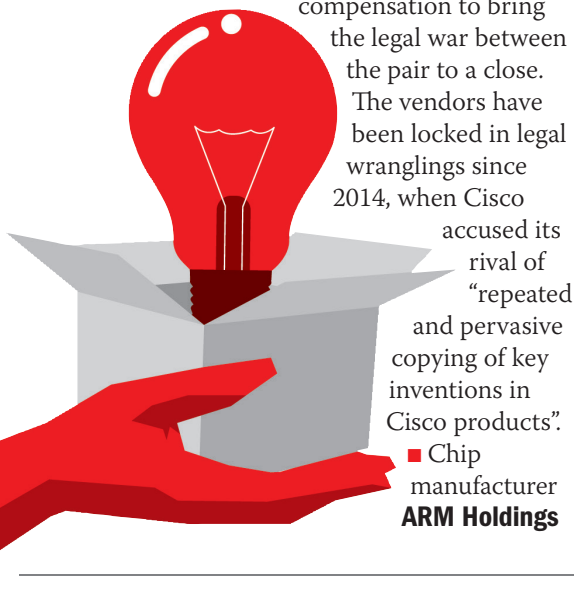
■ **Cisco** grabbed security specialist Duo Security for \$2.35bn. The acquisition, which is expected to close later this year, will simplify cloud security policy by verifying user and device trust, and expand visibility into both managed and unmanaged end-points, according to Cisco. However, one market watcher warned the deal could cause a headache for some of Duo's hard-core channel partners. **Full story here.**

Separately, the networking giant boasted of its successful shift to a recurring revenue model after reporting its best ever quarter. For the three months ending 28 July 2018, Cisco saw revenue grow six per cent year over year to \$12.8bn, while net income increased 57 per cent to \$3.8bn. The vendor's revenue grew six per cent for the full year, to \$49.3bn, with recurring revenue accounting for 32 per cent of Q4 revenue, a whole per centage point higher than the previous year.

■ Workspace-as-a-service platform **CloudJumper** has announced a new channel promotion that will offer IT service providers an unlimited number of free NFR licences of Cloud Workspace Management Suite software within a single-tenant Azure deployment. Cloud Workspace for Azure was first introduced at the Microsoft Inspire 2018 conference last month.

■ **DataDirect Networks (DDN)** is on the verge of completing its acquisition of storage vendor Tintri. The firm stepped in last month to acquire Tintri's assets, after Tintri ran out of cash. The troubled company has axed most of its staff and seen its finances dry up in recent months. DDN plans to bring immediate support and product continuity to Tintri's customers, while using its capabilities to boost its own portfolio, the vendor said.

■ **Dell EMC** has responded to partner pleas for greater predictability and simplicity in their dealings with the vendor with the launch of a new enterprise channel programme. Writing in a blog, Dell EMC's president of global channels, OEM & IoT, Joyce Mullen, said partners asked for “more predictability →



in engagements; more front-end margins so their sellers can retire quota more quickly; and more speed and simplicity around quotes and deal registration". The new programme will include dedicated channel team members to support sales engagement in Enterprise Preferred accounts, as well as collaboration on joint account plans.

Separately, the firm flogged its Service Assurance Suite to VMware for an undisclosed sum, in a move VMware claims will bolster its offering to comms providers. The business offers services across network health and performance monitoring, VMware said, and will be integrated with VMware's Telco NFV portfolio. The deal will also see the unit's team join VMware.

■ **Next-gen SIEM vendor Exabeam** raised \$50m in Series D funding from existing investors last month. The latest investment was led by Lightspeed Venture partners, and included support from Aspect Ventures, Cisco Investments and cybersecurity investor Shlomo Kramer, among others.

■ **FireEye** added MalwareGuard to its product suite. The solution is designed to help detect and block cyberthreats, including never-before-seen threats, and is integrated into the FireEye Endpoint Security agent, the vendor said.

■ **HPE** announced updates to its Partner Ready Programme, which it claimed will accelerate channel partners' profitable growth by rewarding them for investing in product lines aligned to high-growth market areas, including composable infrastructure, hyperconverged solutions, storage, software and consumption services. A simplified programme design will include the opportunity to earn rewards from a first sale without gates, caps or targets – including greater rebates and quicker access to higher membership tiers with accompanying benefits, HPE added.

■ **HPI's** UK channel boss Neil Sawyer was swift to reassure partners that Apogee will not receive any preferential treatment after the vendor revealed its plan to acquire the Kent-based management print behemoth. He said the business would operate as an "independent subsidiary of HP". **Full story here.**

Separately, the firm revealed its third-quarter financials, beating Wall Street expectations with turnover standing at \$14.6bn, up 12 per cent, while net earnings grew by 26 per cent to \$0.9bn and EPS shot up double digits by 21 per cent to \$0.52bn.

■ **Huawei** usurped Apple to take the number-two position in the smartphone market, according to Gartner. Samsung retained its number-one position

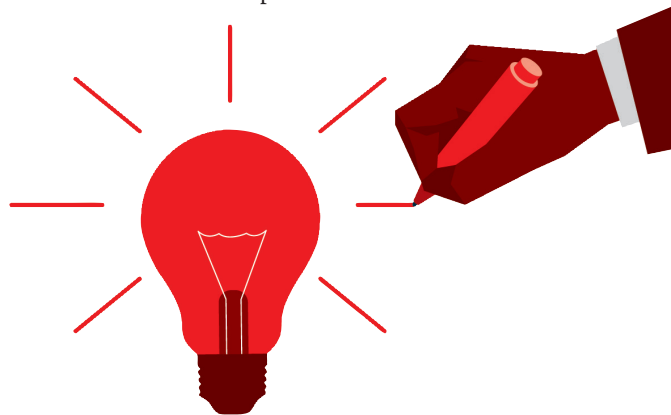
in Q2 but saw unit sales decline 12.6 per cent, while Huawei saw sales grow by 38.6 per cent in the same period. Gartner reported a flat second quarter for the fruity vendor, with demand for the iPhone X slowing down much earlier than expected, according to Gupta. This led it to fall to third place in the global vendor rankings.

Huawei sold 50 million units in its second quarter, compared with Apple's 45 million. Fourth and fifth places were taken by Chinese manufacturers Xiaomi and OPPO respectively. Samsung saw sales of 72 million units; however, that represents a decline of 10.5 million units sold compared with the same period in 2017.

■ **IBM** has followed up its pledge to create 1,800 new roles in France with a commitment to fill 2,200 new positions in DACH over the next three years. Big Blue is looking for specialists in Germany, Austria and Switzerland for its "strategic imperatives" business segment, which includes growth areas such as analytics, cloud, mobile and security. The firm is also looking for consultants familiar with IT architectures to grow its Global Business Services arm, especially around IBM Watson and blockchain.

■ **JDA Software** completed its acquisition of Blue Yonder, vendor of artificial intelligence (AI) solutions for retail and supply chain. The acquisition builds on JDA's autonomous supply chain capabilities, which are aimed at connecting intelligent systems and data to enable automated and more profitable business decisions and optimise customer experiences, according to the vendor.

■ **Kaseya** reported more than 30 per cent year-over-year growth so far in 2018, and says it is on track to hit over \$250m in annual bookings. The software vendor said its MSP business is growing by more than 50 per cent as it "continues to grab greater market share from competitors". →



In May, Kaseya announced its acquisition of backup and continuity vendor Unitrends, which the vendor claimed would both deliver Unitrends into the MSP market and drive business for Kaseya MSPs as Unitrends is sold solely through the channel.

■ **Lenovo and Pivot3** have teamed up to develop, market and sell a new set of edge-computing solutions optimised for mission-critical smart city security. The integrated appliances feature Lenovo Data Center Group ThinkSystem servers powered by Pivot3 hyperconverged infrastructure software.

■ **Mitel's** global SVP Jeremy Butt justified slashing the UC giant's distribution network from "over 60 to a maximum of 20" by calling some of its previous distribution partnerships "no longer fit for purpose". Speaking to *Channelnomics Europe*, Butt said that in the 10 months since he took the lead as Mitel's global channel boss, his team has weeded out those distributors that were no longer "mutually relevant." "Our network needed a massive axe and a massive increase in the amount of business we put through distribution to make sure we get that mutual benefit," he said. [Full interview here.](#)

Separately, the vendor rolled out a contact-centre-as-a-service platform, MiCloud Engage Contact Center. With no software or equipment required, Mitel claimed the technology works with any call control platform and integrates with a range of third-party CRM applications.

■ Hyperconverged player **Nutanix** launched its new global "channel charter" this month, which it claimed is a more tailored approach in rewarding the channel's shift to hybrid cloud services.

EMEA channel boss Jan Ursi said that rather than rewarding sales targets, the charter will focus on what services deals are made as well as on certifications.

[Full story here.](#)

■ HCI vendor **Pivot3** attributed part of its 70 per cent year-over-year Q2 2018 growth to its channel, which saw a 40 per cent year-on-year increase in channel deal registrations. The hyperconverged player also cited its continued expansion into hybrid cloud and an increase in IoT use cases, particularly with the continued growth of smart cities globally. Other growth factors

included product and functionality expansion of its Intelligent Hybrid Cloud, which allowed users to automate the management of multiple clouds with workload mobility and disaster recovery capabilities across AWS, Microsoft Azure and Google Cloud.

■ **Pure Storage** CEO Charlie Giancarlo hit out at the firm's competitors for going direct too often, after the vendor saw its Q2 revenue pass the \$300m threshold. For the three months ending 30 April 2017 Pure saw revenue jump 37 per cent to \$308.9m, while operating losses shrank by just under \$6m to \$55.2m. The vendor also announced its first acquisition, snapping up California-based StorReduce for an undisclosed amount.

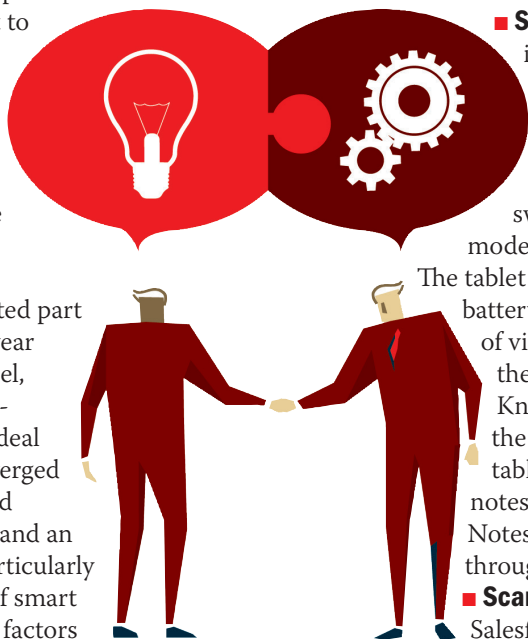
■ **Red Hat** announced updates to its OpenShift Container Platform 3.10, including full support for hugepages and CPU Manager. The support for hugepages – a performance optimisation technique for databases and Java workloads – will allow a "clear pathway" for workloads that are frequently classified as "performance sensitive", Red Hat said in a blog post detailing the enhancements.

■ **Sage** has mounted a recovery in Q3 after a revenue miss earlier in the year sent its share price tumbling. In a trading update Sage said that organic revenue in its third quarter was up 6.8 per cent. It did not provide exact revenue figures in the news release, but claimed that cloud recurring revenue was up 56 per cent year on year to £386m. The growth comes after the accountancy software vendor saw its share price drop almost 19 per cent earlier in the year.

■ **Samsung** took the wraps off its Samsung Galaxy Tab S4 this month, a two-in-one Android tablet. The device comes with Samsung DeX, which enables users to switch from tablet to desktop mode, the Korean vendor said.

The tablet comes with a 7,300mAh battery, providing up to 16 hours of video playback, according to the vendor, as well as Samsung Knox. Another new feature is the S Pen, which comes with the tablet and allows users to take notes, organise them via Samsung Notes and send personalised texts through Samsung Live Message.

■ **ScanSource** this month acquired Salesforce implementation and →



consulting partner Canpango for an undisclosed sum. Canpango provides professional services, including Salesforce solution configuration and implementation, business process consulting, training and education, application development, data migration and reporting. According to a statement, the acquisition will enable ScanSource and Intelisys partners to “build out their CRM capabilities and professional services offering without starting their own practice”.

■ **Splunk** revealed that its software revenues increased 43 per cent to \$239.7m in Q2, with total revenues hitting \$388.3m, up 39 per cent. In a statement, Splunk president and CEO Doug Merritt attributed the growth to customers’ digital transformation efforts as “every organisation needs to monitor, analyse and investigate data to make faster decisions and take action.”

■ **StorageCraft** is set to launch a data platform that combines data protection and scale-out storage aimed at giving mid-size enterprises a broad converged offering, and channel partners another tool to help them expand their presence in the active mid-market space. The vendor’s OneXafe (pronounced ‘one safe’) platform brings together StorageCraft’s core data protection capabilities with the scale-out storage functionality it inherited when it bought Exablox early last year.

■ New kid on the block **StorCentric** launched after acquiring two storage players, Drobo and Nexsan. The move will see Drobo CEO Mihir Shah become chief exec of the combined storage business, with the acquired vendors operating as two divisions of the parent company. The move means StorCentric’s headcount stands at around 150 across North America, Europe and Asia.

■ **Symantec** is set to axe eight per cent of its workforce after the vendor saw quarterly revenue decline and slashed its forecasts. In its Q1 – the three months ending 29 June – Symantec saw revenue drop 1.6 per cent. The vendor also slashed its yearly adjusted revenue forecast from between \$4.76bn and \$4.90bn to between \$4.67bn and \$4.79bn. The culls are expected to save Symantec around \$115m annually, according to Reuters.

Separately, activist investor

Starboard acquired a 5.8 per cent stake in the vendor in what it claims is a move to “unlock value” in the struggling security giant. In a filing with the US Securities and Exchange Commission, Starboard said it would overhaul the board at Symantec with five potential candidates.

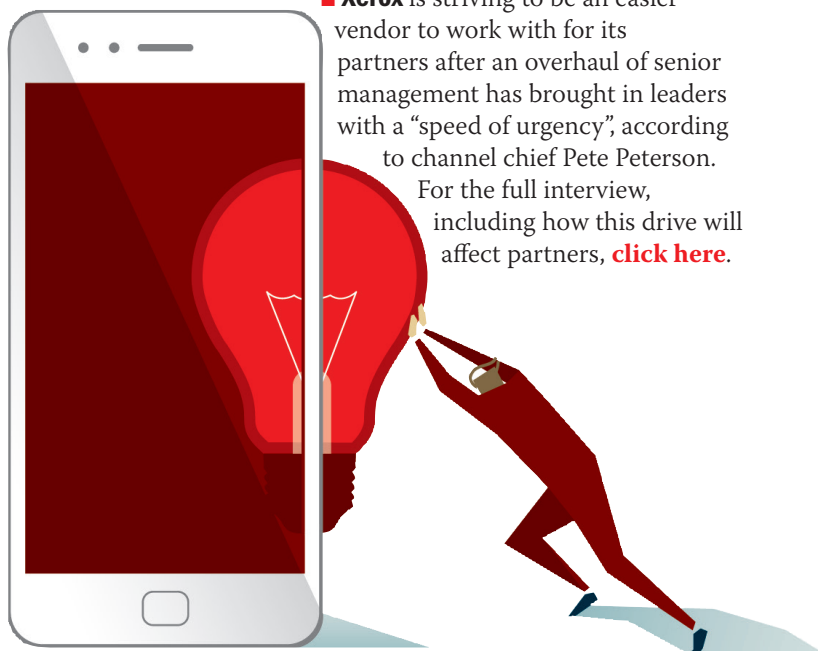
■ **VMware** announced updates to the VMware Cloud Provider Platform, which the vendor claimed will allow partners to expand multi-cloud managed services offerings. The updates include a centralised portal for partners to purchase, provision and manage VMware Cloud infrastructure and operations services offerings for multi-cloud. Partners will be able to “expand their VMware Cloud infrastructure footprint with VMware Cloud on AWS and offer consistent multi-cloud operations with VMware Cloud Services”, the vendor said.

■ **Vonage** acquired Telefonica subsidiary TokBox for \$35m in cash. San Francisco-based TokBox manufactures WebRTC programmable video and, according to a statement, has the highest level of global adoption among programmable video providers using WebRTC. Of the acquisition, Vonage said it will be in “the leadership position in the programmable video sector”.

■ **WatchGuard Technologies** rolled out a new anti-virus scan service that uses an AI engine to predict, detect and block zero-day malware. The update is part of the new 12.2 version of its Fireware operating system for its Firebox Unified Security Platform appliances.

■ **Xerox** is striving to be an easier vendor to work with for its partners after an overhaul of senior management has brought in leaders with a “speed of urgency”, according to channel chief Pete Peterson.

For the full interview, including how this drive will affect partners, [click here](#).





# DISTRIBUTOR

■ Polish distributor **Action** revealed it has found a potential investor for its Germany-based central European arm Action Europe. The firm claimed it is currently negotiating the precise terms of the deal. According to its own forecasts, Action Europe is expected to generate €91.48m (£82.55m) in revenues for its FY2018, declining by 20 per cent year on year. EBIDTA, however, is expected to increase sevenfold to €440,000.

■ **Exertis** plans to take its brand into the US after snapping up audiovisual specialist Stampede, according to new MD Tim Griffin. DCC, Exertis' parent company, acquired its way into the US distribution space last month, but Griffin said the Exertis name could move into the Americas soon. However, he said this will not come at the expense of the Stampede brand. [Click here](#) to read more about Griffin's plans for the firm.

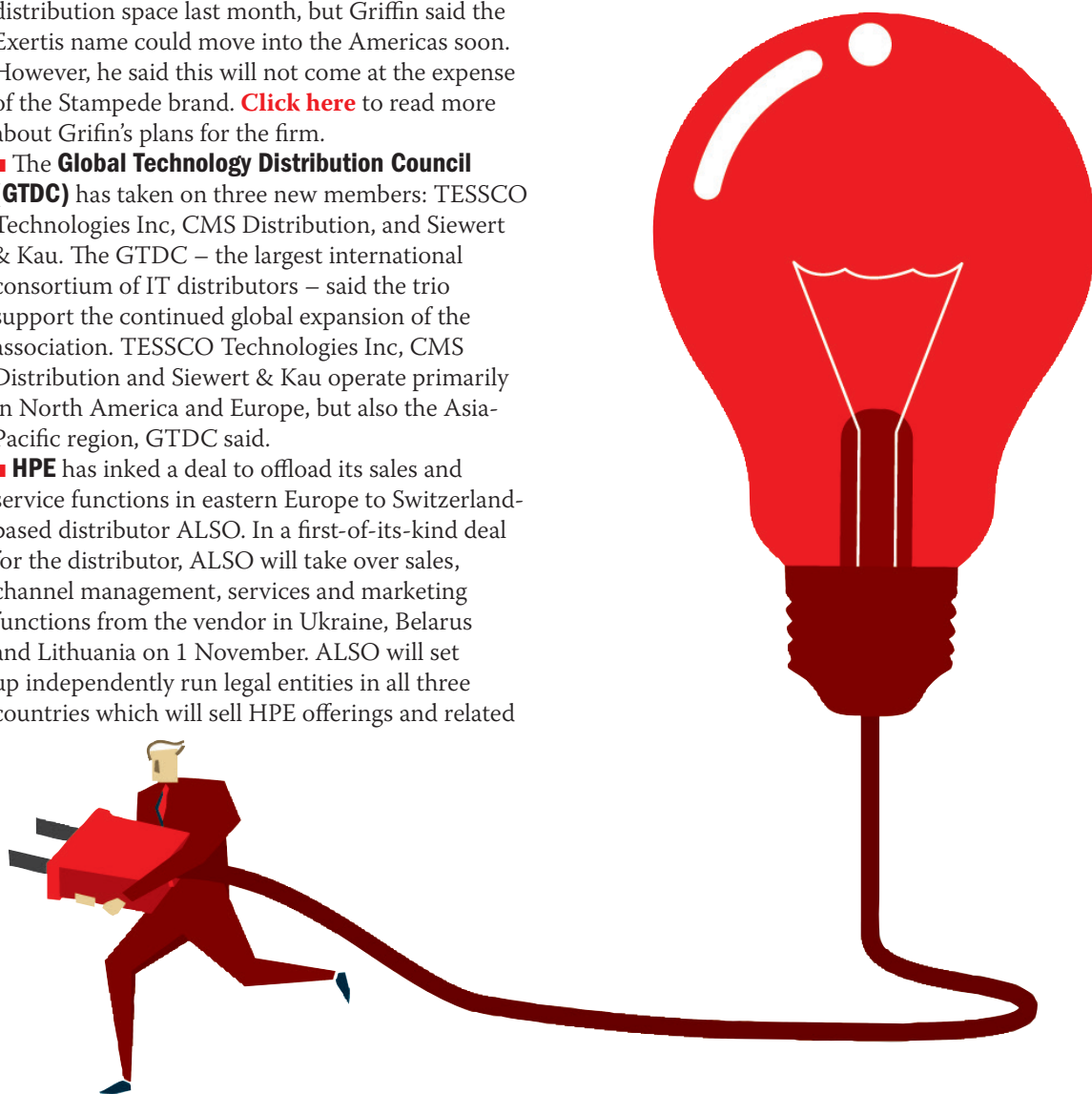
■ The **Global Technology Distribution Council (GTDC)** has taken on three new members: TESSCO Technologies Inc, CMS Distribution, and Siewert & Kau. The GTDC – the largest international consortium of IT distributors – said the trio support the continued global expansion of the association. TESSCO Technologies Inc, CMS Distribution and Siewert & Kau operate primarily in North America and Europe, but also the Asia-Pacific region, GTDC said.

■ **HPE** has inked a deal to offload its sales and service functions in eastern Europe to Switzerland-based distributor ALSO. In a first-of-its-kind deal for the distributor, ALSO will take over sales, channel management, services and marketing functions from the vendor in Ukraine, Belarus and Lithuania on 1 November. ALSO will set up independently run legal entities in all three countries which will sell HPE offerings and related

services. The distributor stressed that the new service agreement with HPE will not affect the daily operations of its channel partners, nor HPE's current partner ecosystem.

■ Bloomberg reported this month that **Ingram Micro** may be the next firm on parent company HNA's chopping block. The report claimed that Chinese conglomerate HNA Group is unloading billions of dollars of assets, in theory "up for sale to service its heavy debt burden into the end of this year". Bloomberg noted that HNA has sold off some \$20bn of its assets so far this year.

■ Cloud distributor **intY** has detailed a new client →



dashboard it plans to roll out next month. The firm said the dashboard gives channel partners insight into how customers are using their cloud software. Set to launch at the firm's flagship event, intY CloudFest 2018, intY Partner Insights pulls "millions of data calls" from software vendors including Microsoft, Symantec and Acronis into an easy-to-understand visual display, the firm said.

■ **Midwich** made a move on the professional video and broadcast space in Germany through the acquisition of New Media for an undisclosed sum. The Nuremberg-based distributor – which is named Bauer und Trummer but trades under New Media – claims to be a specialist distributor of products including cameras, recording hardware, editing software and accessories. It counts Vitec, Livestream and Blackmagic Design as its key vendors. Joint founders and managing directors Johannes Bauer and Tobias Trummer will stay on after the acquisition is completed.

■ New UK distributor **One Distribution** has signed Skybox Security and Cyren in quick succession as its first vendor partners. The value-added distie announced its arrival in April, but CEO and founder Frank Richmond said it was engaged in discussions with the vendors for several months prior to the announcement, and managed to build a good relationship with both in a short period of time. The firm is keen to expand in Europe in the near future.

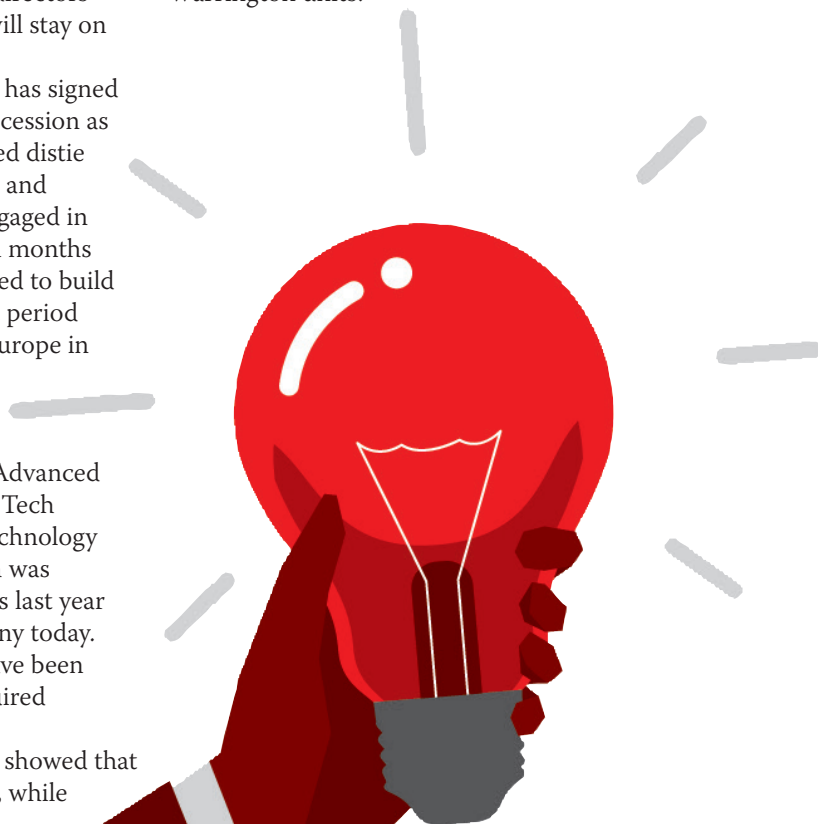
■ **Tech Data** finally integrated its acquired Avnet business in Germany in August, as trading brand Tech Data Advanced Solutions merges with parent company Tech Data GmbH. All assets from Avnet's Technology Solutions business in Germany – which was renamed Tech Data Advanced Solutions last year – were transferred to the parent company today. The distributor's German operations have been among the slowest to integrate the acquired Avnet business.

In other news, Tech Data's Q2 results showed that revenues were up 10 per cent to \$8.9bn, while

GAAP operating profit grew by seven per cent to \$110.4m. In Europe, operating margins were just 0.64 per cent of overall sales. Global gross profits grew by just two per cent to \$527m, causing gross margins to sink from 6.37 per cent to 5.93 per cent.

**Full story here.**

Separately, the firm brought together its former Azlan and Technology Solutions (TS) businesses – all based in the north of the UK – into one hub as part of its integration of the two companies. The combined business, now known as Tech Data Advanced Solutions, will operate from a 15,000 sq ft premises at Birchwood Park in Warrington, where more than 100 employees will be based. The rehousing sees the former Avnet TS team, previously based in Haslingden, integrated with the Azlan team which was based in two separate Warrington units.



# RESELLER

■ Comms VAR **AdEPT** has acquired Citrix and Microsoft partner Shift F7. In the latest example of consolidation between comms and IT, AdEPT is dishing out up to £7.9m in cash for Dorking-based Shift F7, which recorded an EBITDA of £0.7m on revenues of £5m in its latest financial year. The deal includes Shift F7 Group Ltd and its subsidiaries Shift F7 Ltd and Greencorn Limited. An initial consideration of £5m net debt and tax liabilities is being handed over, with a further £2.9m to be paid depending on performance over the coming 12 months.

■ **Allgeier** has acquired top Oracle, Microsoft and AWS partner iQuest in Germany for a “double-digit” sum. The Munich-based VAR has bought two thirds, or 67 per cent, of the shares in Germany-based iQuest, and plans to consolidate the firm’s position in Europe as well as introduce it to new markets such as the US. IQuest hit revenues of around €32m in 2017 and is gunning for sales of €35m this year. The firm has more than 700 staff based across Germany, Poland, Romania, Hungary and Switzerland.

■ **HP** revealed its intention this month to acquire print specialist Apogee, Europe’s largest independent provider of print and document management services, for £380m. HP said the acquisition of the UK-based firm is part of its plan to disrupt the \$55bn A3 copier market, and that the purchase builds on its printing strategy to enhance its A3 and A4 product portfolio. The vendor also said it wants to build differentiated solutions and tools to expand its managed print services, and invest in its direct and indirect go-to-market capabilities. The vendor stressed it would have the same commercial relationship with HP as any other Premium Partner has.

■ **Bechtle’s** mammoth €420m acquisition of Inmac Wstore is expected to close in Q3 after receiving the green light from the French reseller’s worker’s council. The firm gave an update on the deal along with its Q2 results, which prompted Bechtle to raise its full-year forecast for 2018 after financials for the three months “exceeded expectations”.

The German reseller’s EBIT rose by 20.3 per cent year on year to €43.9m on revenues which grew 17.4 per cent to €965m. Its core System House and Managed Services segment grew revenues by 18.1 per cent to €676.8m. Austria and Switzerland

sales in this segment surged by 31.4 per cent, while its domestic German business enjoyed 16.3 per cent growth.

■ Germany-based reseller giant **Cancom** has snapped up one of HPE and Microsoft Azure’s top UK partners, OCSL, and will use the business as its UK hub. With revenues topping £80m, OCSL represents Cancom’s second UK acquisition this →





year following its purchase of unified comms specialist and Cisco partner Ocean Intelligent Communications in March. Cancom signed a contract to acquire OCSL's parent company for an undisclosed sum, which it said "represents a determined move towards a substantial UK market presence and the international growth of the business".

■ **CDW** reported its best ever Q2, with the business unit holding its UK arm seeing revenue almost triple. For the three months ending 30 June, CDW saw global sales increase 7.6 per cent to \$4.9bn while net profit rose 22.8 per cent to \$173m. The UK arm, which is grouped together with the Canada operation, saw revenue soar 34 per cent to \$487m.

■ **CSP Cloudreach** announced its intention to acquire Relus Cloud, an AWS APN Premier Consulting Partner. Cloudreach, a cloud-native, software-enabled services business founded in 2009, serves both North America and Europe, while Relus Cloud has a North American focus only. The deal will enable Cloudreach to grow its North American presence, improve its data analytics and machine-learning capabilities, and expand its managed services focus. This is Cloudreach's third acquisition after private equity firm Blackstone acquired a majority stake in the CSP in February 2017.

■ Nearly half of councils in the UK are running unsupported server software, according to information obtained by **Compares** through Freedom of Information (FOI) requests. According to the software reseller, its FOIs found that 46 per cent of councils are running one of Windows Server 2000, Windows Server 2003 or Microsoft SQL Server – all of which are no longer supported by Microsoft. The majority of councils said that they were planning to upgrade the outdated software in the next two years.

■ **Computacenter** has reported a record H1 revenue of £2bn, with the firm's UK arm seeing sales rocket 29.5 per cent. For the six months ending 30 June 2018 the channel giant saw overall revenue rise 18.1 per cent year on year, while adjusted profit before tax increased 24.3 per cent

to £52.1m. The infrastructure and services giant said that its UK revenue growth was "flattered" by two "very large margin-dilutive" contracts, valued at £34.1m and £36.7m, which brought margins down by 80 basis points.

■ **Elite Group** revealed it has raised £30m via a refinancing deal with Lloyds Bank to kick-start an acquisition spree. The comms and cloud VAR has completed 16 acquisitions, claiming that the addition of Nexus Telecommunications last year lifted the group's revenue to £50m. In its most recent filing on Companies House the group reported a revenue of £40.2m for the year ending 31 July 2017. It counts Cisco, HP and Microsoft among its partners.

■ **Getronics** has acquired French firm ITS Overlap for €50m as it continues on the acquisition trail. The Netherlands-based services firm has already surpassed its 2020 goal to hit \$1bn in revenues in a stroke with its acquisition of US giant Pomeroy last month. Getronics now claims consolidated revenues of \$1.3bn. The firm also previously hinted that **Spain** is a growth target for Getronics within EMEA. To read more about its growth journey [click here](#).

■ **Gfi Informatique** has completed its €196m takeover bid of Belgian reseller Realdolmen, in one of Europe's largest channel acquisitions of the year. Realdolmen delisted from the Euronext Stock Exchange in Brussels yesterday following the takeover bid. The squeeze-out procedure of Realdolmen shareholders by French VAR Gfi was completed on 10 August. Gfi Informatique's slice amounted to 5,237,449 shares representing 99.05 per cent of the shares issued by Realdolmen.

■ **NTT Corporation** is set to roll all its companies into one mammoth organisation with a combined turnover of \$38bn. The restructuring will see NTT Communications, Dimension Data, NTT Data, NTT Security, and innovation centre NTTi3 rolled up into a new combined business called NTT Inc. NTT Inc will sit under the NTT Corporation entity and be headed by current CEO Jun Sawada, with →



the change expected to be completed in Q3 of the firm's fiscal year ending 31 March 2019.

■ **Peach Technologies** has acquired fellow Southampton MSP Taylor Made Computer Solutions (TMCS), with its chairman stating that further acquisitions are imminent. The financial details of the deal were not disclosed, but the acquisition will see Peach generate revenue of £20m and boost its headcount to 200.

■ **QuantiQ** acquired the Dynamics business of Profile Enterprise Solutions for an undisclosed sum, in a move that CEO Stuart Fenton claimed will bolster the firm's recurring revenue. The deal will see 40 Microsoft Dynamics partners move over to QuantiQ, and Fenton said he wouldn't be surprised to see similar deals in the market because of the rate at which Microsoft is innovating with Dynamics.

■ Comms specialist **Six Degrees** snapped up London-based consultancy CNS Group to bolster its cybersecurity offering. The deal will see CNS, which has a headcount of 50, add around £7m in revenue to Six Degrees' top line. Financial terms were not disclosed.

■ **Softcat** has signed up to the Tech Talent Charter, joining vendor giants including HP and Cisco to tackle the issue of diversity within the UK's tech industry.

The Tech Talent Charter was started last November, with support from the government, at the same time as gender pay gaps in all industries were coming under scrutiny. Softcat joins other channel firms, including CAE and Block, which are already charter participants.

The firm also cut the ribbon on its new Irish office, claiming it was an "unknown entity" in the country, but was determined to replicate its success in the "relatively untapped" market.

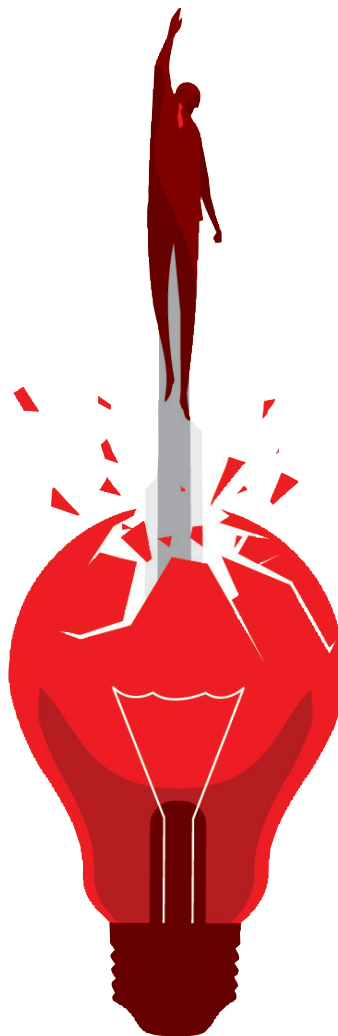
■ **Teneo** acquired networking partner Geode Networks Europe in a move which it claimed will bolster its services capabilities. Geode is a Cisco, Fortinet and Riverbed partner based in Gloucestershire. Teneo added that it will utilise Geode's engineering capabilities to build out its services platform. The firm has instigated a lot of M&A activity in the past 12 months, having completed a hat trick of US takeovers in 2017.

■ **Total Computers** is aiming to double the size of its managed services business after moving into new headquarters. The new HQ, which has 40 per cent more "productive space", will support planned expansion as well as delivering operational benefits, according to the firm, which recently topped

the £65m revenue barrier and has seen sales rise fivefold since 2010.

■ Consultancy **Wipro** has settled a lawsuit with National Grid to the tune of \$75m after a SAP implementation went wrong and reportedly cost hundreds of millions of dollars to remedy. According to *The Register*, the National Grid hired Wipro as an SI in 2010 to replace legacy back-office systems with a SAP platform, at a cost of \$140m. However, "errors in the rollout" meant that staff and vendors were paid incorrectly, according to the report. The utility firm was also unable to produce "crucial" financial reports.

■ **XMA** is shifting its focus from revenue to profit growth as it looks to become a more services-driven "performance VAR", according to CEO Lee Hemani and commercial director Andy Wright. For more details, along with its acquisition plans and the bounty gained from fallen rival Misco, see the full story [here](#).



# RESEARCH

■ Worldwide spending on information security products and services will reach more than \$114bn in 2018, an increase of 12.4 per cent from last year, according to the latest forecast from Gartner. The analyst said that the market is forecast to grow 8.7 per cent to \$124bn in 2019, resulting from “persisting skills shortages and regulatory changes”, such as GDPR. Gartner believes privacy concerns will drive at least 10 per cent of market demand for security services through 2019.

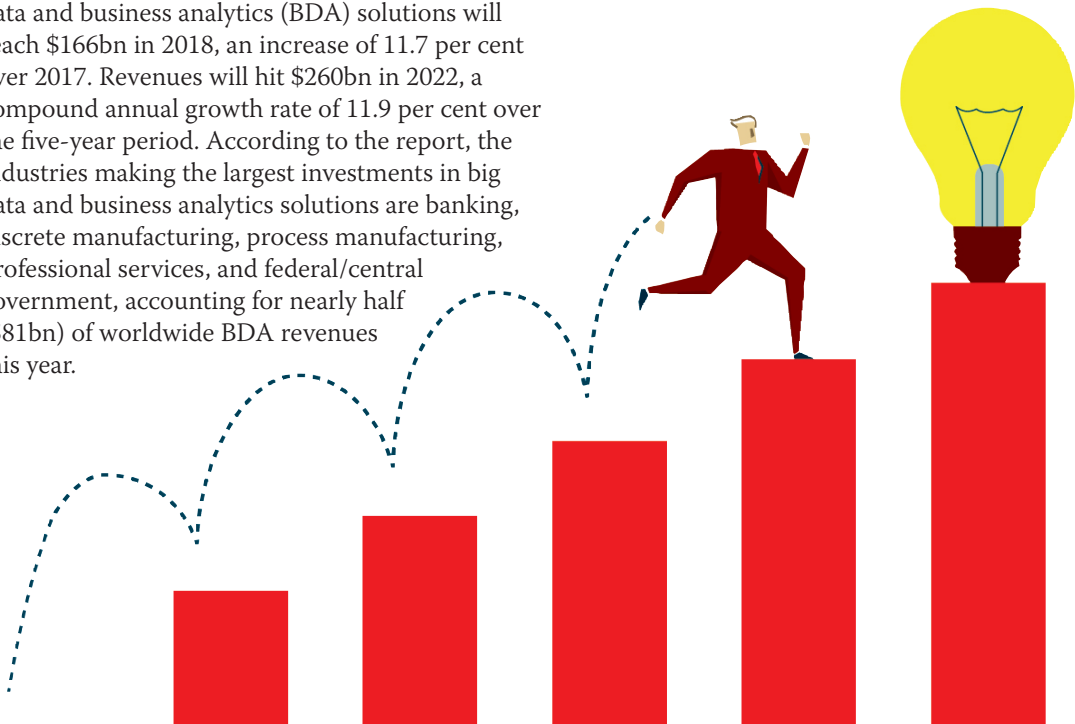
■ Gartner’s *Hype Cycle for Emerging Technologies 2018* threw up five distinct emerging technology trends that the analyst claimed “will blur the lines between humans and machines”. These include democratised AI, digitalised ecosystems enabled by blockchain, do-it-yourself biohacking, “transparently immersive experiences” where technology becomes more human centric, and ubiquitous infrastructure centres – an always-on, available and limitless infrastructure compute environment, in the analyst’s own words.

■ The latest update to the *Worldwide Semiannual Big Data and Analytics Spending Guide* from IDC revealed that worldwide revenues for big data and business analytics (BDA) solutions will reach \$166bn in 2018, an increase of 11.7 per cent over 2017. Revenues will hit \$260bn in 2022, a compound annual growth rate of 11.9 per cent over the five-year period. According to the report, the industries making the largest investments in big data and business analytics solutions are banking, discrete manufacturing, process manufacturing, professional services, and federal/central government, accounting for nearly half (\$81bn) of worldwide BDA revenues this year.

■ Despite the worldwide smartphone market being expected to decline again in 2018, IDC issued a report claiming the market will experience low-single-digit growth from 2019 through the end of its forecast in 2022. IDC’s *Worldwide Quarterly Mobile Phone Tracker* forecasts that worldwide smartphone shipments will decline 0.7 per cent in 2018 to 1.455 billion units, down from 1.465 billion in 2017.

However, the analyst believes the market will return to growth in the second half of 2018, with volumes up 1.1 per cent compared with the second half of 2017. In the long term, IDC expects smartphone manufacturers to ship 1.646 billion units in 2022.

■ 3D printing is gaining traction outside its traditional vertical markets, leading to an estimated \$23bn spend on hardware, materials, software, and services by 2022. The latest *Worldwide Semiannual 3D Printing Spending Guide* from IDC claimed 3D printers and materials will account for roughly two thirds of the worldwide spending total throughout the forecast, reaching \$7.8bn and \$8bn respectively in 2022. Services spending will reach \$4.8bn in 2022, led by on-demand parts services and systems integration services. Purchases of software will grow →



more slowly than the overall market, with a five-year CAGR of 16.7 per cent.

■ Communications services providers are being challenged to transform their carrier network infrastructure (CNI) to create new business network services, generate new revenue streams, and improve their operational efficiency, according to IDC. As such, providers are embracing software-defined networking and deploying network functions in virtualised form factors, with IDC introducing a new CNI category – network functions virtualisation infrastructure (NFVI). In its first forecast, IDC claimed NFVI revenues should achieve a CAGR rate of 58.1 per cent over the 2017-2022 forecast period, reaching \$5.6bn in 2022.

■ Almost three quarters (73 per cent) of successful perimeter breaches on corporate networks in 2017 were achieved using vulnerable web applications, according to a report from Kaspersky Labs. Another reason for penetrating the network perimeter was an attack on publicly available management interfaces with weak or default credentials. The report, *Security Assessment of Corporate Information Systems in 2017*, shows the overall level of protection against external attackers was deemed low or extremely low for 43 per cent of companies.

■ There are seven technologies that will reach mainstream adoption within the next two to five years, according to Gartner's latest hype cycle research. These include chatbots and virtual assistants, which the analyst predicted would exhibit huge growth over the coming years. Augmented and personal analytics also made the list, as did citizen data science. Meanwhile, adaptive learning platforms are “sliding into the Hype Cycle's trough of disillusionment”, according to the analyst.

■ The worldwide infrastructure-as-a-service (IaaS) market grew 29.5 per cent in 2017 to total \$23.5bn, up from \$18.2bn in 2016, according to Gartner. The analyst said Amazon was the number-one vendor in the IaaS market

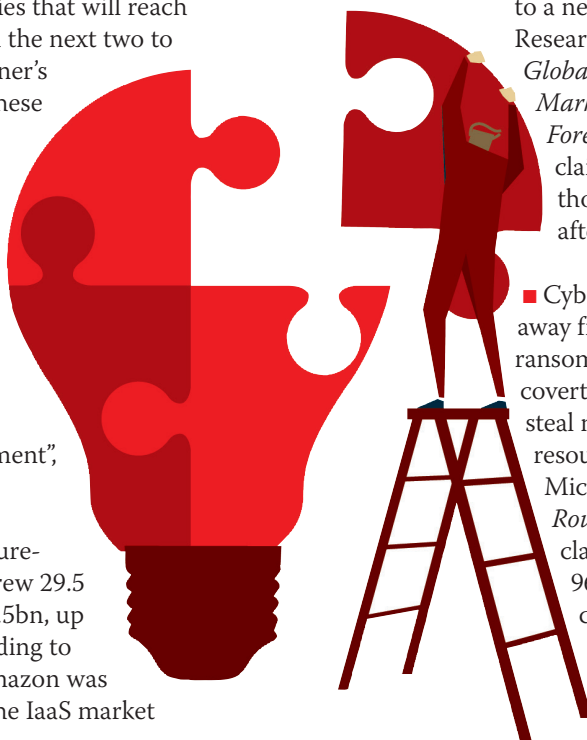
in 2017, followed by Microsoft, Alibaba, Google and IBM. The four companies are all hyperscale IaaS providers and represent around 73 per cent of the total IaaS market and 47 per cent of the combined IaaS and infrastructure utility services market.

■ Four out of five executives questioned by PwC reported having blockchain initiatives under way. The research found that 84 per cent of respondents claim to be implementing blockchain initiatives, with another 15 per cent already fully live. The US is currently leading the way in developing blockchain projects (29 per cent), followed by China (18 per cent) and Australia (seven per cent).

■ Consumers have “flagging faith” in companies' abilities or desire to protect their data, according to a report from CA Technologies. Conducted by analyst Frost & Sullivan, the *Global State of Digital Trust Survey and Index 2018* showed nearly half (48 per cent) of consumers reported that they currently use, or have used in the past, the services of organisations that were involved in a publicly disclosed data breach. Of those, 48 per cent have stopped using an organisation's services because of a breach.

■ The in-memory database market will see growth of 19 per cent between 2018 and 2023, according to a new report from ResearchAndMarkets. *The Global In-Memory Database Market – Growth, Trend and Forecasts (2018-2023)* report claimed the technology is thought of as the next step after traditional databases.

■ Cybercriminals are moving away from mass, high-profile ransomware attacks to more covert methods intended to steal money and computing resources, according to Trend Micro's *Midyear Security Roundup 2018*. The research claimed there had been a 96 per cent increase in cryptocurrency mining in the first half of this year compared with all of 2017.



# ANALYSIS

■ The summer slowdown in the IT industry failed to reappear again this year as August flew past in a whirl of acquisitions and impressive financial results in all corners of the channel.

In terms of news, it was really more of the same, as politicians on both sides of the pond continued to do their thing and leave at least half the nation they are representing in full-on cringe mode on a regular basis.

A very welcome bank holiday finished off a frantic month, as the industry gears up for an equally busy September.

**Apple** had a stonking Q3, with revenue growing 17 per cent YoY – and bringing its number of quarters of consecutive growth to four. However, it was bumped down to third place in the smartphone market according to Gartner, with **Huawei** grabbing the second spot and **Samsung** retaining the top spot. There's always a cloud of some sort in our industry.

Acquisitions were aplenty in vendorland this month, with **DataDirect Networks** poised to acquire failed storage vendor **Tintri** – hoping to use its customer base and portfolio to boost its own. **ARM** also got in on the acquisition action, snapping up **Treasure Data**, as did **Cisco** with its **Duo Security** buy.

Sticking with the M&A theme, actions always have consequences, as **HPI UK** channel boss Neil Sawyer found out, being quick off the mark to ease channel minds by assuring them that **Apogee** will not receive any special treatment now it is part of the vendor after its £380m takeover earlier this month.

HPI also saw 12 per cent Q3 growth, but this figure was beaten by **Kaseya** which reported more than 30 per cent YoY growth in 2018 and both were smashed

by HCI vendor **Pivot3**, which saw a whopping 70 per cent Q2 growth spurt.

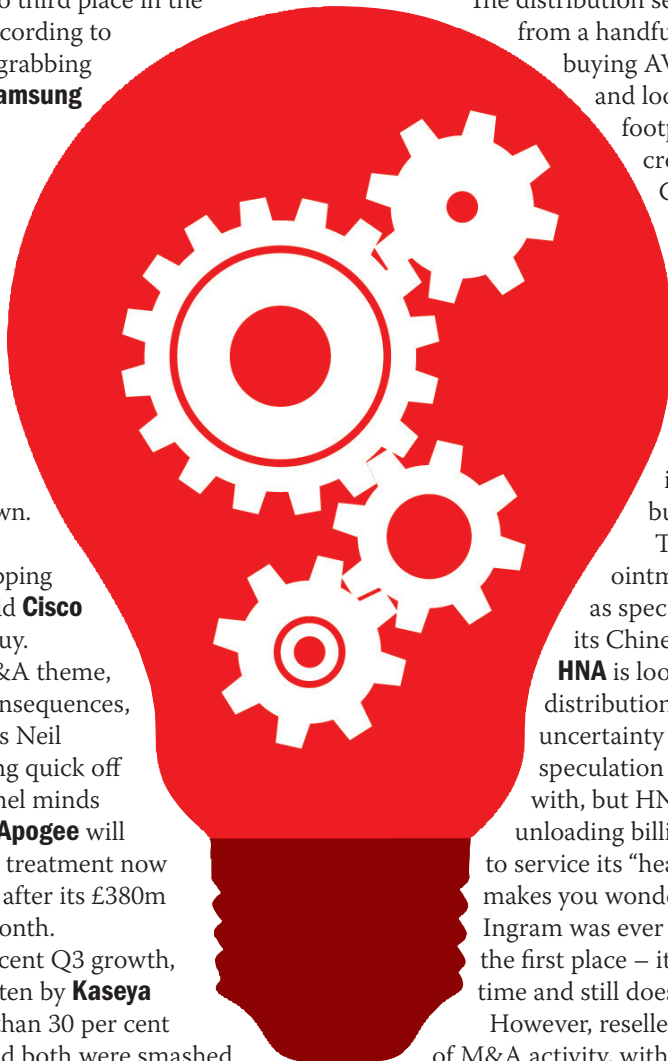
**Symantec** joined the bad news brigade as it announced its intention to axe eight per cent of its workforce, but was given a cash boost by investor Starboard, which acquired a 5.8 per cent stake in the vendor to try to help it “unlock value”. It is also set for a board overhaul.

**Dell** announced it would be making its channel strategy simpler and arch rival **HPE** tweaked its Partner Ready Programme, while HPI saw a 12 per cent increase in revenue. **Xerox** also jumped on the bandwagon and professed to wanting to make life easier for its partners by overhauling its management structure.

The distribution sector saw some action from a handful of giants, with **Exertis** buying AV specialist **Stampede**, and looking to grow its US footprint. **Midwich** also crossed the border into Germany by acquiring **New Media**, and **Tech Data** is finally coming to the end of its mammoth integration of **Avnet**, finishing the job both in Germany and the UK – where it brought its former **Azlan** and **TS** business into one hub.

The one fly in the ointment was **Ingram Micro**, as speculation mounts that its Chinese parent company **HNA** is looking to offload the distribution behemoth. The uncertainty surrounding so much speculation cannot be easy to live with, but HNA is reported to be unloading billions of dollars of assets to service its “heavy debt burden”. It makes you wonder why the deal with Ingram was ever allowed to happen in the first place – it made no sense at the time and still doesn't.

However, reseller land was a hotbed of M&A activity, with **AdEPT** snaffling →





**Citrix** and **Microsoft** partner **Shift F7**; **Bechtle** – which also raised its financial outlook following 17.4 per cent growth in Q2 revenue – set to close its giant €420m deal with **Inmac Wstore**; and fellow German giant **Cancom** grabbing **Azure** partner **OCSL** in the UK. Also in Germany, **Allgeier** snapped up Microsoft and **AWS** partner **iQuest**.

**Peach Technologies** grabbed MSP **Taylor Made Computer Solutions**, and hinted at more to come, while **QuantiQ** bought the Dynamics business of **Profile Enterprise Solutions** for an undisclosed sum. **Six Degrees** snaffled London-based consultancy **CNS Group** to strengthen its cybersecurity offering.

Moving to France, **Getronics** nabbed **ITS Overlap** and hinted at more acquisitions in Spain, and **Gfi Informatique** completed a €196m takeover of Belgian neighbour **Realdolmen**. Sticking with Europe, **Teneo** acquired networking partner **Geode Networks**.

In even more positive news, **Computacenter** reported record H1 revenue, and US giant **CDW** reported its best ever Q2. **Total Computers** announced its intention to double the size of its managed services business, and **XMA** revealed how it was shifting its focus from revenue to profit as it looks to become more services driven.

**Softcat** opened the doors to its Irish office for the first time, determined to get a firm grip on this “relatively untapped” market, and **NTT**, the product of a massive period of roll-ups, revealed its plans to combine all its companies into one mammoth organisation with a combined turnover of \$38bn.

The research that came out this month hints at security spending increasing further, thanks to skills shortages and regulatory changes, and also looking ahead, the technology to invest in appears to be AI, augmented reality, analytics, blockchain, “immersive experience” technology and always-on. The message has not really changed this year, although when speaking to channel players it becomes apparent that the time is not quite right for this technology to peak, but it is coming.

However, the clear leader every month this year so far in the technology stakes has been security. Customers are relying on their IT suppliers to advise them on the best strategy as the criminals themselves find increasingly complex ways to access sensitive data or blatantly steal information.

It seems like the channel is flying at the moment, as more and more companies realise the true value that the model brings. Of course, there are exceptions to the rule, but they are usually firms that have been struggling for some time to keep up

with the pace of change needed to succeed.

The only challenge for the channel is to keep this momentum going, which many players seem to be doing through a combination of transformation – both of themselves and their customers – and acquisition, either in their own country of origin, or further afield across borders.

Sticking close to customers and keeping in regular contact will always keep their suppliers at the forefront of their minds and channel players must never let service slip, as the effect of negative voices is not wanted.

With a positive September ahead, most of us in the industry will be hoping for more of the same in the months to come.



# EVENTS

■ **VMworld 2018, Las Vegas** – VMware kicked off its annual user conference with a series of announcements aimed at helping channel partners “capture the opportunity” around multi-cloud. These included several updates to its Cloud Provider Platform, which it claimed would help partners expand their multi-cloud managed services portfolio. It also unveiled a Cloud Provider Hub and expanded its hybrid cloud portfolio, plus a multitude of other announcements. [Full story here.](#)

Dell also took the opportunity to launch its IoT Connected Bundles programme at the event, offering bundled IoT offerings to partners that they can sell to their customers. [More here.](#)

■ **CRN** released the long-awaited shortlist for the **2018 Channel Awards** this month. The entries will now be scrutinised by another set of judges before the final judging day on 11 October. [Click here to see the shortlist](#) and to book a table for the Awards, which take place on 15 November, [click here.](#)

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# MISCELLANEOUS

■ A host of resellers including Bytes, Stone and Softcat were selected for a public sector framework worth £50m. The Software Licences and Associated Services for Academies and Schools framework, run by Crescent Purchasing Consortium, is divided into four lots: Microsoft, Adobe, Off-the-Shelf Software and One-Stop Shop.

■ Oracle has filed a complaint with the US government over its plans to award the contract for the Pentagon’s Joint Enterprise Defense Infrastructure (JEDI) to a single vendor. The JEDI contract will run for up to 10 years across all branches of the military and is potentially worth \$10bn. The protest has been filed with the Government Accountability Office, asking that the RFP be amended to cover multiple cloud vendors.

■ Microsoft chief executive Satya Nadella sold almost a third of his shares in the software giant this month, according to a regulatory filing. The sell-off of 328,000 of his Microsoft stocks – 29.6 per cent of his total shares – raised \$35.9m. In a statement, Microsoft said the stock divestitures “were for personal financial planning and diversification reasons”.

■ Former Cisco CEO John Chambers joined vendor Rubrik as an adviser to the board. Chambers brought his time at Cisco to an end last year, having spent two years as the vendor’s chairman following a 20-year term as CEO. Prior to that he had been SVP of worldwide sales, and also had a spell as the



firm’s president. Chambers has also invested an undisclosed amount in the privately held vendor.

■ Turkish president Recep Tayyip Erdogan (*pictured*) has called for a boycott of all US technology, claiming Turkey will produce homegrown tech instead. The move is in response to rising tensions between the countries, triggered by the arrests of several US citizens in Turkey for suspected connections to Turkey’s 2016 coup.

Donald Trump then announced an increase in tariffs on Turkish steel and aluminium.

■ A new ransomware was found to be carrying out attacks in August, according to Check Point research. Ryuk targeted a number of organisations across the globe, encrypting PCs, storage and datacentres in the affected companies. Check Point said that while the ransomware’s technical capabilities were relatively low, at least three firms were severely hit. The vendor also said that Bitcoin ransoms were paid to the tune of between 15BTC and 50BTC, totalling \$640,000.

■ Cybersecurity vulnerabilities in autonomous vehicles and connected vehicles have the potential to lead to more road traffic fatalities, according to Forrester. The analyst acknowledged that the vehicles present “new opportunities for a company’s mobility services, improved logistics and shipping, public transportation, service delivery, customer engagement and more”, but that “new risks come with those opportunities”.