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OCTOBER

2017

CHANNEL ROUND-UP

VENDOR

■ **Apple** was forced to investigate after users began to report problems with the batteries in the new iPhone 8 Plus. There have been reports of batteries swelling, causing the device to split open. The vendor released a statement this month saying it was "looking into" what has caused the fault.

Apple also acquired New Zealand-based wireless power product specialist PowerbyProxi, after confirming it will be including wireless charging in its latest iPhone X and 8 smartphones.

■ **Autotask** parent company Vista Equity Partners entered into a definitive agreement to acquire Datto for an undisclosed sum. The two firms were quick to stress that the move was a good one for MSPs and partners, particularly as there is no product crossover between them, and said it would create significant opportunities for the channel.

■ **AWS** and **Microsoft** teamed up to launch a new AI platform to make it easier for developers to use open source AI software. The system — Gluon — has been jointly developed to allow developers to "prototype, build, train and deploy sophisticated machine-learning models for the cloud, devices at the edge and mobile apps", the two firms claimed.

Separately, AWS recorded Q3 revenue of just under $4.6bn for the quarter ended 30 September, with operating income up 36 per cent to $1.2bn.

■ **Cisco** unveiled a new portfolio of artificial intelligence services that deliver advanced predictive and pre-emptive capabilities. The networking giant said its Business Critical Services and High-Value Services anticipate IT failures, mitigate risk and reduce maintenance costs for customers, thus allowing IT workers to focus more on new innovations.

The vendor also snapped up telecoms firm BroadSoft for around $1.9bn, marking its 200th acquisition.

■ Workspace-as-a-service vendor **CloudJumper** revealed it was looking to attract IT service providers to its nWorkspace platform. Current and new partners that sign up for a year-long service agreement for nWorkspace will not be charged for the first three months, the vendor, which competes with Amazon Workspaces, said.

■ **Dell EMC** is to revise its partner rebates as it looks to review its channel programme in 2018. The firm said it intends to introduce a "better balance" between front-end and back-end rebates for its channel partners.

The vendor also claimed it would be the first full-solution vendor to offer an Azure Stack platform on next-generation compute after announcing that Dell EMC Cloud for Microsoft Azure Stack will run on its new Dell EMC PowerEdge 14th-generation servers. This follows the vendor's announcement last month that Microsoft upgraded Dell EMC's CSP status to sell Azure Stack solutions both directly and through the channel globally.

Dell also revealed it was expanding its PC-as-a-service (PCaaS) offering to make it easier for the channel to deploy and manage its devices. Dell PCaaS offers customers hardware, software and life cycle services including deployment, support, and asset recovery and financing via a single, price per seat, per month model. The vendor has added asset recovery to simplify the return of old equipment to Dell Financial Services with an option for an on-site data wipe service.   ➔
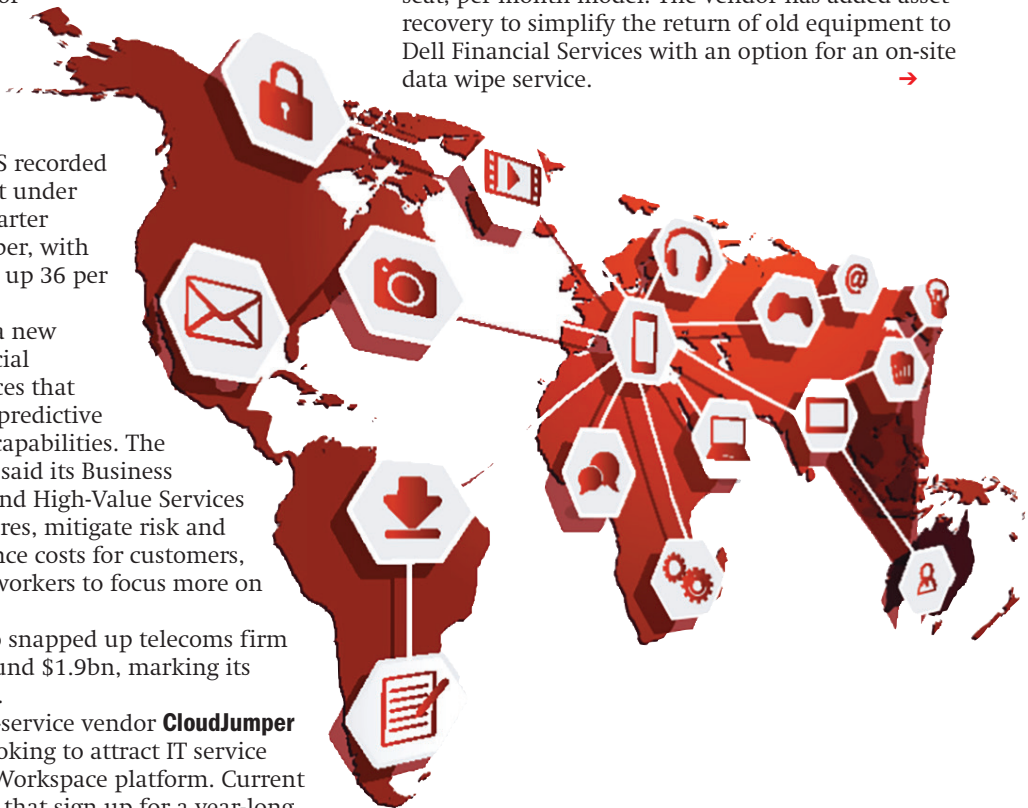
■ Security automation and orchestration firm **DFLabs** launched its Global Partner Network targeting MSSPs, resellers and distributors. It claimed the programme will allow partners to offer customised threat detection, response, automation and orchestration solutions as a managed service. The programme has three levels: Platinum, Gold and Affiliate, plus an MSSP programme offering "a pay-as-you-grow" licensing model.

■ **Extreme Networks** revealed it was set to close its acquisition of Brocade Communications System's switching, routing and analytics datacentre business towards the end of the month, by making its purchase directly through Brocade rather than through Broadcom.

■ **Facebook** and **WhatsApp** are being investigated by the EU to ascertain whether or not they failed to comply with EU laws on data compliance. The EU has assigned a data protection watchdog group, the Article 29 Data Protection Working Party, to address WhatsApp's plans to share user data with parent company Facebook. Facebook has already been fined $122m for providing misleading information during its purchase of WhatsApp.

■ **FireMon** has expanded its Ignite Partner Programme to engage with new types of partners, including resellers, distributors and MSPs. The security management vendor claims the global programme is tier-based "for resellers at all levels of market maturity". A dedicated website will offer partners access to sales tools, deal registrations and ready-made marketing campaigns.

■ IoT security vendor **ForeScout Technologies** and cloud-based end-point protection vendor CrowdStrike linked arms this month to tackle the ever-growing number of threats. The vendors claimed their partnership aims to bring visibility, threat detection

and security response to their joint customers.

Separately, ForeScout reworked its channel programme to incorporate the opportunities presented by the increase in Internet of Things (IoT) devices. The programme has been divided into a three-tier model that has provisions for partners to deliver professional services to customers.

■ **Google** CEO Sundar Pichal revealed that his firm will invest $1bn over the next five years in non-profit organisations to bolster digital skills. Google.org will help fund organisations working in three areas: helping to close the world's education gap, helping people get ready for the "changing nature of work", and making sure nobody is excluded from opportunity, Pichal said.

Separately, the firm offered a reward to anyone who finds a vulnerability in popular Android apps.

■ **Google Play** announced it was teaming up with "bug bounty platform" HackerOne to create the Google Play Security Rewards System, which will see hackers paid $1,000 if they discover bugs in certain apps.

Meanwhile, Google's parent company **Alphabet** released Q3 revenue of $27.8bn for the three months ended 30 September, a 24 per cent increase on the previous year.

■ Continuous delivery-as-a-service start-up **Harness** emerged from stealth this month with $20m in Series A funding. The firm, which claims it is the first platform of its type to use artificial intelligence, is headed by Jyoti Bansal, who sold AppDynamics to Cisco for $3.7bn in March 2017. The funding was led by Menlo Ventures and Bansal's newly launched start-up studio, BIG Labs.

■ **Hewlett Packard Enterprise** has outlined its plans for its full-year 2018, indicating that it will shift its focus away from lower-margin business and focus more on high-margin solutions and services. CEO Whitman told analysts that the split from HP Inc was the right thing to do, and insisted its partner ecosystem is "absolutely critical". Read more here.

■ **HP Inc** launched an education campaign for partners to help tackle the growing 40,000-strong STEM skills gap. Under the scheme, resellers are given £20,000 to grant to schools that buy HP technology through them. Four partners came on board initially, but the vendor is keen to get as many involved as possible in the coming months. ➔
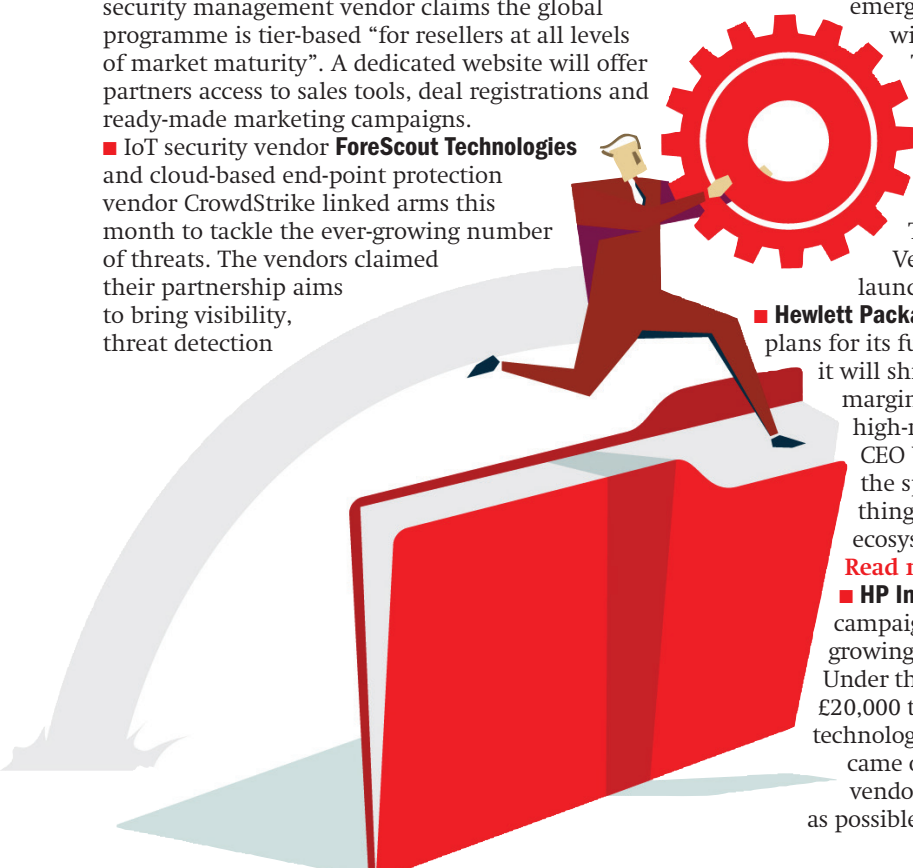
■ **IBM** posted its 22nd consecutive quarter of revenue decline, with Q3 sales dropping slightly by 0.4 per cent to $19.15bn. Gross profit dropped 2.4 per cent to $8.8bn. Big Blue's Global Business Services division, Technology Services and Cloud Platform division, and Global Financing all saw year-on-year drops, with the Cognitive Solutions and Systems divisions the only two to see growth. The UK was hailed as the firm's problem child yet again, with Germany, France, Italy and Spain all seeing growth.

■ **Intel** released an Internet of Things (IoT)-focused offering titled the Intel Secure Device Onboard (Intel SDO). The technology can be integrated into "almost any device or IoT platform", the vendor claimed, and it automates IoT devices and brings them online in seconds.

■ **Juniper Networks** has announced a series of updates to its Partner Advantage programme for 2018. Starting on 1 January 2018, the vendor will introduce two new cloud specialisations on top of its existing Cloud Service Partner specialisation — Cloud Integrator and Cloud First. The vendor said it would also offer specialisation-based rebates and tailored marketing programmes.

■ **Kaseya** launched a GDPR Resource Centre and Compliance Pack to help customers tackle the requirements of the upcoming General Data Protection Regulation. The vendor claimed the centre will help firms understand, plan and build their compliance strategies.

■ **Lenovo** launched a limited-edition ThinkPad to mark the laptop's 25th anniversary. The ThinkPad Anniversary Edition 25 has a backlit 7-row ThinkPad Classic keyboard, dedicated volume buttons, and a multi-colour ThinkPad logo.

■ **LogRhythm** launched a cloud-based security and analytics offering called CloudAI. The product is available as an add-on subscription service for the LogRhythm Threat Lifecycle Management Platform, using AI to detect advanced threats.

■ **Microsoft** revealed that it is ceasing to update the mobile version of the Windows 10 OS due to a lack of market interest. In a tweet this month Joe Belfiore, the company's head of Windows 10, said developing new features and building new hardware for the OS "aren't the focus".

It also announced a $5.5m funding competition for start-ups that put AI at the heart of their innovation. The vendor will offer financial support in the form of funding and cloud credits to one firm from each of north America, Europe and Israel.

Separately, CEO Satya Nadella launched a book called *Hit Refresh*, documenting his 15-year journey with Microsoft and how the firm is pinning its future on three key technologies: AI, mixed reality, and quantum computing.

The software giant also released its Q1 figures, reporting revenue of $24.5bn for the quarter ended 30 September, up 12 per cent on the previous year. Operating income jumped 15 per cent to $7.7bn.

■ IT-as-a-service (ITaaS) firm **Nerdio** launched its first white-label option for MSPs and cloud service providers this month. The company claims the new service will enable partners to deliver Nerdio Private Cloud and Nerdio for Azure under their own brand. Nerdio Private Cloud provides IT infrastructure for the private cloud, while Nerdio for Azure enables automated provisioning, dynamic auto-scaling, management and optimisation of IT environments in the Microsoft cloud.

■ **Nutanix** has warned channel partners to look elsewhere for revenues as they step away from traditional three-tier architecture installations. Chris Kaddaras, head of EMEA at Nutanix, said that while partners have traditionally made money integrating "all the pieces and parts" associated with software, servers and compute, →
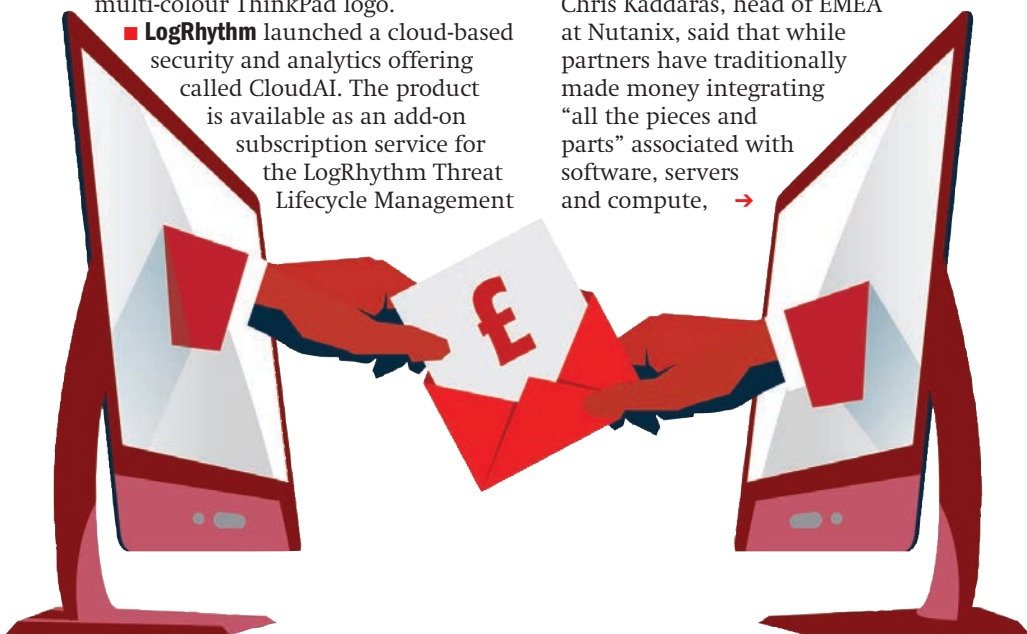
the popularity of hyperconvergence solutions such as Nutanix means partners must take a more "consultative approach".

■ **Oracle** launched the Oracle Data cloud, which it claimed would allow channel marketers to connect with resellers, VARs and distributors. The firm is partnering with channel data management company Zyme to integrate its directory of global channel partners and claims its offering will provide automated data sharing and improve critical workflows such as retargeting and pipeline acceleration. The vendor also claimed its rapid cloud growth has put it in the same league as AWS, Microsoft and Google.

Oracle's Netsuite also opened up about SuiteSuccess this month — a multi-year effort to overhaul its channel partner engagement model. It will offer partners training and ongoing orientation across its three main partner streams: Alliance Partners, Solution Providers and SDN Partners.

■ **Plantronics** revealed it is opening up its software-as-a-service offering Plantronics Manager Pro to developers and ISVs to create customised business applications. The new version is available through the Open Data Access API Suite, alongside a portal that houses use cases, sample applications and an experimentation sandbox.

■ **Samsung Electronics'** CEO Oh-Hyun Kwon resigned, claiming the firm is dealing with an "unprecedented crisis". He said the firm needs to "start again" with a new spirit and young leadership to "better respond to challenges" arising from the rapidly changing IT industry. The resignation follows Samsung Group heir Lee Jae-yong's imprisonment for bribery and corruption in August. Kwon will remain on the board until March 2018.

■ **SAP** has promised to make sweeping changes to its global sales practices after becoming the subject of a US corruption probe. The US Department of Justice and the Securities and Exchange Commission have opened an investigation into the software vendor under the US Foreign Corrupt Practices Act related to South Africa and "alleged kickbacks in the form of sales commissions" to close family friends of South African president Jacob Zuma.

■ **Splunk** was set to acquire SignalSense, which specialises in cloud-based advanced data collection and breach detection. The terms of the deal were not disclosed, but SignalSense will join Splunk's products organisation in its Seattle office.

■ **Veeam** revealed that NetApp customers can now purchase Veeam solutions directly from NetApp and its channel partners in a single transaction. The vendor claimed the deal will help organisations simplify their IT management, lower costs, and recover data more quickly by combining its offerings with NetApp's E-series, AltaVault, ONTAP, All-Flash FAS and hybrid cloud solution offerings.

■ Security software maker **ZoneFox** announced a global channel recruitment drive this month, claiming it wants to sign up MSSPs to support the launch of its hosted platform.

DISTRIBUTOR

■ **4Sec Group** has completed its second UK acquisition of the year and is now plotting an expansion into the international market, according to managing director Grahame Smee. 4Sec Group acquired Blackpool-based Metro VAD this month, following a deal for AlphaGen earlier in the year.

■ **Azlan** upgraded its Business Solutions Centre in the UK to offer channel partners access to various emerging technologies. The Tech Data-owned firm stated that partners can use the BSC free of charge and run demonstrations and proof-of-concept testing, training sessions and end-customer events.

■ Irish VAD **Commtech** announced that it is to be acquired by global giant Arrow as it admits it was unable to make the necessary investment in cloud and related platforms as an independent player. The deal is set to close in Q4.

■ US-based **D&H Distributing** revealed it is zoning in on security to educate VARs about the threats their customers face from cybersecurity attacks. The distributor conducted a series of sessions focused on security products, including filters and firewall platforms for protection from ransomware, anti-virus and malware solutions and mobile device protection. In August, D&H offered a security boot camp for select customers covering Cisco's full portfolio, including traditional routing, switching and wireless solutions, as well as Cisco Meraki and small business products.

■ VAD **Exclusive Group** saw revenue jump 19 per cent year on year in the first half of 2017, with growth driven by its core vendors. Sales for the Paris-based VAD hit €731m (£652.6m) in H1, attributed to a strong performance from the core vendors across the group's security and datacentre arms, including Palo Alto Networks, Fortinet and Aruba Networks.

■ **Ingram Micro** inked a deal with Samsung to deliver mobile virtual desktop technology with a new Cloud Store for its "prosumer" customers. It also signed a partnership with API management and analytics manufacturer TIBCO Software to help it grow its footprint in the channel, initially in the US, but set for a global rollout at a later date.

Separately, the firm's UK and Ireland business bolstered its newly formed speciality solutions business unit by partnering with physical security device player Axis Communications.

■ Security distributor **Progress** launched itself in Germany and Spain this month, as it continues on an aggressive expansion path. The firm was launched just last year in conjunction with a sister company covering the Nordics from Sweden, and is planning further expansion to other European territories in the near future.

■ **Westcoast** hailed a cloud first, claiming to have sold over 250,000 cloud service provider seats through partners in the UK, well ahead of its competition. It broke through the 100,000 barrier last October, meaning it has more than doubled its number of seats in under a year.

■ **Westcon's** European revenue had a serious impact on the outlook of international parent company Datatec according to one analyst, with the firm stating that consolidated revenue for H1 2018 is expected to be around $2.9bn, compared with $3bn in H1 2017. Full results are due out next month.
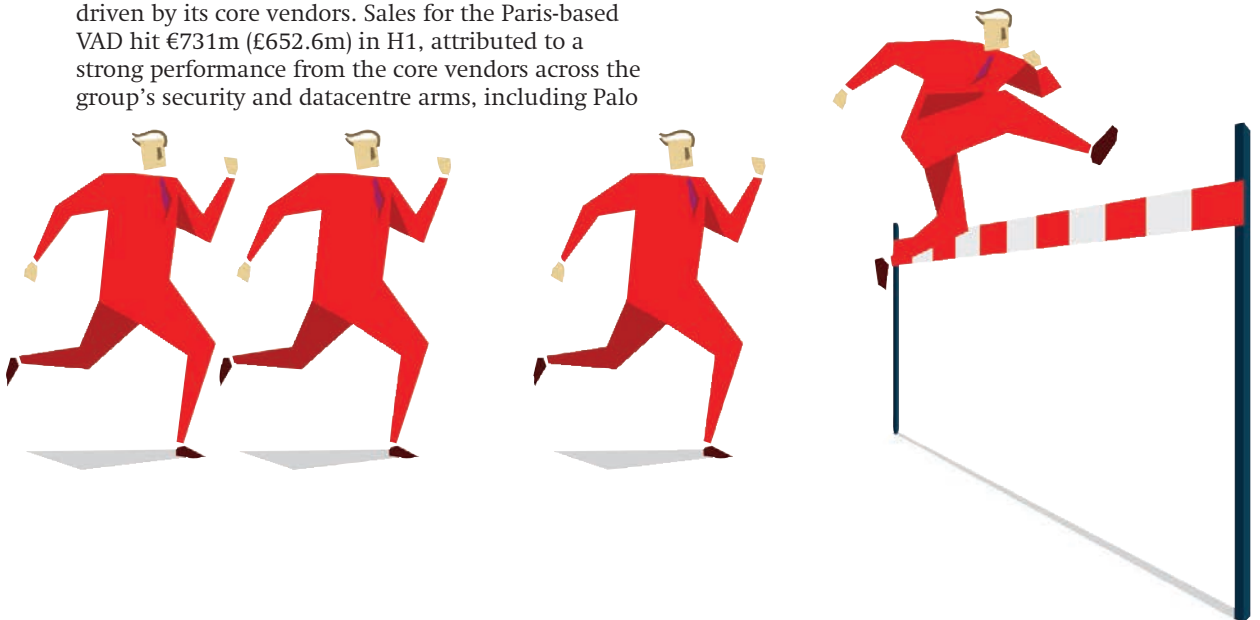
RESELLER

■ Germany continued to be a stand-out performer for **Computacenter**, generating sales of £463m, as the infrastructure and services giant revealed Q3 group revenue of £931m. However, the UK, which has been a problem child for the firm in recent quarters, saw revenue grow eight per cent to £335m. France also saw a sales increase of 34 per cent.

■ Software specialist **Crayon** has announced its intention to launch an IPO on the Oslo Stock Exchange, Oslo Børs.

The Norwegian firm's investor, equity house Norvestor, intends to shrink its ownership of Crayon through a secondary sale of its shares as part of the IPO, but plans to remain a shareholder once the IPO has completed. Crayon intends to conduct an offering of new shares, raising gross proceeds of around NOK 300m (€32m) in order to fuel its growth strategy, which will likely include M&A.

The IPO will see Crayon change its name to Crayon Group Holding ASA, from its current registered name Crayon Group Holding AS.

■ **Econocom's** revenues rocketed 11.2 per cent to €1.93bn, with 6.9 per cent stemming from organic growth. The Belgian giant's Products and Solutions arm saw the healthiest growth, logging sales 22.3 per cent higher than the same quarter the previous year, driven by enterprise multimedia sales and a strong performance in the public sector. Its Services division saw an only slightly lower boost of 21.4 per cent to €701m, and its Technology Management and Financing arm — its largest unit — posted revenue of €827m.

Econocom made an impressive five acquisitions in Q3 of this year alone, including snapping up an 85 per cent stake in UK firm Jade Solutions in July, acquiring German Apple integrator EnergyNet and French integrator Exaprobe.

■ **Logicalis** hailed its decision to nearshore its UK IT support functions to South Africa, claiming that customers have not seen a drop in service since the first phase of the switch occurred last month. The VAR is shifting 65 first- and second-line support roles to Cape Town as part of a wider global services overhaul.

■ Italian systems integrator **Lutech** is eyeing up M&A in the German market after the firm was snapped up by New York-based private equity house One Equity Partners earlier this year. The firm is planning to smash €500m in sales over the coming years, and is keen to expand into new European markets.

■ **Misco UK** finally gave up the ghost this month and went into administration, despite its new management team making impressive progress in their turnaround plans. The majority of the VAR's 330 UK staff were made redundant, as the firm was plunged into a cashflow crisis thanks to HMRC issuing it with a winding-up petition over unpaid VAT. Attempts had been made to sell some or all of the assets to US-based PCM, but the talks came to nothing. Misco's mainland European operations remain unaffected.

■ **Proact** saw Q3 revenues surge by 15 per cent year on year to SEK 2.26bn (£206.5m), while EBITDA rocketed by 27 per cent to SEK 159.9m. The Sweden-headquartered firm's strong nine months came after a Q2 which logged a similarly buoyant 13 per cent year-on-year boost to Proact's top line. Western European sales counteracted a slight decline in the firm's Nordic business, which slumped by 1.4 per cent annually, while profits dived by 22 per cent. →

■ Beleagured VAR **Redcentric** has a new CEO in the form of Chris Jagusz, who is now responsible for turning around the firm's fortunes after misstated accounting balances were brought to light last year. Jagusz boats a strong channel pedigree with experience at Azzurri Comms, SSE Telecoms, Daisy Group and BT.

■ **Roc Technologies** secured £10m in investment from the British Growth Fund (BGF) to fuel further growth. The cash will in part be used to fund its acquisition of Chelmsford-headquartered City Change Management (CCM), and to support further organic growth plans.

■ **SCC** revealed it will ramp up its in-country service desk through a huge investment in a new facility in Valenciennes, run by Rigby Group subsidiary Altimance. General director of SCC France, Didier Lejeune, said that the new centre will grow to at least 300 employees, up from a current 75, over the next three years as the reseller looks to improve services support for some of its key public, insurance and banking sector customers.

■ US-based reseller **SHI** revealed it is planning to hire 60 UK staff as it bulks out its mid-market sales force, swelling staff numbers in the UK to around 200. Growth is being driven by two main areas — Windows 10 refreshes and datacentre and cloud, the firm said.

■ **Softcat** saw revenue burst through the £800m mark for its first full year of trading as a public company, marking 48 quarters of continuous organic growth. The Marlow-based giant saw revenue hit £832.5m and operating profit up 10.1 per cent to £51.5m. It is still in the process of appointing a new CEO, after incumbent Martin Hellawell announced his

intention to step back in May.

■ MSP **Timico** made a "considerable investment" in cloud-based IT service management platform ServiceNow. Having undergone a private equity-backed MBO in February, UK-based Timico says it has made a six-figure investment in its systems. This includes an outlay on ServiceNow and a further investment in robotic process automation, which it said would enable it to help customers automate tasks, streamline processes and boost employee productivity.

■ **Utilize** revealed it was on the hunt for its next acquisition after a management shuffle and the appointment of a new managing director — Guy Hocking. Founder Warren Davies has moved back to the chairman role at the Essex-based VAR. Hocking said the firm was looking at data analytics, security and AI as future investment areas.

■ **XMA** was on hand to rescue some employees from defunct reseller Misco, taking on 18 corporate salespeople from its stricken rival's Weybridge office. The staff will be based at XMA's Chertsey service office, which was launched by XMA as part of a corporate growth push under former Misco sales director Tony Brooker.
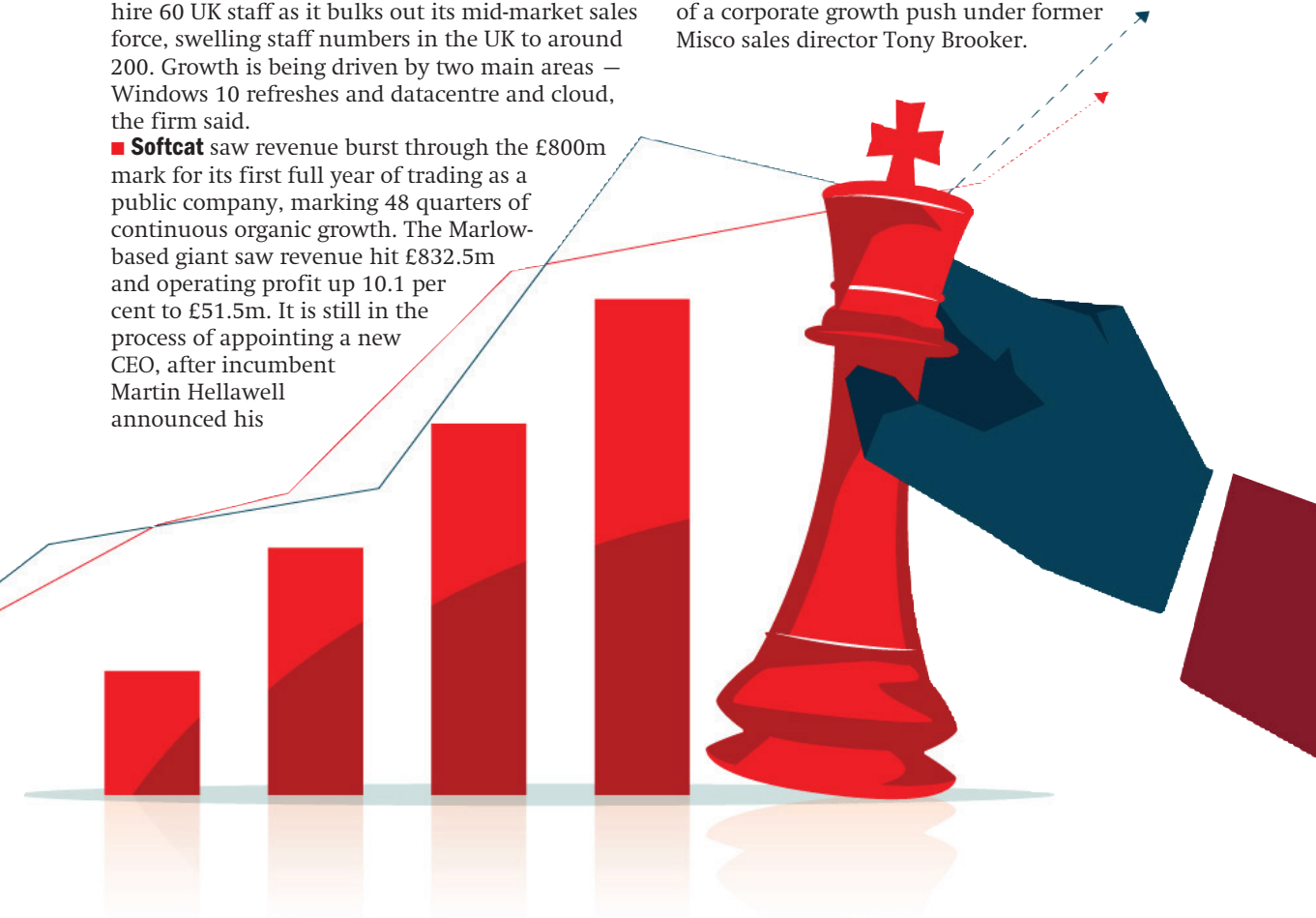
RESEARCH

■ Context's *ChannelWatch Survey* revealed resellers were most worried about pricing and procurement costs as rapid consolidation continues across many sectors. The survey, which profiles the views, activities and intentions of 7,500 global resellers showed a three per cent year-on-year reduction of active resellers between March and May 2017. The study also showed that over 30 major distributor M&A deals have taken place in Western Europe in the past 18 months.

■ Gartner predicted that worldwide IT spending will reach $3.7tn in 2018 — up 4.3 per cent from the estimated $3.5tn figure for 2017. Enterprise software and IT services, alongside communications services are fuelling the growth, the analyst said. Software spending will total $387bn in 2018, and services spending will rocket to $980bn in 2018.

■ Figures released by Infoblox, which questioned over 1,000 global security and IT professionals, revealed 86 per cent of DNS solutions fail to send notification of an attack, and companies first learn of a breach from their customers.

■ The worldwide software-defined storage market will increase 13.5 per cent between 2017 and 2021 with revenues of nearly $16.2bn by 2021, according to IDC. The market is divided into three sub-segments — file, object, and hyperconverged infrastructure — fuelled by next-generation datacentre requirements, the analyst said.

■ Artificial intelligence is set to deliver ROI within two years, according to 64 per cent of IT decision makers surveyed by security player Cylance. Nearly all those questioned said they are either spending on AI-powered solutions, or planning to invest in them over the next two years. In addition, 60 per cent already have AI in place and 79 per cent said AI was a top priority for their boards and C-level execs.

■ The banking sector is increasingly looking to artificial intelligence (AI) to differentiate from the competition, according to research from GlobalData. Its report, the *2017 Retail Banking Insight Survey*, said machine learning, natural language processing and predictive analytics will turn retail banking into a data-driven industry.

Mobile will be the main channel through which consumers access AI services.

■ Analyst TechAisle's *US Midmarket Digital Transformation Trends* study reveals that 41 per cent of US mid-market firms believe in digital transformation, with digital technologies affecting every aspect of the business and a core part of organisational strategy. For 59 per cent of the mid-market, digital transformation initiatives are sporadic and ad hoc or not critical across the entire business.

■ The US IT sector added around 3,200 new jobs in September, bucking the trend in other industries, according to the *CompTIA IT Employment Tracker*. The association says computer and electronic products manufacturing recorded its best month for employment in 2017. The growth was fuelled, it says, by new hiring in the computers and peripheral equipment and semiconductors and electronic components manufacturing categories.

■ Almost half of SMB-focused channel partners and over a third of those serving SMB and large businesses say their SMB customers leverage wireless technology that is at least eight years old, according to data from Linksys. The *Wave 2 MU-MIMO Wi-Fi Opportunity for Channel Partners*, an IDC InfoBrief, is sponsored by the networking vendor and surveyed 179 channel partners.

■ Adoption rates for Office 365 have significantly risen, according to Barracuda. Its figures indicate that 63 per cent of respondents to its survey are using Office 365, with 49 per cent of the remaining respondents planning to move too. However, security concerns are significant, with 92 per cent worried about ransomware and 76 per cent of those planning to migrate expressing concerns.

■ Sales in service robots for professional use will increase 12 per cent by the end of 2017 to a new record of $5.2bn, according to figures from the International Federation of Robotics (IFR). In the long term, the firm expects sales to grow at 20 to 25 per cent between 2018 and 2020, estimating the segment to reach around $27bn. Fuelling the growth will be the medical, logistics and field services sectors, IFR said. ➔
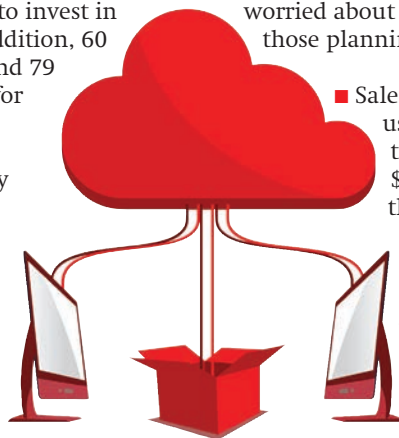
■ Revenue from the worldwide public cloud services market will hit $260.2bn in 2017, according to Gartner, an increase of 18.5 per cent on last year's total of $219.6bn. The analyst says SaaS revenue is growing faster in 2017 than it previously predicted, fuelling growth across its public cloud revenue forecasts. It claims SaaS revenue will grow 21 per cent in 2017 to reach $58.6bn as providers deliver nearly all application functional extensions and add-ons as a service.

■ US companies are leaving it too late to comply with new data regulation set to come into force next year, according to Spiceworks. The firm's *2018 State of IT* report, released during SpiceWorld in Austin, Texas, has found that few IT departments are budgeting for the Global Data Protection Regulation (GDPR) which is to be introduced in May 2018. GDPR will not only affect the EU but will also apply to any US company offering goods or services in Europe or profiling European citizens. However, the report shows 69 per cent of US organisations have not allocated budget for GDPR.

■ The global chatbot market is set to grow at 35 per cent between now and 2023, according to Research Nester. The market was valued at $88.5m in 2015 and is set to be fuelled by the expansion of social networking sites, according to Research Nester's report, *Global Chatbots Market Analysis & Opportunity Outlook 2023*. The demand has been particularly strong in large enterprises, where chatbots are expected to emerge as a major channel for commerce and digital communication over the next few years, it claimed.

■ Machine learning has moved "from hype to reality" in the enterprise, according to a survey of CIOs released by ServiceNow. *The Global CIO Point of View* shows growing confidence among executives that machine learning will lead to faster and more accurate decision making, and claims machine learning is already moving beyond the automation of routine tasks towards the automation of complex decisions. Sixty-nine per cent of respondents felt decisions made by machine learning will be more accurate than those made by humans.

■ Research commissioned by BlackBerry has highlighted business security concerns around Internet of Things (IoT) deployments. Conducted by 451 Research, the whitepaper, *Securing The Enterprise of Things: Opportunity for securing IoT with a unified platform emerging as IoT popularity grows*, claims that companies are "only as secure as their most vulnerable end-point". Sixty-three per cent of respondents said that security is their top concern regarding digital technologies and processes. Yet

only 37 per cent have a formal digital transformation strategy in place.

■ The education sector is neck and neck with the tech industry in their preparations for the forthcoming GDPR. Security specialist Clearswift surveyed 600 senior business decision makers and 1,200 employees across the US, the UK, Germany and Australia about their plans for GDPR compliance. The top five performing sectors were technology and telecoms (32 per cent), education (31 per cent), IT (29 per cent), business services (29 per cent) and finance (29 per cent).

■ Figures from F-Secure reveal that nearly one in three CEOs has been hacked. The firm questioned company bosses at 200 of the biggest companies in 10 countries — with the biggest breaches linked to LinkedIn and Dropbox. The Netherlands, UK and US showed the highest levels of breaches at 95 per cent.

■ Global spending on mobility solutions will hit $1.72tn in 2021, according to IDC's *Worldwide Semiannual Mobility Spending Guide*. The US will account for nearly a quarter of all mobility spending, with the largest technology category being mobility services. However, mobile connectivity services will be the most profitable sector.

■ New research by SolarWinds MSP claimed that four out of every five businesses across the US and UK will change how they deal with security in the coming 12 months. The report, *The Path to MSSP*, questioned over 400 SMEs and enterprises in both countries, and revealed there will be a "huge opportunity" for IT service providers, as half of businesses say they are planning to outsource their security for the first time.

■ Business intelligence, digitalisation, mobility and AI are seen as key drivers for financial services CIOs, according to Gartner's *2018 CIO Agenda Survey*. The analyst questioned over 3,100 CIOs in 98 countries across major verticals including banking and investment services. Seven per cent see the globalisation of their business as a strategic objective, the report also revealed.

ANALYSIS

It has been a bumper month in terms of channel and general industry activity — but some of the most prevalent themes for October seemed to be artificial intelligence (AI), the Internet of Things (IoT) and machine learning.

October saw more action around these three major technology sets, whether this is vendors teaming up to leverage their joint capabilities, launching new products or buying rivals; or resellers looking to boost their capabilities in this area through acquisition.

AWS and Microsoft joined forces to launch a new AI platform to help developers make the most of open source software. Cisco also unveiled a raft of AI services that focus on anticipating IT failures and mitigating risk.

The technology areas seemed particularly prevalent in the various events that happened in October. At the Gartner Symposium, the analyst told assembled delegates that AI will help to solve gaps in cybersecurity and IoT, plus it will create 2.3 million jobs in the process.

McAfee also jumped on the AI bandwagon, launching a brand-new product to automate data collection and drive productivity, and Splunk's annual user conference was centered around machine learning and the opportunities facing its channel partners.

Intel also launched an IoT-focused product that can be integrated into any device or IoT platform and Salesforce revealed it would be launching a huge range of products with a focus on the three key areas of IoT, machine learning and AI. At its Partner Exchange Summit, AT&T said IoT deployments had more than doubled since April.

Research from Cylance also brought AI to the fore, claiming that 64 per cent of IT decision makers felt AI would deliver ROI within two years, and separately, GlobalData research predicted that the banking sector would be looking to AI to differentiate from the competition.

Similarly, research carried out by ServiceNow said that machine learning has definitely moved from the hype stage to reality, with 69 per cent of global CIO respondents claiming that decisions made by machine learning will be more accurate than those made by humans. The International Federation of Robotics (IFR) said sales of service robots for professional use will increase by 12 per cent by the end of the year — mainly in the medical, logistics and field service sectors. The machines really are taking over!

AI and machine learning is an area that not-for-profit organisations such as CompTIA are taking seriously. CEO Todd Thibodeaux warned that AI could displace millions of workers in the future if their roles and skills do not adapt in line with the technology — in short, a lot of education is needed to ensure that humans and machines can work together in harmony.   ➜
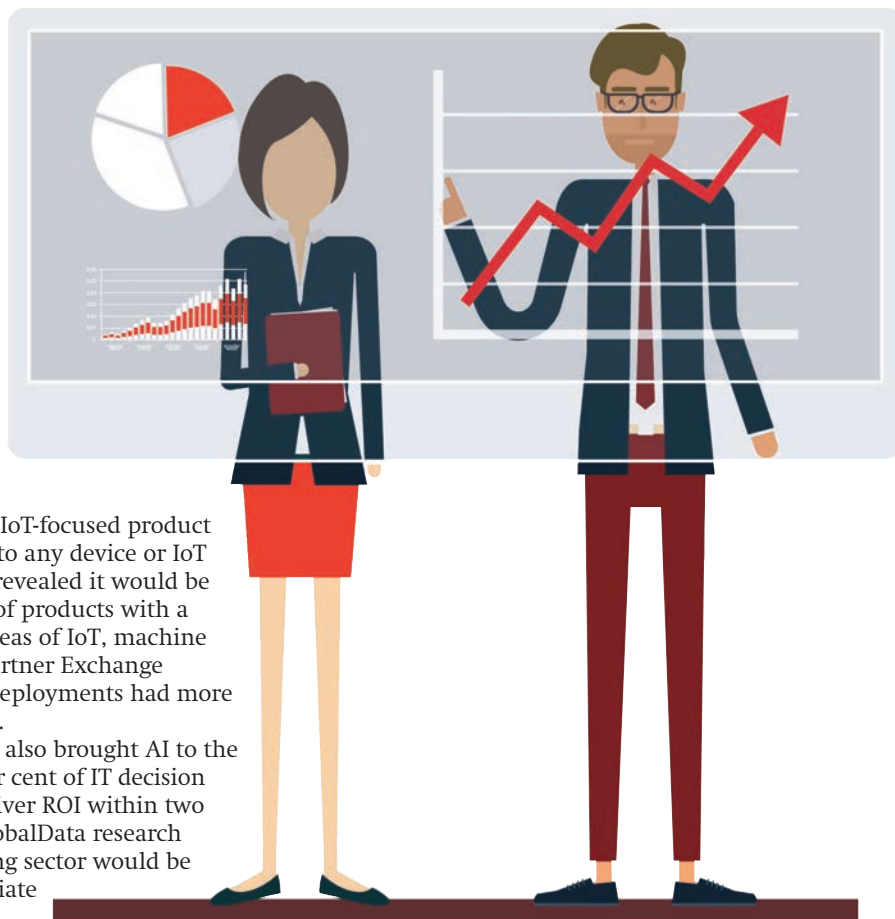
However, security concerns around all these technologies still remain high, and there is a lot of convincing to do on the part of both the vendors with their channel partners, and the channel with their customers that their valuable data is safe if they invest in this seemingly futuristic technology. But, similarly to cloud, standing still over these technologies is not really an option — being left behind in this continuing technology revolution is not a desirable scenario. Customers will have to overcome their fears and take the plunge to ensure they stay relevant.

Sticking with security, fears are still mounting over the impending General Data Protection Regulation (GDPR) laws coming into force next May — particularly in the US. Research from Spiceworks revealed that very few IT departments are budgeting for GDPR and could be leaving it too late to ensure full compliance. Come May 2018, there will be several companies that are used as an example to the rest of the industry and in some areas, it appears GDPR is not being taken seriously enough.

On a more positive note for the industry as a whole, IT spending is set to go up. According to industry watcher Gartner, the market will grow 4.3 per cent in 2018, with spending on IT services, software and hardware set to hit $3.7tn.

However, despite this prediction, concerns among the reseller community over pricing and procurement costs are still high due to the amount of consolidation that is happening in the industry, particularly this year.

According to Context's figures, the number of active resellers shrank by three per cent between March and May this year, with 30 major distribution M&A deals taking place over the past 18 months in Western Europe.

And consolidation continued this month, with perhaps the biggest merger being in vendorland, with Autotask parent company Vista Equity Partners announcing its intention to snaffle Datto for an undisclosed sum. While the three parties insisted the move was a positive one for partners, particularly their MSP partners, it can also be seen as another reduction of choice as the vendor pool continues to shrink.

Although Datto and Autotask have no product crossover, the value to resellers of being able to deal with different companies, and therefore different company cultures and channel approaches, cannot be underestimated.

Less choice is not always a good thing, although in Autotask and Datto's case, both firms are extremely committed to the channel and appear determined to bring nothing but benefits.

Looking at the reseller space, those pan-European, acquisition-hungry players are certainly recording some excellent financial results and growth, but unfortunately there was some sad news in the form of Misco, whose UK business went into administration.

While the firm is still trading in mainland Europe, the UK business has struggled, and the final nail in the coffin was delivered after HMRC issued a winding-up petition over unpaid VAT. The new Misco management team had worked hard to keep the company going through the tough times, but had to admit defeat after this latest blow, leaving over 300 staff without jobs. Fortunately rival XMA was able to hoover up some corporate sales staff, but an established player like Misco disappearing from the scene is a sad casualty of the pressure many players are under to keep up with the competition.

October has certainly been the busiest month so far this year and overall the signals coming from the industry are encouraging, attitudes are positive, opportunities through new technologies are very real, IT spending is on the increase, and vendors are investing in their channel partners.

If this continues for the rest of the quarter, the industry could be in for a very merry Christmas.

MISCELLANEOUS

■ IBM now has **more employees in India** than it does in the US, according to a *New York Times* report, with Big Blue employing 130,000 people in India — more than its native US. After 21 quarters of decline, market watchers said it was unsurprising that lower-cost workers held more attraction.

■ The European Commission is taking Ireland to court after it failed to recover up to $13bn in taxes from Apple. Apple was ordered to pay the amount in August 2016 after it took advantage of a special tax deal cut by the Irish government — meaning it paid one per cent tax in 2003 and 0.005 per cent in 2014.

■ The Chinese government gave its approval for HP Inc's acquisition of Samsung's printer business for $1.1bn. However, it has placed several restrictions on the deal, to combat fears of a monopoly on the print market. According to Reuters, the Chinese Ministry of Commerce issued a statement saying the sale of A4-format laser printers by HP in China should be done on "fair and reasonable" terms and the firm must report every six months on its prices and related data to the ministry. It also barred HP from buying into any other A4 printer vendors in China.

■ ConnectWise added two names to its board of directors. Former Tech Data veteran Steven A Raymund retired as the distributor's chairman of the board in June 2017 after serving the firm for 36 years in multiple roles, including 20 years as CEO. Stanley I Levy spent 35 years at public accounting firm Grant Thornton LLP before retiring in 2012.

■ CompTIA president and CEO Todd Thibodeaux warned that artificial intelligence, virtual reality and augmented reality could displace tens of millions of workers if people cannot adapt their roles and skills in line with the new technologies. He compared it to the period between 1880 and 1920, which saw the industrialisation of oil as an energy source, along with the launch of the car, aeroplane, radio and telephone.

The organisation also updated its Security+ certification exam to reflect the changing cybersecurity landscape, focusing on the practical side of detecting and addressing threats and vulnerabilities. At its UK annual conference it told partners that some parts of the channel were not "solution focused" enough and needed to adapt their sales methods to fit in with customers' demands.

■ Some of the world's biggest tech firms have joined forces to demand young, illegal immigrants are granted permanent residency, according to documents seen by news agency Reuters. Reuters reports that Microsoft, IBM, Intel, Google, Uber and Facebook are forming a coalition alongside US firms including Marriott to ask Congress to pass bipartisan legislation to allow immigrants, known as Dreamers, to continue working in the US.

■ SoftBank is planning to invest around $880bn in tech companies, according to CEO Masayoshi Son. He told Nikkei that the firm will invest the sum through three more iterations of its Vision Fund, the world's biggest private equity fund. Son said that SoftBank plans to invest in at least 1,000 tech companies in areas such as AI and IoT over the next 10 years, specifically "unicorns" — start-ups valued at $1bn or more.

■ The UK is laying blame for May's WannaCry attack at North Korea's door, according to reports. Reuters reported that security minister Ben Wallace told BBC Radio that England "quite strongly" believes the attack, which affected over 200,000 computers in 150 countries around the world, was launched from a foreign state. The NHS was one of the biggest victims of the attack.

■ Ernst & Young (EY) has been fined £1.8m by the Financial Reporting Council (FRC) after admitting to misconduct surrounding financial reports it audited for Tech Data. In 2013 Tech Data was forced to restate numbers for its 2011, 2012 and 2013 fiscal years in the UK after finding accounting "improprieties". Audit firm EY has now been fined by the FRC after its conduct "fell significantly short of the standards" expected of it.

EVENTS

■ **Canalys European Channels Forum, Venice –** Bold predictions were made at this event, including the statement by Canalys CEO Steve Brazier that Microsoft will drop its Surface business by 2019 to remain focused on its software business. Dell EMC also revealed at the event that 60 per cent of its overall revenues would come from the channel by 2020.

■ **Gartner Symposium/ ITxpo, Orlando –** The analyst told delegates that artificial intelligence will help solve gaps in cybersecurity and the Internet of Things (IoT) including a security skills shortage. Gartner EVP of research and advisory Peter Sondergaard said 1.8 million jobs will be lost to AI, but 2.3 million created as a result. Other highlights at the event included Salesforce CEO Marc Benioff warning that platform lock-in was inevitable and partners/customers will have to choose. AWS CEO Andy Jassy admitted the vendor still has work to do over its billing to make it easier for customers to understand, and said the firm will probably launch over 1,250 "significant" services and features next year, with a focus on serverless computing models, machine learning and IoT.

■ **Extreme Networks Global Partner Summit, Orlando –** The firm told assembled partners that it can now compete with rivals Cisco and HPE, after closing its Avaya and Brocade acquisitions and gaining the ability to offer an end-to-end networking portfolio. The vendor used the event to overhaul its channel strategy, launching a new unified global partner programme with an elite 'Black Diamond' level.

■ **NetApp Insight User Conference, Las Vegas –** Execs seriously considered cancelling the four-day event at the Mandalay Bay after the tragic terror attack in which a gunman killed 58 people and wounded over 500 more. However, it went ahead, and more than 4,000 people descended on Vegas for the event, where CEO George Kurian asked for a minute's silence for the victims. Messages from the event to partners included the need to encourage customers to leverage the data they are generating and make the move to hybrid cloud. **See more here**.

■ **AT&T Partner Exchange Summit, Dallas –** The vendor unveiled a new platform, FlexWare; a cloud-based voice and collaboration offering called AT&T Collaborate; plus a range of mobility offerings. The

vendor also revealed that its Partner Exchange channel programme saw IoT deployments more than double since April.

■ **BlackBerry security conference, London –** Chief executive John Chen spoke candidly about his refusal to change the firm's name as it moves from its traditional hardware model to focus solely on software. Chen said the vendor expects to "completely erase" its hardware revenue next year. The firm also hinted that it is looking to increase its indirect sales model which currently stands at 65 per cent of sales through partners.

■ **McAfee MPower Cybersecurity Summit, Las Vegas –** The vendor, which split from Intel in April, announced a range of new releases including new end-point security offerings, and Cloud Workload Security, plus a machine-learning and AI offering called McAfee Investigator to automate data collection and drive productivity in SOCs. CEO Chris Young also said that the security skills shortage could be halved by making existing security works "20 per cent more efficient". In addition, the firm is battling to shift its anti-virus reputation and be seen as a vendor focused on the broader security landscape, it admitted at the event.

■ **Splunk's eight annual user conference, Conf2017, Washington DC –** Contained a big message around machine learning and the opportunities facing the channel. The firm is hoping channel partners will embrace the technology, but is aware of the challenges faced by the market and admitted the technology was a "difficult practice". The firm also advocated using army veterans to plug the skills gap. **Click here to read more**.