

**CRN**  
**ESSENTIAL**

# WAR 5000

**PREVIEW**

## Contents

### How Covid has reset reseller reality

Year-end figures  
VAR 500 in numbers

### VAR 500 profiles

How big is the UK channel?  
Financial performance: 301-400  
Flocking to furlough  
Next generation  
What's in a name?  
Financial performance: 201-300  
Is ERP the place to be?  
Gross profit health check  
Vertical verdict  
Cybersecurity standpoint  
Mappy families  
Financial performance: 101-200  
Audio visual vantage point  
VAR 500 growth vs previous years  
Print panorama  
Getting to know networking  
Financial performance: 1-100  
Ownership shake-up  
Highlights and lowlights

### The Next 100

### Index: A to Z of VARs

**CRN**  
CHANNELWEB.CO.UK

Incisive Media, New London House, 172 Drury Lane, London WC2B 5QR Tel: (020) 7484 9000

CRN editor Josh Budd 9854

Head of channel research Doug Woodburn 9817

Head of channel Matt Dalton 9896 Head of global sales Nina Patel 9943

Global account director Jessica Feldman 9839 Account manager Jessica Richards 9923

Senior customer success manager Andrew Judge 9734

Managing director, Technology Division Alan Loader

Managing director, Incisive Media Jonathon Whiteley

**CRN**  
**ESSENTIAL**

© 2022 Incisive Media



## VAR 500: Preview

Hello and welcome to this preview version of *CRN VAR 500* – *CRN's* most comprehensive attempt yet to map the UK channel skyline.

Available exclusively to *CRN Essential* subscribers, the full version of this report ranks and profiles the 400 largest revenue-reporting front-line UK channel partners on our radar, from Softcat and Computacenter downwards.

In a new development, a new section at the back also counts down (or, strictly speaking, up) the 100 largest outfits who don't divulge their top line. Their headcount ranges from 120 to 32.

With estimated revenues of nearly £25bn, together these 500 resellers, MSPs and niche consultancies represent a sturdy front line standing between the vendors and the end-user budgets they are so eager to unlock.

Analysing the collective financial fortunes of the top 400 offers valuable insight into the channel's performance during the pandemic. In a confirmation of the industry's remarkable resilience, the combined revenues they recorded in their latest sets of annual accounts (as of 25 January 2022) rose by 4.5 per cent to £23.1bn.

That growth was, however, propped up by the report's larger players. While the top 100 grew by 6.3 per cent to £17.9bn, those smaller outfits ranked 201st to 300th and 301st to 400 saw sales shrink by 4.0 and 7.1 per cent respectively.

And in contrast to previous years, almost as many of the top 400 saw sales shrink as grow (192 vs 206). For obvious reasons, those specialising in installing and servicing on-premises equipment have struggled, with some managed print and audio-

visual providers seeing their top lines cut in half.

As the £64m in furlough or government grant payments claimed by the top 400 demonstrates, the channel has not had an easy ride, with revenue growth slowing from 7.8 per cent last year (and 12.4 the previous year).

Almost half came out of the period with higher profits, however, thanks to a combination of lower overheads, careful cost management and the helping hand of government support.

A bifurcation of the market has occurred, with the pandemic accelerating the concentration of volume IT sales into the hands of a fewer number of large players.

While the likes of Computacenter, Softcat and Bytes grew by double-digits in their latest years, smaller channel partners are deliberately sacrificing low-margin product sales at the altar of margin-rich recurring revenues.

This only underlines the differences between the 500 companies profiled in this report. They vary from large, all-purpose IT solutions providers to niche consultancies specialising in cybersecurity, networking, print, AV, ERP software or even assistive technology. Collectively, however, they hold the key to UK channel success for all the major IT hardware, software, cloud, comms, print and AV vendors, from Adobe and Apple to Zyxel and Zoom.

For enquiries on how to obtain this report, or become a *CRN Essential* subscriber, please email [jessica.richards@incisivemedia.com](mailto:jessica.richards@incisivemedia.com).

■ Doug Woodburn is head of channel research at Incisive Media



“Analysing the collective financial fortunes of the top 400 offers valuable insight into the channel's performance during the pandemic”

## How Covid has reset reseller reality



With the latest sets of accounts from the top 400 firms in this report generally overlapping with at least the first national lockdown it is – for the first time – possible to draw some firm conclusions about how Covid has reshaped the channel.

Considering all 400 sets of accounts together, six key talking points emerge:

### 1. Taking a top-line toll

As referenced by several of the VAR 500 themselves in their annual accounts, the IT sector has fared better than most during the pandemic as all organisations turned to technology to help them transform how they worked.

208th-ranked TIG characterised the pandemic's overall effect as "broadly neutral", while 205th-ranked Acron described the sector as "resilient" for instance.

But as this year's data confirms, the backdrop of empty offices and increased customer caution has inevitably taken its toll on the UK channel's grp-line contraction.

Print and AV specialists were the worst hit, with the respective 32 and 20 specialists we identified in these markets seeing their collective sales tumble by 15 and 22 per cent. Several saw their top lines halve. This includes Edinburgh-based **Capital Document Solutions**, which registered the first trading loss in its 50-plus-year history in calendar 2020.

With a few exceptions (including 391st-ranked **Thorogood Associates**, which said the switch to addressing "entirely remote customers" via an "entirely remote output" ranked a "major success" in its 2020 report), what happened to companies that were

claimed Covid accelerated demand for their services – including 254th-ranked used IT hardware specialist **Covenco**, 235th-ranked customer experience technology provider **Anana** and 210th-ranked SD-WAN ace **SAS Global Communications** and the big etailers – were in the minority.

Further evidence of the carnage wrought by Covid can be found in the collective £64.3m furlough/government grants claimed by 152 of the top 400 in their latest years. Only 18 companies explicitly said they made no use of the Coronavirus Job Retention Scheme, with the remainder not specifying one way or the other.

### 2. All's fine at the bottom line

Despite this turbulence, the VAR 500's profitability held up – and even marginally increased – thanks to a combination of lower travel and entertainment costs, prudent cost management and the cushioning of government support.

Many e-tailers saw their profits skyrocket as they registered higher sales without a commensurate increase in administrative costs. 15th-ranked **eBuyer's** net profits boomed from £531,000 to £7.3m, for instance.

Of the 389 firms who reported the relevant data, median net profit margins rose marginally from 2.6 to 2.89 per cent. Some 192 saw net profits grow, with 197 witnessing a bottom-line contraction. Gross profits also held up at a collective level.

## The full version of this report is available exclusively to CRN Essential subscribers

### The full report contains:

- Full profiles of top 400 by revenue
- Abbreviated profiles of 'next 100'
- Analysis of revenue and profit performance by company size

### Sample profiles

quickly to control costs – and a subsequent "recovery" phase, adding that it is expecting growth in its fiscal 2022.

The firm admitted its business was "clearly impacted" by the pandemic, with headcount falling from 216 to 192 during its fiscal 2021.

### 156. Systel

↑51 £28m (+49%)

↑15.7% 212

Counting Coca Cola among its clients, this Glasgow-based Cisco Gold partner enjoyed an effervescent calendar 2020 as it more than doubled net profit to £4.4m on revenues that soared by nearly a half. Having scored minority investment from private equity house Inflexion in March 2021, Systel is now building a global presence, recently establishing around 30 overseas entities.

### 155. Little Fish

↑51 £28.3m (+50%)

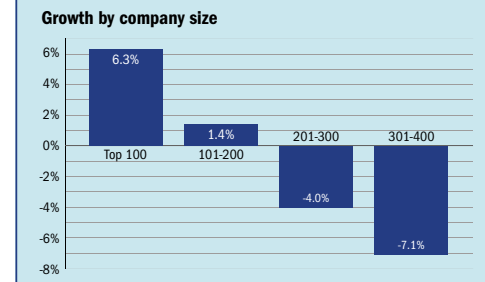
↑12.8% 354

One of this report's fastest-growing and most profitable outfits, this Nottingham-based MSP chalked up a 50 per cent revenue hike in its year to

### VAR 500 in numbers

**£24.55bn**  
The estimated revenues of the top 500, more than four times the value of every work of art sold by Sotheby's in 2021

**78,900**  
Their combined headcount, roughly equivalent to the population of Gateshead



**26%**  
of UK-based outfits in the top 400 that are now private equity backed

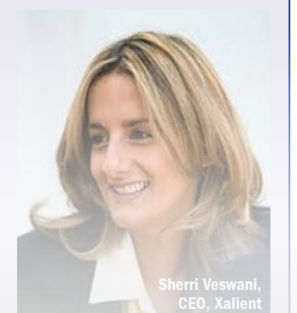
### Next generation

Reflecting both *CRN's* efforts to widen its radar and the emergence of new, fast-growth firms, there are a record 92 new faces in this year's VAR 500 (excluding the 98 new companies in the headcount-based 401-500 section).

This year, we left no stone unturned in our hunt for new recruits. We scoured the partner locators of a raft of vendors including Cisco, HPE, Dell, HP, Lenovo, VMware, AWS, Citrix, Check Point, Fortinet, Palo Alto, Oracle, Mimecast, Sophos, Veeam, McAfee, Symantec, Trend Micro, Extreme Networks, Juniper, Sage and Oracle for resellers and MSPs not previously in our sights.

But the expanded line-up also reflects the emergence of a new generation of channel partners that are growing swiftly through either organic growth or M&A.

This includes 172nd-ranked Xalient, whose revenues more than doubled in 2020 thanks to surging demand for the secure access service edge (SASE) solutions it offers, and 325th-ranked Securinty, a security VAR headed up by industry veterans including Simon Crumlin and Ian Morris. Both were founded as recently



also make up the list of new entrants, including 340th-ranked Vest Technology and 258th-ranked Cyberfort. Both have a focus on cybersecurity.

Also among the 92 debutants are a gaggle of channel partners that have only just begun their annual accounts detailed

Please contact [Jessica.Richards@incisivemedia.com](mailto:Jessica.Richards@incisivemedia.com) for more information