CRN
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March 2017

Flower power

Daisy CEO Neil Muller on the firm's plans to blossom into a £1bn business **16**

ESSENTIAL ELEMENTS OF A GOOD PARTNER PROGRAMME **20** EMERGING CHANNEL OPPORTUNITIES IN THE AREA OF DATA ANALYTICS **25** WHAT THE CHANGES TO G-CLOUD MEAN FOR SUPPLIERS **32**

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Avoiding a public tongue-lashing

Cold calling and emailing will remain an indispensable tool in IT suppliers' kitbags for years to come.

But few would deny that it's getting tougher to impress potential prospects in a world where CIOs and IT managers are extremely savvy and generally already know what they want to buy.

Some of the more clumsy approaches made by vendors and resellers are now being publicly called out on LinkedIn, with some going viral.

One post, from the CISO of a high-profile media company, named and shamed an IT supplier for continuing to email him after he'd requested they stop. Another slated a supplier for cold calling him with the line that their "vice president is in town".

> **"IT suppliers need only a small percentage of prospects to bite, but these public roastings will serve as a warning to anyone employing sneaky tactics"**

Of course, IT suppliers need only a small percentage of prospects to bite, but these public roastings will serve as a warning to anyone employing sneaky or overly aggressive tactics. Experts I spoke to say resellers should get more imaginative over their sales and marketing strategies. This could include supplementing traditional approaches with social selling, content marketing and thought leadership, or offering a 'give-to-get', such as a free assessment, in their initial conversations with prospects.

One technology category that apparently doesn't need much selling at all at the moment, however, is the Internet of Things, and this week's Spotlight (p10) takes a look at some of the IoT case studies where resellers are enjoying the most traction.

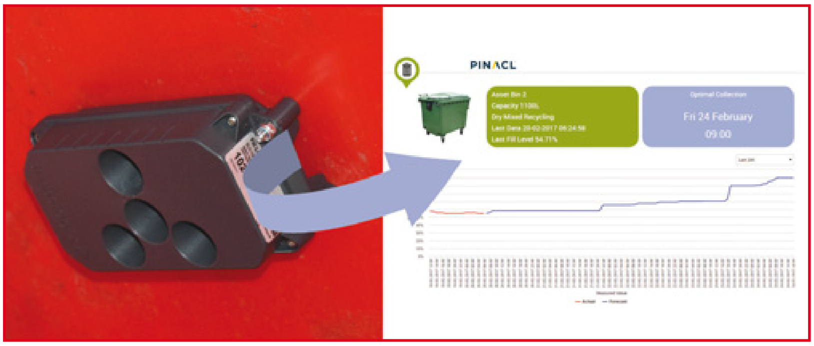
This issue's cover story, meanwhile, is our Big Interview with Daisy chief executive Neil Muller (p16). We caught up with Muller at Daisy's Blackfriars office, which it inherited through its recent £165m acquisition of Alternative Networks.

However, further acquisitions are unlikely for the foreseeable future, Muller told us, because he believes Daisy now has the end-to-end comms, IT and cloud capabilities necessary to generate significant organic growth.

This month's packed issue also includes features on the hottest technology to come out of this year's RSA Conference (p34), the potential renaissance in the hardware market (p18) and the government's transformation strategy (p32). Plus our Special Report beginning on p25 reveals some exclusive findings on the growth of data analytics and the main drivers for spending in this market.

As ever, please get in touch with us via *ChannelWeb* or Twitter @CRN_UK.

■ *Doug Woodburn is editor of CRN.*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Five things we've learned this month

1. THE 'BIG FOUR' ARE NOW THE 'BIG THREE'

Ingram, Tech Data, Arrow and Avnet have dominated the global IT distribution market for decades, but that cosy quartet is now a member down.

Tech Data and Avnet Technology Solutions are now formally one company, following the closure of the former's $2.6bn (£2.1bn) acquisition of the latter at the start of March.

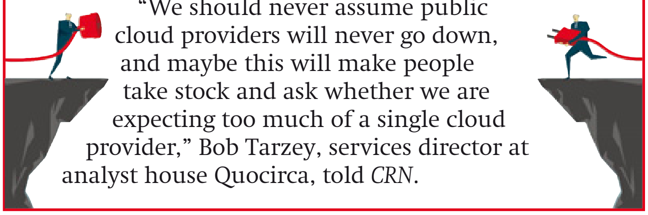
Key UK and European figures at Avnet, including Grame Watt and Miriam Murphy, were immediately handed roles in the enlarged company, which has 14,000 staff, including 7,500 in Europe. Another former Avnet figure, Patrick Zammit (*pictured*), who has been crowned European president, said he aims to have Tech Data's integration process complete in a year's time, with Germany and the UK – the largest markets of both Avnet TS and Tech Data – expected to take the longest.

"The overlap is of course going to have an impact on the support functions of each business, but I do not think that we will see big lay-offs at this stage," he told *CRN* sister publication *Channelnomics Europe*.

2. AN AWS OUTAGE MEANS THE WORLD PAYS

An outage at AWS which brought large swathes of the internet to its knees has left the industry pondering whether the world has become too reliant on the giant.

The five-hour blackout on 28 February, caused by an inputting error when AWS was debugging an issue with its S3 storage service, affected a variety of cloud services and IoT devices. Fifty-four of the top 100 internet retailers were affected with a decrease of 20 per cent or greater in performance, according to web monitoring outfit Apica.



"We should never assume public cloud providers will never go down, and maybe this will make people take stock and ask whether we are expecting too much of a single cloud provider," Bob Tarzey, services director at analyst house Quocirca, told *CRN*.

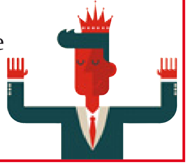
3. THERE'S A NEW KING OF PRINT

Danwood has been the king of the UK print and copier channel for decades, but – proving that no dynasty lasts forever – the Lincoln-based giant has been snapped up by a pretender to its crown, Apogee.

This is the largest deal yet for acquisitive Apogee, which promised to keep its foot on the M&A pedal when it took on private equity house Equistone Partners Europe as an investor in September.

No mention of Danwood management was made, but Apogee said its board of directors, led by joint CEOs Jason Collins and Robin Stanton-Gleaves, will continue to manage the group following the deal.

"This significant acquisition for Apogee provides us with the scale and reach to be a leading player in the European market for MPS," Collins said.

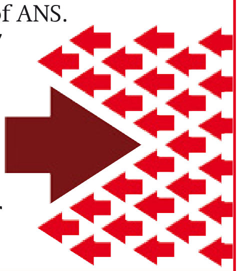


4. THE SERVICES TRANSITION IS ACCELERATING

Comments made during our recent *CRN Top VARs* roundtable added to the impression that the transition to services is speeding up.

"We're at the point now where we are actively discussing what does a shift of our business look like if we are going to go 100 per cent services related [and] the kit is only there as a mechanism for getting customers into the cloud or onto a managed WAN or managed network?" said Paul Shannon, CEO of ANS.

John Pepper, CEO of Managed 24/7 added: "[The channel has changed] more rapidly in the past two to three years than it has at any other point in time, and if you are a traditional VAR… you probably won't be in business in three or four years' time."



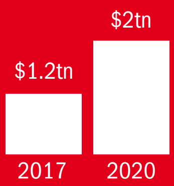
5. SELLING TECH TO THE MoD IS RISKY BUSINESS

Whatever the woes of dealing with a large central government department like MoD, at least it pays its suppliers on time, right?

Well, not according to multiple IT suppliers we spoke to last month, which had encountered persistent payment problems with the MoD's Contracting, Purchasing and Finance (CP&F) system, which went live on 5 December. The new "end-to-end" system is designed to improve supplier interaction with the department and replaces the previous P2P system.

In a statement to *CRN*, the MoD said it had processed 90 per cent of outstanding invoices and is dealing with "the last few", adding that it was confident any delays will be "resolved rapidly". "Now the new CP&F system has been implemented, business with the MoD will be far more efficient," it added.

Facts and figures



Predicted growth in digital transformation spending, with retail, healthcare, insurance and banking the main verticals *(IDC)*

3,440%

Sales growth of UK cloud provider UKCloud over three years, making it the seventh-fastest-growing private firm in Europe *(Inc. magazine)*

Tweet of the month:

"Women occupy 17 per cent of tech jobs. Fewer than one in 10 of these women are in leadership positions #IWD2017 @techuk"

TechUK president and Sage's UK boss Jacqueline de Rojas (@JdR_Tech) highlighted diversity issues in the technology industry ahead of International Women's Day. She wrote an open letter to the technology industry, urging them to take action to address the lack of women in their companies.

She said that diversity is not just a "nice to have", but is good for business because products and services which come from non-diverse teams do not reflect the global markets the sector serves.

Verb of the month:

"To Daisy"

See our Big Interview on p16 to read about Daisy CEO Neil Muller's ambitions for turning "Daisy" from a noun into a verb.

POLL: Have we become too reliant on AWS?

amazon web services™

Yes 68%

No 32%

AWS accounts for 40 pence of every £1 spent on public cloud, says analyst Synergy Research, and its recent S3 outage (*see p7*) affected 20 per cent of the internet, according to some estimates. The majority of respondents to our poll agreed that such dominance is not desirable.

However, Chris Cox, AWS alliance lead at AWS partner KCOM, was quick to defend the cloud giant, and advised customers to follow AWS guidelines on building resilience into their solutions.

"AWS has 16 regions, comprising 42 Availability Zones running over 70 services. Admittedly S3 is an important, core service to lose, but considering the vast scale of AWS, I would say that rather than be a cause for concern, the short duration of this incident should be seen in the context of the otherwise incredible resilience of the AWS platform and its ability to resolve issues in very short timescales," he said.

NOTABLE AND QUOTABLE: Sir Peter Rigby, SCC

"We know there's global demand for British expertise and skills and my department wants to do all it can to help UK companies grow and build their presence abroad. Vietnam is a fast-growing region with great trade and investment potential for UK businesses and SCC is a great example of a business taking advantage of the opportunities to put in place ambitious expansion plans."

Secretary of state Liam Fox (pictured right with Sir Peter Rigby) praised SCC's international ambitions as he opened the reseller and services firm's second global delivery centre in Ho Chi Minh City, Vietnam. SCC founder Sir Peter Rigby said that Vietnam is an "ideal location" for his firm's customer services due to its high-quality education system, 300-plus IT-only universities and high standard of English.

Sensing an opportunity

*Sticking sensors on anything from refuse bins to plant machinery could become big business for the UK channel. **Doug Woodburn** looks at how the IoT appears to finally be gathering pace*

The Internet of Things (IoT) is regarded as the ultimate over-hyped technology in some circles, but across the channel it appears that IoT user cases are starting to multiply.

Until now, relatively few resellers appear to have embraced the world of IoT, with a recent study from CompuBase finding that just one in 12 resellers – both in the UK and across Europe as a whole – have carried out work in the field.

But traction seems to be gathering pace across the UK channel as organisations begin to embrace what IoT can offer.

According to Gartner, IoT is "not just a toy anymore" for businesses. It pinpointed smart buildings, automotive and healthcare as prime IoT niches resellers should target.

Some 8.4 billion connected things will be in use globally in 2017, a 31 per cent hike from last year, Gartner predicted.

The IoT install base among businesses will hit 3.1 billion devices this year, a 30 per cent hike on 2016, while the number in circulation in the consumer market will rise 32 per cent to 5.2 billion, Gartner said.

8.4bn
Connected things in use in 2017 *(Gartner)*

20.4bn
Connected things in use by 2020 *(Gartner))*

$273bn
IoT services spending in 2017 *(Gartner)*

One in 12
UK resellers who are active in IoT market *(CompuBase)*

Cutting local waste

Rob Bardwell, managing director of Pinacl, said the Wales-based systems integrator has already seen success in designing and deploying IoT solutions, particularly among local councils looking to do "more for less".

"We are working specifically with councils at the moment, looking at air pollution, waste, traffic control, parking spaces – a myriad of things that will sit on one network," he said. (An example of this technology, a sensor placed in a dustbin to measure waste levels, can be seen below.)

"It's about taking the sensor information and gathering that data to make intelligent decisions to drive efficiencies.

"The other area we are looking at is control of high-value goods. For instance, for a building site with such goods on the site, we can build a network with a mobile SIM in it and you can track those goods onsite."

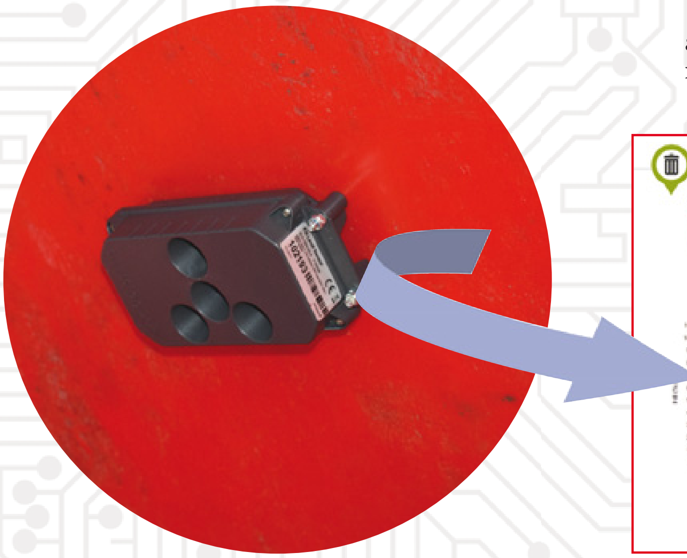
This second concept could also work well for hospitals, Bardwell said.

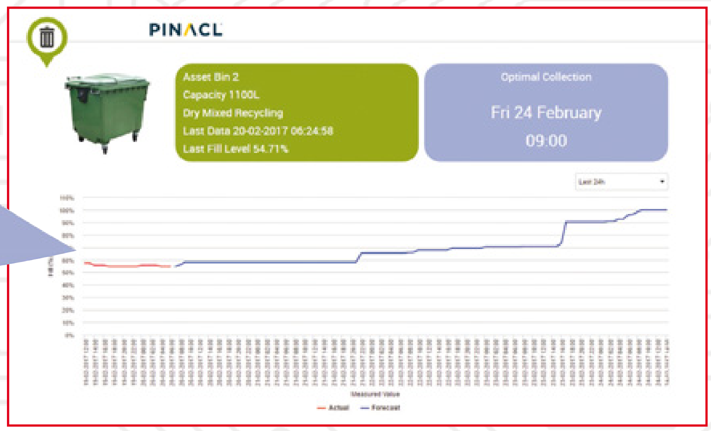
"Hospital beds all look the same, but some – orthopaedic beds and the like – are very costly and they move between departments and get lost," he said. "We've got a couple of hospitals with wireless LAN in, but IoT networks – because of the relatively cheap cost and coverage – would be a better solution for that."

Bamboo Technology is another MSP betting big on IoT after setting itself a target of growing revenue from a current run rate of £12m-£13m to £50m in a "couple of years". Having trialled it with select channel partners, the Cheltenham-based outfit has launched its M2M [machine-to-machine] service to its direct customers – M2M being the data connectivity for the IoT.

Bamboo's M2M SIMs operate on all UK major networks, and on over 600 networks globally, due to an international roaming agreement with its core vendor partner Telefonica.

Bamboo managing director Lorrin White (*pictured, right*)





also picked out healthcare as a key vertical for the service, which Bamboo can offer either on a wholesale pence-per-kilobyte basis, or as a bespoke data bundle.

As an example, one possible application for healthcare might be alerting staff in care homes to the fact that a patient hasn't put the kettle on by 8.30am, she said.

Bamboo has already rolled out six or seven significant M2M projects with its channel partners, she said.

"Some of these opportunities come through very small to begin with but gain traction over a short period of time," White said. "We had a client that started off with 15 connections and is now ordering hundreds each month. We see [IoT] becoming a substantial part of our business."

IoT 'a team sport'

Ben Boswell, EMEA director at Cisco and Dell EMC partner World Wide Technology (WWT), claimed the IoT market is on the "verge of sizeable growth", but argued that linking up with other partners is essential for resellers in order to take full advantage of the trend.

Boswell said the IoT is high on his firm's agenda, claiming its goal is to become one of Cisco's IoT partners of choice. He cited one customer, a global manufacturer, which over 18 months made $1bn (£803m) of savings thanks to the IoT technology it deployed.

The nature of IoT, which can involve adding sensors to significant numbers of devices, means that partners need to work with one another to deliver a customer solution in this space, Boswell said.

"IoT is a team sport," he added. "It depends on each one of the customer engagements we are in. The art and science of this is being able to pull together teams which consist of not just our customers and ourselves, but of other partners which may be specifically specialist in a certain area and working together to deliver the outcome a customer wants. It would be a bold statement, even from an IBM or one of the large providers, if they said they had everything covered."

According to Gartner, total spending on IoT end-points and services will reach almost $2tn in 2017.

"The numbers show that we are seeing a lot of momentum, especially when it comes to real-time manufacturing and the increases in electric metering for smart grids," Gartner research vice president Bettina Tratz-Ryan told *CRN*.

"It really shows that there is a dire need for business processes to get better data for organisations to understand what is happening on their manufacturing floors and within critical infrastructure.

"It's not just a toy anymore, but is really starting to gain traction."

"Some opportunities come through very small to begin with but gain traction over a short period of time. We had a client that started off with 15 connections and is now ordering hundreds each month"

Lorrin White, Bamboo Technology

Manufacturing IoT sales

Although manufacturing remains the top IoT vertical, there are a wealth of other opportunities partners can target, says Cisco's UK CTO Alison Vincent.

For the UK, where are we at with the IoT trend in terms of its maturity?
The manufacturing industry is most advanced in the benefits it is getting from IoT. They are connecting the sensors on the machinery with video cameras on the factory floor – all the way back to the iPad the person walking around the factory floor is using. In that industry, if they make even a very small fraction of saving, because the process is very expensive, they get a huge amount of value from this productivity.

From a partner point of view, is manufacturing the best industry for them to start looking at for opportunities in this space, and are there other verticals where IoT is taking off?
Manufacturing is the most advanced, but the other main area is retail. A lot of retailers are trying to approach IoT from the customer-experience side. How can they [improve] customer experience from when people come into the shop, in terms of connecting the shopper, when they come in with a mobile phone, with offers available. Having said that, the UK government is totally behind digitising the country as a whole, so a lot of the public sector [is also on board], such as healthcare, schools, universities and museums – because it's such a driver for improvement and gaining cost savings, it's certainly hitting lots of industries right now.

Some partners have said that the bespoke nature of IoT can cause a headache for them as they can't gain traction with easily repeatable business they can scale fast.
How can they get around this issue?
If you solve a common problem, that core problem you solve is repeatable. You then just skin it in a different way. The key in this space is finding that niche, which of course, because this is hitting all industries, there are huge opportunities for partners to find that niche for themselves.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Infinigate wisdom

*After bagging investment from a private equity powerhouse, Infinigate's CEO tells **Josh Budd** about the distributor's M&A plans*

Financial backing from Infinigate's new investor H.I.G. Europe – which recently bought a "significant" stake in the company – will mean the security VAD has the resources to go after larger acquisition targets in Europe and beyond, according to CEO David Martinez.

Martinez claims that the motivation for the deal with the European subsidiary of Miami-based private equity heavyweight H.I.G. Capital was to give Infinigate the financial clout to acquire larger companies than it has in the past. For its part, the investment house claims that it brings with it expertise and experience of both buy-and-build strategies and the technology sector across Europe.

"Geographic coverage is an important success criterion in the distribution sector and that was the reason we have expanded in the past," said Martinez. "The more areas we can cover, the more attractive we become for vendors in general. That was the basic motivation; to look for a financial investor that brings money into the company and helps us put in place our plan to expand geographically through acquisitions in Europe and even beyond, with the goal to become the market leader as a value-add distributor," he said.

"We are growing, as you have seen in the past 11 years, with a growth rate of between 20 and 30 per cent [per year], and we are also increasing our profitability. But the growth itself also costs a lot of money and we invest almost all our money back into the company to finance the growth, and we realised that it would be difficult to move on with further acquisitions.

"Acquisitions will become a bit bigger than the ones we have done in the past, because we are also getting bigger as a company. And, on top of our organic growth, which also needs to be financed, there was not that much money left for acquisitions of bigger targets. It would be enough for smaller targets, but today we need to have a look for bigger targets. Acquisitions will definitely be bigger than before, provided there are the right targets in the market."

Martinez remained tight-lipped on the size of H.I.G.'s stake in Infinigate, with the company's press release only describing its slice as "significant". The CEO stressed, however, that H.I.G.'s involvement in Infinigate will be purely financial, and that the investor will have no say in the firm's strategic direction.

"It is a significant stake because our goal is to strongly move on with acquisitions, and you don't get acquisitions for free, so you need a certain amount of money, which is a reason why the shareholding is significant," he said.

"It is more important to say there will be no change of any kind to the strategy or set-up. The only difference will be that now we have the financial resources to move on with our geographical acquisitions. They are a financial investor, they will not even have a seat in the management."

Infinigate at a glance

€296m
Infinigate's FY16 turnover

Nine
Number of European countries in which the firm operates

1996
Year the company was founded

The white stuff

Martinez said he is confident that the firm will make at least two acquisitions in Europe within the next 12 to 18 months, but also said that he is eager to break into the Middle Eastern market if attractive M&A opportunities are available.

"We have some white spots in Europe. There are some we would like to cover, but it could also be beyond Europe if there are targets which suit us that would like to be bought. Not only Europe but also the Middle East it is on our list – not tomorrow, but it is on our list," he said.

Martinez has previously claimed that southern Europe and Benelux were priority European regions for further geographical expansion – which he said still stands. He claims that Infinigate decided to look for a financial investor about a year ago, as a means of accelerating geographical expansion.

Infinigate has seen strong growth over the past 11 years, growing from an €11m VAD in 2005 to a €296m-turnover (£253.8m) pan-European player today. Having adopted an aggressive acquisition strategy in its 21 years of existence, the firm has operations in nine countries across the continent after recently opening an outpost in Finland.

"Today we need to have a look for bigger targets. Acquisitions will definitely be bigger than we have done in the past, provided there are the right targets in the market"
David Martinez, Infinigate

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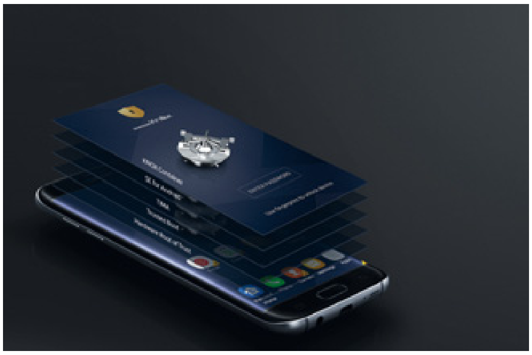

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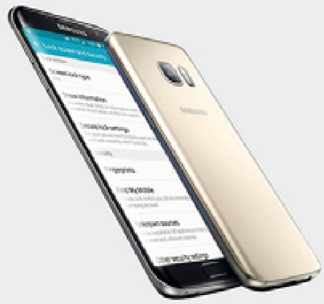

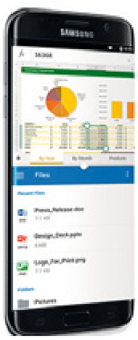

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Convergence clout

After a dizzying M&A spree, Daisy's converged telecoms, IT and cloud capabilities will help it deliver the organic growth needed to hit its £1bn revenue goal, its CEO Neil Muller tells ***Doug Woodburn***

You've made three blockbuster acquisitions – Damovo, Phoenix and Alternative Networks – since you went private in 2015. How have they changed the character and scale of the business?
We are now a circa £720m-revenue business, and about £120m to £125m EBITDA. The Phoenix acquisition effectively gave us overnight the capability we needed to serve the strategic intent of the business, which is to be a converged services aggregator of business communications, IT and cloud.

We believe that in order to be a digital enabler of UK businesses, you must have these three capabilities in your kitbag. Whereas traditionally most people that exist in the market are either telecoms, IT or cloud, we can deliver all three of those things. Our strapline is "joining the dots in a converging world of business communications, IT and cloud", and I think that makes us very different.

What people are surprised about is the beautiful balance of our product lines. Until around five years ago, circa 90 per cent of our revenues came from lines and calls. Today, networking is £180m, mobile £150m, data £180m, business continuity and cloud £100m and systems £140m. That covers all the areas you need to deliver a converged offering.

You acquired Alternative Networks for £165m in December. How far are you along with the integration?
We are nearing planning completion, which I think is the most important part of the integration, and then we will get into the execution pretty immediately. We will be One Daisy, fully integrated with Alternative, very, very quickly.

In 2015, your founder Matthew Riley set a £1bn revenue goal. What are the ambitions now?
Success still looks like a £1bn business. While we've made 50 acquisitions, it is unlikely that we will make another one in the foreseeable future. We are now in an organic growth strategy. My job is to take this organisation from a circa £720m revenue stream to a £1bn business. If you apply what I believe to be the opportunity — which is double-digit organic growth — that should take about three years. Over the course of the last 12 months, our organic growth has been just over five per cent in a combined comms, IT and cloud market which is growing at around one per cent, which means we are taking maybe four to five times market share. I'm pleased but not satisfied with that — I know we can do better.

A *Sunday Times* article claimed that Daisy is gearing up to go public again in late 2017 or early 2018. Is that true?
We have no plans at this moment in time. We didn't instigate the article. We are always the subject of media speculation, and that's all it is: speculation. Right now I am fully focused on organic growth, and helping our customers and partners to do the same.

You operate separate divisions serving SMB, mid-market and large enterprises. How is the revenue split between them changing?
Prior to the Alternative Networks acquisition, it was three, two, one — £300m, £200m, £100m. We are reversing ourselves into the Alternative capability here [in Blackfriars] which now makes it broadly speaking £300m, £320m, £100m.

There is also a message of balance and diversification, and a message of recurring revenues. Of that £720m, 75 per cent is recurring revenue, and that is unheard of. We don't have a large supply chain business — customers are buying multi-year contracts from us, which makes it a really high quality of revenue and associated profits.

Daisy's heritage is in SMB. What are your ambitions for that sector?
In SMB we have both a direct and indirect route to market. We serve around 60,000 customers directly with productised telecommunications packages through Daisy Retail. We also address that market in an indirect manner whereby we serve a further circa 500,000 customers. We do that by white-labelling our offerings to about 1,400 smaller telco resellers.

If you package that up, we have 560,000 customers of the circa four million [small business] customers in the UK. We are very dominant in that market with packaged offerings, but more and more moving forward [we are focusing on] what we call "office in a box". We have a vision of turning Daisy from a noun into a verb.

These four million small organisations are looking for a very simple offering from a single provider and that's some form of connectivity, laptops and emails, some might require Skype, and all of them require some form of enterprise resource planning system and some form of maintenance and support. In the fullness of time, we hope that start-ups, or small firms looking to modernise their offices, will say 'why don't we just Daisy our office?'.

You sell 100 per cent direct in the mid-market. Why?
We serve the mid-market through Daisy Corporate

Services. That's made up of the Damovo acquisition, the Phoenix acquisition and the Alternative acquisition, and basically we are going to reverse Daisy Corporate Services into Alternative. We address the mid-market in a wholly different manner because what they are after is one hand to shake in terms of delivering business communications, IT and cloud. What we also have with the Alternative acquisition is a billing platform that takes us into the corporate market, not just the previous Daisy platform that allows us to serve the SMB marketplace.

"Whereas traditionally most people that exist in the market are either telecoms, IT or cloud, we can deliver all three of those things... I think that makes us very different"

Why do you only serve the large enterprise market through channel partners?

We only want to serve them indirectly because their requirements are much more complex and in that market, customers buy from an ecosystem. All we want to be in that market is a complementary extension to the people who own it – that's SIs, large telco operators, large IT resellers and Indian offshorers. We have been very successful in the public sector in this area because we were one of only two organisations selected for all 11 Lots of the Network Services Framework, which gives us an advantage as those people who address that market can actually gain those accreditations by working through us.

Who do you see as your top five competitors?

For SMB you've got Verastar, Unicom and XLN – that's probably it. In mid-market you've got Maintel, Six Degrees, Redcentric and SCC, and maybe a few more niche cloud providers – but actually if you can get the customer buying the converged message, the competitors all of a sudden diminish. And in the enterprise space you have people such as Telent.

How do you brand yourselves now?

We bill ourselves as a converged services aggregator of IT, business communications and cloud, to help our customers digitise their businesses. We don't make anything, and have no desire to build anything; what we want to be is that one hand to shake that utilises the world's best technologies and makes things easy to buy and consume. In the fullness of time, you [*Computer Reseller News*] could keep *CRN* and just change it to *Converged Reseller News*, because that's where the buyer behaviour is going. The world of cloud, IT and business communications is converging, and the more analysts and journalists understand that, the better.

A hard-wearing opportunity

Digital transformation may be the phrase of the moment, but the industry has come out fighting in defence of traditional hardware and the opportunity it represents. ***Hannah Breeze*** *reports*

Digital transformation is the hottest trend in the industry right now, with vendors and partners alike falling over themselves to talk about the latest and greatest ways that new technology, delivered as a service, is helping their customers transform for the better. IDC expects spending on digital transformation this year to reach $1.2tn (£965bn) — around the same value of the GDP of Spain. With this in mind, and amid the talk of cloud services, connected things and social selling, you may be forgiven for thinking that this is the only technology trend customers want a slice of right now.

But digital and cloud is not the only market which is capturing the hearts and minds of vendors and their customers — with many industry experts coming out shouting about the opportunities for selling traditional IT hardware products, both PCs and products in the datacentre.

Last month, HP hailed double-digit annual growth in its PC business; HPE reaffirmed its commitment to its traditional product partners, insisting traditional resale is a key priority; and analyst Canalys described product resale as the bedrock of the IT channel. On top of this, financial results from Insight showed that services accounted for just three per cent of its EMEA sales, with 39 per cent coming from traditional hardware, and 58 per cent coming from software.

Golden oldies

Resellers that continue to focus on traditional IT sales have often been branded as dinosaurs by their cloudy counterparts, and many believe defending hardware sales to be an unfashionable task.

But despite this, analyst Canalys claims this area of the market will be "an important growth driver" for the channel in 2017.

Speaking to *CRN* in more detail, Canalys chief analyst Alastair Edwards said that the industry ought to remember its traditional roots in products, because for many, that's what is paying the bills.

"There is a tendency to forget that we're an

industry led by hype, and everyone is focusing on cloud and the shift to services, and so on," he said. "On one hand, there is clearly a transition in the market that has massive implications for that legacy business the channel has relied on for growth. And particular areas such as storage and PCs went through a tough time last year, and particularly in 2015.

"But when you look at the results of the major channel partners in EMEA in Q4 – not just Europe, but globally – it's important to see that the product business still represents the lion's share of most partners' [sales]. It's a big part of the business."

The buzzword of the industry at the moment is digital transformation, with vendors encouraging their partners to help their customers move to the promised land of IT services.

But Edwards pointed out that although this area of the market is growing quickly, it does not negate the need for IT products.

"[Digital transformation] requires faster, higher-capacity networks, faster servers, more processing power, greater data storage capacity and a lot of software. All these trends pull through for the product business in the channel too," he added.

Kelvin Kirby, CEO of Microsoft partner Technology Associates, said his firm has followed the cloud-focused vendor in moving towards the technology. Three years ago, 80 per cent of his business was traditional IT, with the rest being cloud – but now that figure has switched, with cloud accounting for the lion's share of its business. Further, he said the company offers traditional kit to existing partners only, and any new businesses are served cloud only, as his own firm makes the transition.

Although Kirby is very much a cloud advocate, he acknowledged that traditional technology will remain important – for now.

"Clearly there is a transition period and [traditional IT] sales will last for a few more years," he said. "Beyond 2020 or 2021, the majority of sales will be in the cloud."

PC paradise

The PC market globally has been in decline since 2012, according to Gartner, and last year, worldwide shipments fell 6.2 per cent annually to 269.7 million units. But despite this, HP has said its "strongest portfolio ever" has helped it buck the trend.

In its Q1, ending 31 January, HP's Personal Systems business saw net revenue rise 10 per cent annually, with a 3.8 per cent operating margin. Commercial net revenue jumped seven per cent and consumer net revenue was up 15 per cent. Total units grew eight per cent over the same period.

On an earnings call, transcribed by Seeking Alpha, HP CEO Dion Weisler described the results as "exceptional". "The last time we saw this level of revenue growth was in 2014, triggered by the XP refresh cycle," he added.

Weisler said HP is outperforming the market.

"In calendar quarter four, we beat the PC market unit growth by 8.5 points, outperforming all key competitors and achieving our highest-ever worldwide market share position of 21.8 per cent," he said.

"Our focus is to bring customer value and innovation to market. And because of this, we have been rewarded with share gains. This is the way we like to win. Without a doubt, our momentum can be attributed to the strongest portfolio in our history."

HP CFO Cathie Lesjak said that the company has "definitely seen the PC market improve", adding that it is doing well in convertibles, detachables, premium devices and notebooks.

Weisler said that although the PC market is declining, there is still a huge opportunity for the company and its partners.

"It's still a very large business," he said. "I always like to remind everyone [that] it's a $333bn market. It's very competitive and it continues to consolidate. So when we take share faster than our competitors three quarters in a row and we're executing the way we're executing but not taking share for share's sake – which we're committed to not doing – we end up with a business that's firing on all cylinders.

"More broadly, we think it's all about innovation. And as I mentioned in my initial remarks, the growth that we saw in the PC business wasn't as a result of one event. It wasn't like an XP refresh cycle. It was off the back of really strong innovation right across the portfolio, the values that the customer sees and the little sprinkles of magic that the team is adding to the product portfolio."

"[Digital transformation] requires faster, higher-capacity networks, faster servers, more processing power, greater data storage capacity and a lot of software. All these trends pull through for the product business in the channel too"
Alastair Edwards, Canalys

Simply the best

*As part of a comprehensive new guide to vendors' EMEA operations, **Sam Trendall** looks at the changing world of partner reward schemes*

Like all the best ideas, the premise of the channel as a concept is a very simple one: vendors make products, which they sell to distributors, who sell them to resellers, who sell them to customers. Each company involved in the process takes their share of the profit, and everybody prospers.

And, boiled down to its essence, this industry really is as simple as that. Indeed, such essential simplicity is why it has remained and thrived for so long. But, of course, within that very simple framework lie many intricacies and complexities, inside the details of which is the key to whether or not each individual vendor, distributor, and reseller succeeds.

For vendors, it is crucial that they find an effective and enduring way of making sure their channel partners make money. For distributors and resellers, it is imperative that they build their business around technology they can sell and service profitably.

The most well-known — and still surely the most popular — means of rewarding channel partners financially are upfront discounts and back-end quarterly rebates. But channel programmes have evolved and grown more sophisticated, and there are now a multitude of models and philosophies about how best to incentivise and compensate the channel. Even common-or-garden discount and reward schemes tend to incorporate various shades and nuances.

But, in whatever way vendors choose to reward their partners, is more important than ever that they get it right.

Back to front

The first question for vendors to address is how much to split their channel compensation structure between front- and back-end rewards. Discounts can help close the sale in the short term, while rebates can offer partners a big incentive to sell large volumes, and can help ensure loyalty in the longer term.

Hesham El Komy, senior director, international channel at Epicor Software, claims that as vendors become more mature, a natural tilt towards the back end develops.

"For new companies entering a new market, their focus is more likely to be on top-line revenue, whereas more established companies may be more concerned with their bottom lines," he said. "This means the way in which you reward partners — be that from top-heavy margins and no back end, or larger back ends tied to certain metrics — can be adapted to get the best results."

Andy Woolhead, senior VAR account manager at TP-Link UK, believes that while front-end offers can be useful tools

in certain vertical sectors, back-end programmes are liable to promote more responsible long-term behaviour.

"Particular verticals such as public sector come to expect a nominal discount and a flat upfront public sector discount scheme is a great way of garnering customer buy-in to a brand as well as keeping partners on an even pricing level," he said. "This is also useful for project business, but can create a headache when partners utilise upfront support to pre-discount a product in the public domain. This is where the merits of back-end rewards work particularly well, through incentives such as rebates, whereby vendors can maintain a sensible market price while still promoting partner profitability."

Closing a sale is invariably the conclusion of a lengthy process, involving a significant investment of time and resources on the part of a reseller — with no guarantee of any return. But there are measures a vendor can take to help make sure the partners that do the bulk of the legwork and incur the most risk are the ones that can potentially enjoy the biggest rewards.

To which end, deal registration schemes — and the additional margin they promise — have become a key component of almost all partner programmes.

Giovanni Goduti, northern Europe sales director at Arcserve, claimed that it behoves both vendors and resellers to put in the hard work before a sale is closed.

"Vendors need to put in a bit of effort too," he explained. "In fact, a lot of a vendor's work is done before the sale takes place. A huge amount of time and investment is needed to ensure that partners are technically and commercially trained, so they fully understand the vendor's solutions and feel confident to act as a trusted adviser, ready to position those products in a very competitive market."

Value vs volume

One of the age-old problems for vendors to solve in terms of how they manage channel rewards is the issue of how best to strike the right balance between size and skill.

Vendors will always want to encourage resellers to sell more of their product, so higher volumes of sales will always be rewarded with bigger rebates and higher discounts. But smaller or more specialised VARs have often invested proportionally just as much — if not considerably more — in their core vendor partnerships. Such commitment needs to be seen by partners as worthy of recognition and recompense.

In the last few years many vendors have made moves to retool their channel schemes to make them more focused on competency. Some have changed the core tiering structure to ensure partners can ascend to the upper levels via either revenue attainment or technical certifications. Others have simply offered the same financial rewards to mid-tier partners with smaller top lines but a wealth of badges.

Hubert Da Costa, EMEA vice president at cloud networking player Cradlepoint, said: "The way to reward partners today isn't solely based on size or volume. I believe it should be on competence too. Considering how to reward smaller players is key. The more certified they are, the more rewards they should be entitled to. Rewards based on a balance of competence and volume provide a good base."

Pete Carfrae, European channel development manager at Aerohive Networks, notes that vendors need to ensure they are investing alongside resellers, not just retroactively rewarding partners for the time and money spent on a relationship.

"Partner programmes are ordinarily designed to reward those that have invested significantly in time, training and resources to a vendor, and the margins should reflect this," he said. "However, the discounts and, more importantly, the level of support available to smaller, more specialist partners needs to be enough to firstly make them competitive in the market; secondly, encourage them to want to sell more; and thirdly, enable them to see the value in investing more. Channel retention is fundamental."

Outside basic discount and rebate frameworks, vendors also need to come up with one-off promotions or dedicated reward tracks that promote progression, target new sectors, or respond to market dynamics. Such schemes might include accelerators that offer increasing levels of margin or payment once specified revenue thresholds are passed, or outperforming schemes that reward partners that exceed their targets. Offering special bonuses for winning new customers is also a common tactic deployed by vendors.

"Different schemes motivate different partners," said Chris Ross, senior vice president sales, international at Barracuda. "From a vendor perspective, generating net new business tends to be a primary driver for incentive schemes. However, not all schemes should focus purely on this; having a balance of incentives that cover cross-sell, up-sell, and driving customer loyalty are all important."

Cradlepoint EMEA boss Da Costa claimed programmes that encourage resellers to break through their targets are perhaps the most effective tool.

"The best incentives are outperforming rewards," he said. "But, having said that, incremental [schemes] are key for driving growth. I believe there will always be a need to have a level of greenfield incentive or you'd be resting on your laurels. Rewarding bookings and revenue are both key."

Theories of evolution

One thing everyone seems to agree on is that reward schemes have evolved a great deal in recent years, and will continue doing so. Even the biggest box-shifters are taking decisive steps to increase their value business and professional services credentials. So, even →

"Previously, [reward schemes] were more generic and based on statistics: the more, the better. The differentiation in rewards – and the effort needed to attain them – used to be somewhat minimal"
Chris Ross, Barracuda

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those partners generating millions of dollars in product sales each quarter will still benefit from programmes that incentivise expertise as much as sheer bulk.

"Reward schemes have changed over the past few years," said Goduti from Arcserve. "I believe reward schemes now are much more focused on targeting and rewarding committed individuals and partners who truly deliver value to the customer, rather than the reward schemes of the past which tended to target everyone with a more scattergun approach."

Ross of Barracuda added: "Previously, [reward schemes] were more generic and based on statistics: the more, the better. The differentiation in rewards — and the effort needed to attain them — used to be somewhat minimal."

The networking sales chief claimed that the programmes are now "more sophisticated" than ever and stressed the importance of ensuring that VARs are commensurately rewarded "for the work they put in".

But one thing, at least, remains the same.

"Keeping programmes simple and straightforward is crucial."

■ *Visit www.channelnomics.eu to get daily analysis of the IT channel across Europe*

The four things a rewards programme must be

The mechanisms by which resellers can make money from offering a vendor's technology to their customers are the bedrock of this industry. Put simply: without discounts and rebates, there would be no channel.

An effective channel rewards scheme must be four things: generous; predictable; flexible; and inventive.

The 'generous' part is self-explanatory; broadly speaking, the higher the margins, and the bigger the rewards, the more loyal and loving the reseller base.

And the 'predictable' part is just as important. Many resellers are still small to mid-sized owner-managed operations. Running a business such as this can be a hand-to-mouth existence, even in the good times. So, having a reliable and consistent source of profit is invaluable.

Although it may seem contradictory, being 'flexible' is also crucial to running a successful rewards scheme. Each partner is unique, and rewarding them all alike will inevitably create a bias – invariably towards the biggest players. So, while predictability is key for each individual VAR, a vendor also needs to build into its programmes enough malleability to ensure that smaller partners are rewarded commensurately for investments and achievements that, for them, are a big deal.

Finally, there is 'inventive'. This may sound like a nebulously meaningless concept. And, perhaps it is, a bit.

Because inventiveness could, and does, mean different things for each vendor and each channel rewards scheme. But the one thing every vendor needs to ensure is that their incentives offering does not stagnate.

If a partner knows they can keep selling the same product volumes, to the same customers, at the same price, with the same rewards, where is the encouragement to grow or progress?

In addition to a firm, consistent foundation of upfront discounts and back-end payments, vendors must also continually come up with new ideas, special promotions, and additional ways for resellers to make money from working with them.

This could be outperforming programmes that reward VARs for exceeding their targets, or accelerator schemes that encourage growth by offering promotion onto a new and better rebate framework. It might be a scheme that offers greater enticements for winning new customers, or a competitive element that allows individual salespeople to go up against colleagues and peers in trying to win fabulous prizes.

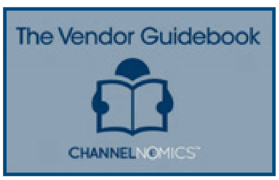
Whichever direction they choose to travel, the important thing is that, when it comes to their channel rewards programme, vendors do not stand still. Because – wherever a vendor goes – if they are rewarded well, partners will follow.

Sam Trendall is content editor at Channelnomics Europe

Introducing *The Vendor Guidebook*

The content featured here forms part of *The Vendor Guidebook* from *Channelnomics Europe*, a major new resource for the EMEA channel.

The aim of this project is to provide the channel across EMEA with a detailed guide to how the major vendors operate in this region. For each of the 70 biggest IT manufacturers in the world, we have in-depth information on their product portfolio, partner programme, and the details of their EMEA operations: numbers of staff; locations; channel management and strategy; channel centricity; regional revenue; and local management figures. Many vendors profiled have also provided us with a mission statement, outlining what they can offer resellers, and why the channel should work with them.



Each firm's listing will be split into three key areas: products; programmes; and profile. Once they have all been published, the end result will provide an invaluable reference guide for resellers across Europe, as well as the Middle East and Africa.

We also have lots of exclusive analysis, features, expert comment, interviews, and market research examining how vendors engage with the channel in 2017, and where the market is likely to go from here. New vendor profiles will be put up every day – in alphabetical order – and these will build, over the next two months, a comprehensive database.

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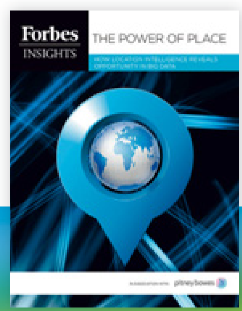

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Making a connection

Type 'Tim Berners-Lee' into a Google search, and a box in the top-right hand of the page informs you that he invented the World Wide Web, when and where he was born, who his children are and where he was educated, with links to each.

The concept underpinning this, graph analytics, is one of several techniques being tipped to take the enterprise data analytics market by storm over the coming years.

Exclusive transatlantic research undertaken for this Special Report confirms the scale of the channel opportunity for data analytics right now.

Some 40 per cent of channel partners taking part in the research run a dedicated data analytics business, with another 33 per cent offering data analytics on a more ad-hoc basis. Of those that offer data analytics, about 70 per cent expect to see sales in this area grow by over 10 per cent in 2017, with 88 per cent also seeing data analytics as an investment priority.

Data analytics is regarded as being equally hot on both sides of the Atlantic, but the research exposes some intriguing geographic differences when it comes to what is driving spending. Digital transformation (DX) appears to be top of mind in the UK, whereas in the US, compliance is the overriding issue.

Graph analytics is being touted as one new technique resellers can employ to help end users gain a better insight into their customers; something that gels perfectly with the DX agenda.

So far, the concept of graph databases — which was actually pioneered by Berners-Lee himself — has caught on mainly among consumer tech giants such as Google, Amazon and eBay. Indeed, our research found that only a quarter of resellers offering data analytics incorporate graph techniques into their offering.

But with vendors now moving to bring graph and other new analytics techniques to the mainstream, channel partners that get on board sooner rather than later may well stand to benefit.

■ *Doug Woodburn is editor of CRN*

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■ *Mark Taylor is senior vice president, software solutions – software channels at Pitney Bowes*

Analytical advantage

Some four in 10 resellers now operate a dedicated data analytics practice, joint CRN and Channelnomics research has found. ***Doug Woodburn*** *examines what the findings reveal about where this booming market is moving*

You may not know it, but every time you Google something, or receive a recommendation from Amazon about what to buy based on your last purchase, you are making use of a graph database.

Graph technology is currently not something used widely by enterprise organisations, but it is being touted as one of several emerging niches within an already booming data analytics market.

According to IDC, the big data and analytics market is set to mushroom by 11.3 per cent annually between 2016 and 2020 to hit a cool $203bn (£161.7bn).

Research conducted by *CRN* UK and *Channelnomics*, in conjunction with Pitney Bowes, sought to uncover how important data analytics is as a revenue stream for the channel, what insights clients are generally seeking, and what new analytics techniques are poised for take-off.

Conducted in February 2017, the research quizzed 208 resellers, systems integrators, consultancies, MSPs, ISVs and cloud service providers in the US and the UK.

The findings show that data analytics is big business for the channel, but also unearth some intriguing differences between the two markets, particularly when it comes to what is driving data analytics investments.

Forty per cent of those questioned said they run a dedicated data analytics practice, although the figure is slightly higher for the UK (43 per cent) than the US (38 per cent) (*see figure 1*). In total, 73 per cent of respondents offered data analytics on at least a casual basis.

Even more illuminating, the lion's share of respondents see data analytics as both an investment priority and double-digit growth area.

Of those who said their business offers data analytics, the vast majority (86 per cent in the UK and 91 per cent in the US) view it as an area of increasing investment for their business (*see figure 2*). Moreover, 36 and 30 per cent of UK and US respondents, respectively, saw it as their top, or one of their top, investment priorities for 2017.

Next, we asked about how quickly their data analytics sales are growing. In the US, 65 per cent of respondents are counting on double-digit growth in the coming year, with the figure even higher for the UK (73 per cent), backing up the current analyst fervour around data analytics.

The DX agenda

Resellers are unlikely to exploit the full growth potential of data analytics without having a game plan for which customers to target, and why.

In light of this, we wanted to probe the main drivers behind data analytics projects, as well as the vertical markets that are giving off the most heat.

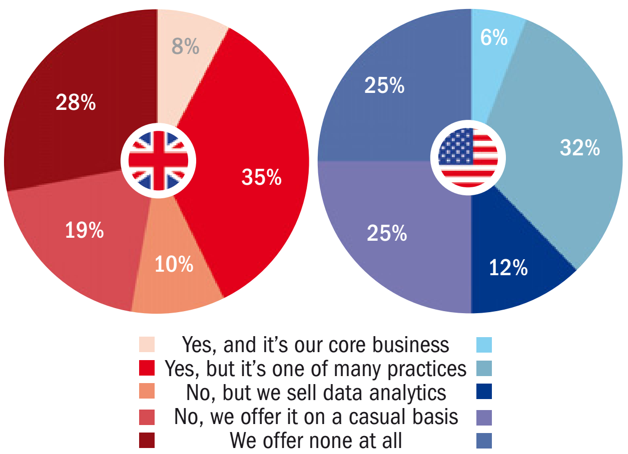
We asked respondents what insights their clients are generally seeking in data analytics projects. They were able to check between one and three from a series of nine options.

In the UK digital transformation (DX) and other factors closely related to a DX agenda emerged top (*see figure 3, p30*).

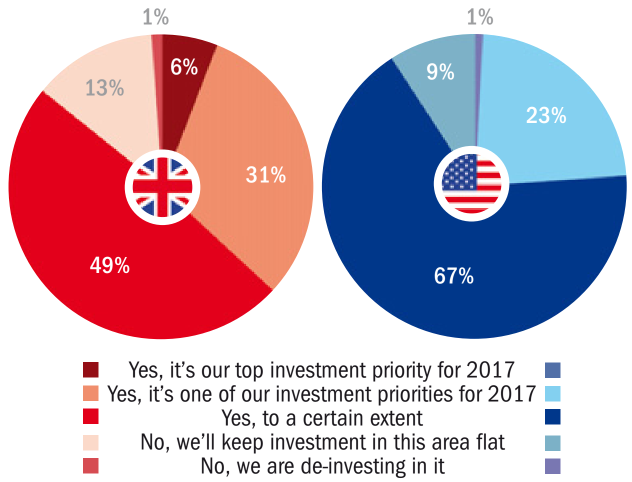
Some 57 per cent picked 'how to improve customer experience' – the key goal of many DX projects – as the primary insight sought. 'How to transform their business into a digital enterprise' finished fourth, on 33 per cent.

In the US, however, compliance topped the pecking order, with 53 per cent selecting 'how to ensure their operations and their data are in line with governance, risk and

1. Does your business have a data analytics practice?

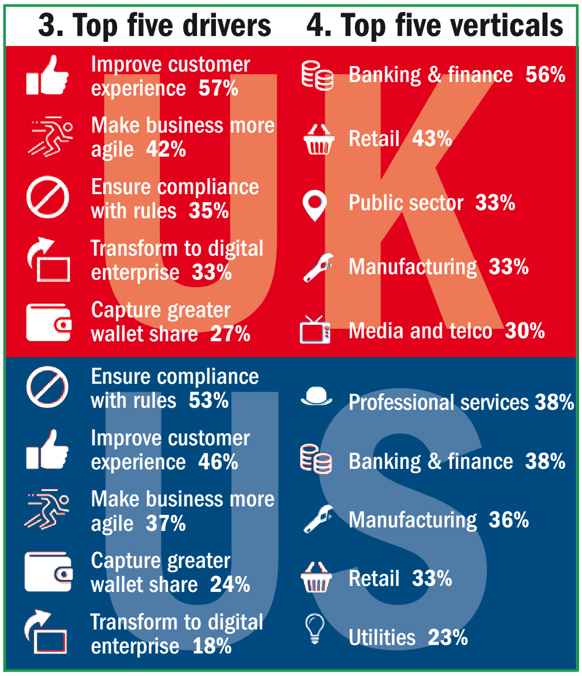


2. Do you see data analytics as an increasing area of investment for your business?



compliance policies' as an option. In the UK, just 35 per cent cited compliance as a key driver.

Richard Simmons, chief technologist for information management at global systems integrator Logicalis, said compliance – particularly the General Data Protection Regulation (GDPR) – is often just the starting point for data analytics projects.



He said Logicalis recently rolled out a data virtualisation solution for a high-street retailer that allowed it to put a level of data governance and control over its data assets.

"We've worked with them on the idea that IT shouldn't view that just as a cost," Simmons said. "We have helped them engage with the business to say 'by doing this, it is also going to start driving business value' – so we have been working with people like the e-commerce and marketing team to say 'if you get a better view of the customer, you can start doing these things'."

Analytics and data is "one of the most important strategic investments" Logicalis is making at the moment and the firm recently created a separate business unit to focus on this market, Simmons said.

"It's strategically important for two reasons," he said. "One is in its own right, in that we have a lot of customers that are struggling to get value from data. Equally, as a traditional SI delivering datacentre, security, mobility and collaboration solutions, data is becoming an increasingly important part of that, and a way to differentiate the services we offer in that space."

A desire to "curate" data is often the overarching driver for projects, Simmons added.

"If you go back five or 10 years, most businesses' focus was on trying to get more data," he explained. "The challenge for a lot of businesses is they now have too much data; data is a cost for them to store and manage, but they are not getting any value out of it. So curation for us is making sure you understand what data you are capturing, and understanding the value you can get from that but – equally – deciding that some data may not have value."

Banking and finance was regarded as by far the most lucrative vertical market for data analytics by UK respondents, with 56 per cent checking it from a menu of 11 options (*see figure 4, above*). Retail came second on 43 per cent.

But in the US, professional services topped the pile jointly with banking and finance, on 38 per cent.

A significant minority of respondents are incorporating newer analytics techniques into their offerings, potentially boosting their customers' understanding of their businesses still further, the research also discovered.

A full breakdown can be seen in figure 5 (*above right*) but as a snapshot, 57 and 40 per cent of UK and US respondents incorporate real-time information into their offerings, respectively, with 43 and 22 per cent doing so for social media activity and preferences. Underscoring the fact that many resellers are working at the market's cutting edge, 25 and 15 per cent of UK and US partners, respectively, incorporate geospatial information, with the equivalent figures for location intelligence at 20 and 19 per cent.

Respondents were also given the opportunity to share details of the success or otherwise of projects they have carried out in new areas of the analytics market, such as predictive, geospatial and graph analytics. One UK respondent said predictive analytics "should always deliver demonstrable RoI if the project is clearly defined at the outset". One US solutions provider, meanwhile, said their firm's graph-based dashboards had been well received by its customer base, while another said they "are looking at geospatial targeting on social, but have not done it yet".

Bringing graph analytics to the enterprise

Graph analytics – while pervasive in the consumer technology we use every day – appears to be near the start of its adoption curve in the channel. Just 28 and 26 per cent of UK and US respondents working in the field of data analytics, respectively, said they had carried out a project involving graph technology.

The challenge for vendors and suppliers is to help enterprises of all sizes use the same graph techniques currently used by the likes of Google, eBay, Amazon, LinkedIn and Facebook.

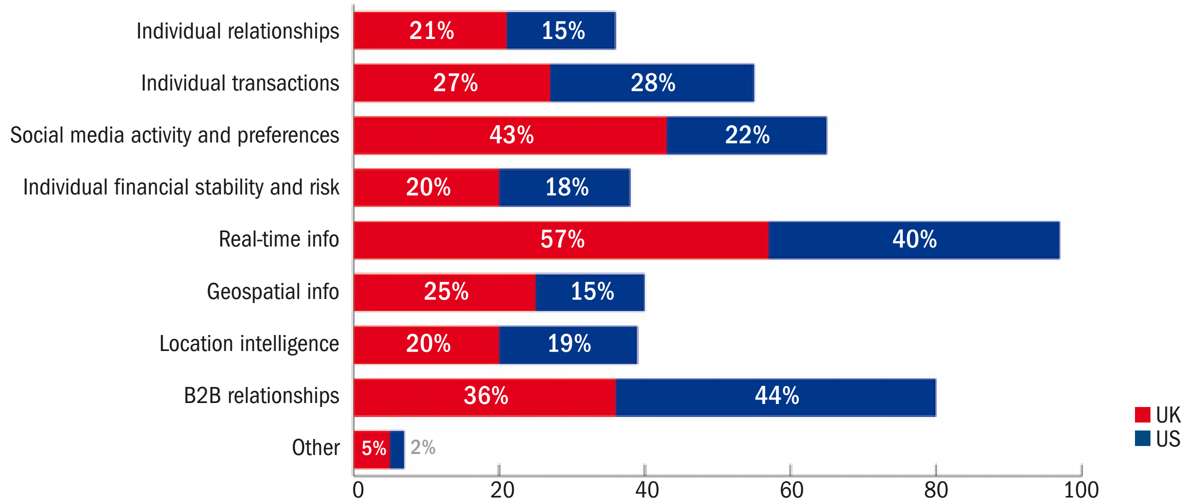
Navin Sharma, vice president of product management, data management and analytics software at Pitney Bowes, said: "Google has coined the term 'The Knowledge Graph'. Microsoft has evolved its technology stack to be structured and linked up in a graph data structure. And we're trying to bring that same idea to an enterprise, where they can begin to structure their customer information in much the same way, to better understand those entities and relationships, and more importantly use that to drive recommendations, like what you see with Amazon and Netflix.

"Everything underpinning it is a graph data structure – graph databases are built to handle the notion of things being heavily connected in that connected world we live in."

Simmons at Logicalis, however, said he is already starting to see customer traction for graph technology, adding that it can give end users a complete view of their customers.

"In a relational database, you have to define what those relationships are upfront and then load data into those defined entities. With graph databases, you're allowing the data to build those relationships for you," he explained.

5. Which of the following do you most often incorporate into your data analytics?



"We're seeing a lot of interest [in graph databases] around data exploration. We are looking at it within Logicalis. We could, for instance, create a customer pack so that when a salesperson sees a customer, rather than looking in a CRM, I can give them an app that tells them what opportunities they have with the customer, which other account managers have engaged with them and what they have sold them."

While still in their infancy when it comes to enterprise uptake, the concept of graph databases stretches back well over a decade, with Nokia and NASA among the early adopters (*see box, below*).

In fact, Tim Berners-Lee's notion of the 'Semantic Web' – his vision of how the World Wide Web should evolve so that it is easier for its users to share data – is an early example of a graph database, explained Dr Phil Ashworth, owner of In4mium, a consultancy specialising in graph databases.

"RDF [resource description framework] and the Semantic Web is really a graph database because the subject and object are two nodes connected by a predicate," Ashworth said.

He explained that graph databases solve the limitations of relational databases – which can only answer the questions initially asked of them – when building data warehouses.

"If I were writing a transactional system, I would still go for a relational system, but for analytics and building warehouses, I would go for a graph system," he said.

"Graph databases allow you to keep adding data, and by doing that you are building a 360-degree view of your data.

"So rather than writing a relational warehousing system to answer some specific questions, you keep adding into your graph database. Graph databases give you two advantages. Firstly, they give you the ability to ask far more complex and far more relevant questions across your data. And secondly, they allow you to explore the data and answer questions you didn't know they wanted answers to.

"There is absolutely value for this in the enterprise, and it doesn't matter what vertical or horizontal. It helps you sort your data, it helps you with analytics, it helps with data exploration and it helps you make better decisions."

Celebrated graph database users

NOKIA One of the first – and largest – examples of a graph database was the **Nokia** customer support database.

"It was an RDF triple store, but it was a graph database," explained In4mium's Dr Phil Ashworth.

"In the days of the mobile phone, Nokia had a new model coming out every month," he said. "They had so many new features in so many phones that they couldn't keep a relational system up because it was constantly changing. By using a graph database, they were able to use one database and to keep adding new properties of phones, without having to redesign the database every month."

NASA is another organisation that has put its faith in graph databases for its 50-year mission to Mars.

"All their data goes into a massive triple store because they don't know if relational systems will exist in 50 years, but they know they will have the fundamental aspects of RDF there for always and that they can then do anything with that data that they want," Ashworth explained.

Google Most of the consumer tech giants rely heavily on graph technology, including **Google**.

"When you used to go on Google, you got a number of pages back," said Simmons at Logicalis. "Now, in the top right, if you search for Elvis Presley, you get a picture of Elvis and some information about him, which you can then highlight and click on. That's the graph technology: it is allowing you to store the relationships between different kinds of data attributes."

Government transformation 2.0

Plans for the latest iteration of G-Cloud were unveiled by government, just as it launched its Transformation Strategy. ***Hannah Breeze*** *discovers what the changes mean for IT suppliers*

Moving away from legacy contracts; digitising government services; and improving internal processes through technology — these are among the key tenets of the government's Transformation Strategy, which it unveiled last month.

While the themes themselves were broadly welcomed by the technology space, some experts said that they sounded a little too familiar, and did not go far enough in their aims for a better, more digital government.

The *Government Transformation Strategy* was published in February, following significant delays. The document is not specifically about digital, but is the follow-up from 2012's *Government Digital Strategy*, in which the coalition government outlined its plans to improve technology in government as a way of becoming more efficient.

Look to the future

The Government Transformation Strategy has five key aims: business transformation; growing the right people, skills and culture; building better tools, processes and governance for civil servants; making better use of data; and creating shared platforms, components and reusable business capabilities.

Since the coalition government came to power in 2010, efforts have been made to overhaul the way the government works with its suppliers across the board, including in IT. In the technology space, large, multi-year outsourcing contracts with tech giants quickly went out of fashion, in favour of smaller deals or frameworks including smaller suppliers, which the government believes to be more agile, cost-effective, and able to deliver modern technology.

This theme has very much continued into this year's transformation strategy,

"Exiting legacy IT contracts is a precondition for [the major five points]," said the document. "Not all old technology is toxic, but we need to have the right commercial models to effectively deliver the next stage of our transformation: shared platforms, components and business capabilities."

It added: "To enable a more responsive state, we need to manage the technology that we use today as well as planning for the future. Much of the old technology that government services depend on was procured under single contracts which were designed to provide complete end-to-end systems.

"To meet user needs through transformation programmes, we need to have more control over the technology we use. This means that we will continue with our programme of leaving large IT outsourcing contracts, in particular breaking down these large end-to-end systems into smaller components that can be retired or reused individually as required.

"Moving away from this form of contract does not solve the problem of legacy technology, though. As soon as new technology is deployed it starts to age and begins its journey to becoming 'legacy' — technology that is in some way no longer effective. For example, it might be challenging to secure, it might use old interfaces which make it difficult to integrate with other systems, or it might start to cost more to support than it would cost to replace."

Feedback frenzy

While some in the industry welcomed the news and said the government is making the right noises, others were slightly deflated on reading the details.

Mark Elkins, director at New View Services and expert in government technology, said he was underwhelmed with the strategy.

"It's same old, same old, I'm afraid," he said. "'Let's update our legacy systems', [they say]. With what money? There will be an increased burden, because of the administrative cost of Brexit. Because there will be increased bureaucracy, there will be an increased demand for storage, and that's going to cost. Can they afford to do it?"

Rob Anderson, analyst at Global Data, agreed and said he thinks the delay to the publication of the strategy might be because the Brexit vote meant certain information had to be rethought.

"It's been so delayed because a lot of the stuff they were going to include had to be taken out because of Brexit — things like the single digital market," he said, referring to the strategy for European governments and businesses to work together on digital.

"It seems to be a restatement of what has already been announced. They have been talking for years now about having no big, single outsourcing contracts and getting rid of legacy systems. These are very laudable aspirations for what they want to do, but there is no real substance to how they are going to do it, which was disappointing."

A taxing issue for G-Cloud

As plans to transform the government overall were unveiled, so too were changes due to be made to the upcoming iteration of the G-Cloud framework, G-Cloud 9.

The Crown Commercial Service (CCS) and Government Digital Service (GDS) completed a "discovery" process into G-Cloud ahead of the upcoming ninth iteration, looking to go back to basics on the framework to make improvements for all involved.

The actions based on the discovery process were released last month, one of which was a plan to increase the fees it charges suppliers from 0.5 per cent to 0.75 per cent.

According to *CRN* calculations on G-Cloud data released by the CCS, the average size of a single transaction through the framework last year was £17,298, meaning the fee a supplier would pay CCS on that transaction would rise from £86.49 to £129.74. On larger deals, the fee increase could rise into the thousands of pounds. Last year, the largest deal size through the framework was £1.75m, meaning on a deal of that magnitude, the fee would jump from £8,747 to £13,121.

Feeling the fees

Roger Newman, senior partner at consultancy DeNove, which focuses on G-Cloud, said the increase is significant.

"What horrifies me is the fees," he said. "They're trying to shift the charge to vendors, as opposed to their users. But I am not sure how, because so many innovative suppliers are operating on very slim margins. How well are they going to be able to accommodate this? Or will they pass it on to users? It seems to me as though CCS is trying to take the path of least resistance, rather than be in a leadership position to the UK buying community. They're taking the easy option and it's a shame. I think putting the charges up by 50 per cent in today's world, when we are being told to be more efficient – did they really need to do it?"

Mark Evans, commercial director at Imerja, said any increase in an admin charge is "not welcome news, particularly in the current climate".

"The general direction of these government frameworks, using a portal approach, is driving the market to be self-regulated, with published prices and products and services," he said. "But if you're going to have a self-regulated market, what's the justification of a management fee? What are they delivering [extra] if it is being delivered by self-regulation? [There is a] risk of oversimplifying it, and I appreciate they manage the process and there are agreements we have to sign up to. But once they are all in place, [it is done], so why the additional charge?"

A CCS spokesperson said: "We are increasing the percentage supplier levy on the new G-Cloud 9 framework by one quarter of a per cent after five years of holding it at a very low level. This will be offset by the commercial benefits delivered to our customers across government and the wider public sector."

Among the other changes to the G-Cloud framework is that from the next version, there will be just a single iteration, rather than two at once, as it has run since the beginning. On top of this, the usual four Lots of G-Cloud – IaaS, PaaS, SaaS, and Specialist Cloud Services, respectively – will be reduced to just three Lots: Cloud Hosting; Cloud Software; and Cloud Support.

UKCloud jumps to government's defence on G-Cloud fee hike

Nicky Stewart, UKCloud's commercial director (*pictured*), said: "Some have seen this uplift in the management charge as an attack on SMEs, or a G-Cloud 'tax' and others fail to see the need for it at all, given that G-Cloud is essentially a self-regulated market. Others still suggest that the increase in the management charge will simply encourage G-Cloud suppliers to under-report their earnings under G-Cloud (a note to suppliers tempted to go down this latter route: the Crown Commercial Service [CCS] can and does audit its suppliers, and failure to report framework-related revenue is a major contractual breach).

"While no supplier will want to see their G-Cloud margins eroded, it is worth remembering that the management charge applies to all CCS frameworks, and even at 0.75 per cent, this is lower than many of CCS's other framework agreements. The management charge is not a tax. CCS is a trading fund, and is principally funded through charges to its suppliers and buyers."

Cyber Wild West

*Last month's RSA Conference was likened by one UK attendee to the Wild West. **Tom Wright** examines the good, the bad and the ugly from the event*

The volume of cybersecurity start-ups is booming, but with one attendee likening the recent RSA Conference to the Wild West, sorting the good from the bad and the downright ugly is becoming increasingly tough for resellers.

The rise of the cybersecurity has led to a swell in the number of cybersecurity start-ups coming out of Israel and Silicon Valley, making the San Francisco show last month the biggest yet.

The 2017 RSA Conference saw a record 43,000 attendees and around 1,500 vendors on show.

But UK resellers who made the trip admitted it is becoming increasingly difficult to pick winning technologies that will be adopted by customers on this side of the pond.

"It's like the Wild West," said Sean Remnant CSO at UK distributor Ignition Technology. "There is a lot of noise, there is a lot of marketing, and a lot of big stands which seem not be substantiated by the amount of revenue some of those vendors are actually generating. It was very interesting.

"There is so much fuss that I guess it's why you need the UK channel to be able to filter out the noise. The amount of vendors is just ridiculous, and I think we'll see a bit of a shake-out over the next year or two because I don't think that can be sustained."

So when you strip back all the hype and marketing, what were the key themes from this year's event?

End-point security

Vendors in the end-point security space continue to kick up the most fuss. According to Dave Polton, director of innovation at NTT Security, end-point security vendors were out in force in San Francisco, making it increasingly difficult to separate the weak from the strong.

"There was a lot going on there and what concerns me about all these areas is they are not really a step change; they're all just slightly better than what was going on before.

"I was looking for people to challenge me and show me a step change, but this is all just a slightly better option that might appeal to a smaller subset of the market."

NTT recently brought end-point security vendor Cylance through its incubator scheme and Polton said the outspoken newcomer remains the one to watch.

"They've got a fantastic marketing engine," he said.

"I've lost count of how many competitors' events I turn up to and at the airport they've got all their banners everywhere.

"They've done a great job and a lot of the execs [we speak to] don't say 'I need to sort out my AV now', they say 'I just need to get Cylance'; it's like the whole vacuum and Hoover story all over again."

CASB

While end-point security continues to be the superstar of the security space, one area seems to be making an unexpected comeback.

Cloud access security broker (CASB) vendors were popping up all over the place a couple of years ago, only to be snapped up and bolted onto larger players.

In 2014 Imperva acquired start-up Skyfence; in 2015 Microsoft bought Adallom and Blue Coat acquired Elastica; and last September Oracle gobbled up Palerra.

More recently, Forcepoint acquired CASB vendor Skyfence, and newcomer Bitglass launched in the UK and was profiled in *CRN*'s Emerging Technology Hub.

"We've seen loads of CASB vendors come out over the past couple of years, but there are still new CASB vendors popping up, which is really bizarre. I would have thought it's getting to a point where it is much more of a feature," Polton said.

"Skyhigh [Networks] are still there, they had a massive stand, but it's amazing to see how many CASB vendors are still popping up."

Deception

Deception was also picked out as a prominent theme at the event by both Remnant and Polton. Deception techniques set a number of traps and decoys around the network that will trigger an alert when they are tripped by an attacker.

Polton said deception's presence at RSA was bigger this year, but that it could be tricky for new entrants to gain traction quickly.

"Deception was another one that was quite big and there are loads that have come out such as Illusive Networks and TrapX," he said. "[But] deception is a bizarre market.

"While the technology and the idea is fantastic, the uptake in the market is pretty slow, so I think anyone in that space is going to struggle a little bit."

Remnant however said that deception is becoming an increasingly popular option for enterprises that are struggling to deal with the amount of data generated from the numerous security solutions at their disposal.

Ignition is Illusive Networks' sole distributor in the UK.

"Deception as a space is getting hot," Remnant said. "One of the key themes is – and this is what I was looking for at RSA – people are looking to reduce the signal-to-noise ratio.

"What I mean by that is in realistic terms the noise is all the events and logs that all this security equipment generates and enterprises find it hard to sift through it, so I think there is a push towards more automation in that area and smarter solutions that return a quicker time to value for the customers.

"CSOs that have been buying all this equipment for so long are still realising that it's not really working so there is going to be a shift in approach."

Mobile and IoT

As the term 'Internet of Things' (IoT) becomes more recognised, more vendors are starting to think about how to secure the growing number of devices on the network.

Herjavec's Anthony said that while IoT security was a key theme at RSA, no vendor has really hit the nail on the head yet.

"People are still talking about last year's DDoS attack [that took down the likes of Twitter, Paypal and eBay using IoT devices] and using that as the bogeyman to talk about the future and I think we are going to see more of those attacks.

"There's a lot of talk about IoT, but security just isn't in the equation for a lot of people producing the devices. Retrofitting security on top of that is a micro-segmentation exercise which is still beyond the ability of most enterprises, let alone small businesses.

"That sector is going to get a lot more complicated before it gets simpler."

Time standing still

While RSA was full to the brim with shiny new start-up vendors, it seems the saturation in the market is making it difficult to pick out clear leaders in sector.

In years gone by, a select few vendors would have taken centre stage and blown the RSA conference away with ground-breaking new approaches to cybersecurity, but this year was very much a case of building on what is already out there.

"To be honest, from the show floor and vendor presentations if you'd blindfolded me and taken me back in time to 2016 RSA I wouldn't have noticed the difference," Anthony said. "2016 and 2017 on that level were hauntingly familiar.

"The issues of dealing with malware and ransomware, those technologies are there, but there needs to be a lot of consolidation around those technologies and clear market leaders need to be established."

> **"It's like the Wild West. There is a lot of noise, there is a lot of marketing, and a lot of big stands which seem not be substantiated by the amount of revenue some of those vendors are actually generating. [The conference] was very interesting"**
>
> **Sean Remnant, Ignition Technology**

How to sell your MSP for a tidy sum

*IT Support Marketing's **Paul Green** discusses how owners can sell their MSPs for more than the standard industry valuation – and what makes some MSPs unsellable*

Paul Green
Founder, IT Support Marketing

I meet dozens of MSP owners every month, and most fall into one of three camps.

There are the ones who are within the first few years of starting or acquiring their first business. They're full of enthusiasm and excitement at finally being their own boss.

Business owners who've been doing it for 10 years or more are normally enjoying the spoils of years of hard work. We're talking big Audis and Mercedes here.

Then there are the business owners who have been doing this for many years and are looking at what the end game will be. They want out. It may be several years till they actually 'retire', but many are already tired or frustrated with their business.

Selling a business can be difficult and painful (I sold my core business, a specialist healthcare marketing company, last March).

It often takes twice as long as you expected, and costs far more than you budgeted for. Retirement sales have to be completed before the owner loses interest and lets the business start to deteriorate.

Successfully selling your business for a good price is less to do with the transaction, and more to do with the work you do in the three to five years leading up to the sale.

Because, despite what your accountant will tell you, selling a business isn't a financial operation. It's a marketing and sales operation.

Understand this: Your business is really only worth what someone will pay for it. So the more value they see in the business, the better.

The key is to be able to demonstrate three years of growth. Can you show that your sales, turnover and net profit have all enjoyed steady and consistent increases over the long term? This factor alone will allow you to break away from the standard industry valuation.

When your business is flat or in decline, the buyer has to weigh up their ability to turn the business around, with the risk that they're buying something that can't be turned around.

There are a couple of factors that you cannot control when selling your business. These include what else is on the market; the price of other businesses; who's buying; and the availability of debt to buy.

But there are several factors you can control – all of which will be uncovered during due diligence and will affect the sale price one way or another.

Does the business need you there to thrive?

It's one thing to be the business owner; and another to have a business that can't operate without you there every second. If you need to be there just for the office to open in the morning, it will be less attractive. Businesses that thrive regardless of whether the owner is there or on holiday are always more valuable.

Have you systemised the business?

This is the most robust way to achieve a business that operates the way you want it to without going mad. You build something called a franchise model for your business. Systems give you control and the ability to truly measure staff on their ability to thrive within a clear method of operations.

How strong is your new client marketing and your client relationships?

The business's relationship with its clients is critical. If all those relationships are tied up in you, the business owner, that's a problem. Demonstrate that you have a series of robust marketing strategies to acquire new clients and retain them.

Can you demonstrate solid cost control?

Businesses that grow turnover but not net profit will sound alarm bells. They show a potential lack of cost control. A bloated business full of costs will be worth less than an efficient operation. Most buyers want to know they can start maximising profit from day one.

Can you demonstrate there is no need for major capital expenditure in the near future?

It's tempting to put off major capital purchases leading up to a sale, but it should be business as usual. There is a delicate balance to be made between investing in the business pre-sale, and maximising what you will make from the sale.

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Managing critical IT events

*Quocirca's **Bob Tarzey** discusses the role the channel can play in dealing with the aftermath of a CIE*

Bob Tarzey Analyst and director, Quocirca

Whatever IT products and/or services you provide your customers, you can be certain that at some point something will go wrong. When IT failures affect business processes or the ability to interact with customers, the situation can be critical. Unsurprisingly, the more reliant an organisation is on IT, the more the impact of critical IT events (CIEs) increases. They are also given higher priority when customers are affected.

A new Quocirca research report, *Masters of Machines III*, shows that the average organisation suffers two or three critical IT events a month. The average cost of each incident to the IT function and the business itself is near to £100,000, which adds up to millions per year.

Most IT managers accept that such events cannot be eliminated altogether. However, the way they are responded to can be improved, reducing both their impact and cost. CIEs can involve any IT infrastructure element and increasingly, this includes cloud-hosted services. Quocirca's research shows a big increase in the use of infrastructure, platform and SaaS in the past few years (*Fig 1*).

All CIEs vary, so the team that comes together to fix it needs to do the same. The team will often need to span multiple firms, including the organisation actually affected by the CIE, any cloud service providers involved, and your own organisation as a delivery partner. The average size of the teams that address CIEs is 18.

Two metrics that are used to measure the response to CIEs are: mean time to repair (MTTR) and the time taken for root cause analysis (RCA). The average MTTR reported in Quocirca's research was 6.8 hours and 59 per cent of organisations say they would like to see MTTR reduced. RCA carries on after the problem has been fixed to understand why it happened in the first place and how a repeat incident can be avoided; the average time taken for RCA is 12.4 hours. It makes sense to minimise the time taken for RCA, learn the lessons, apply necessary changes and get back to the tasks that will have been neglected during the crisis.

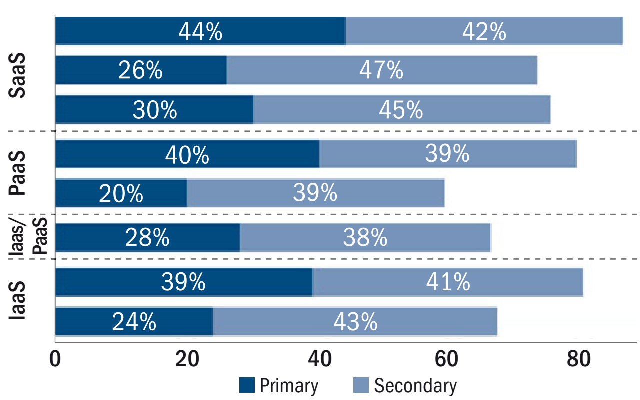
The research shows that effective IT operational intelligence has an impact on the response to CIEs. Operational intelligence refers to an organisation's ability to gain insight into events that occur across its infrastructure. It relies on gathering machine data from the logs and alerts generated by IT hardware and software. The average organisation generates around 200GB of machine data a day.

Effective operational intelligence demonstrably improves the visibility an organisation has into its IT infrastructure (*Fig 2*); during a CIE this improves responsiveness with the potential to reduce MTTR. That said, the relationship between the cost of CIEs, the size of teams that come together to address them and MTTR is a complex one. This is because the more reliant an organisation is on IT, the more resources it throws at the problem and that drives up cost. Furthermore, the cost to the business of a CIE is likely to rise with reliance on IT.

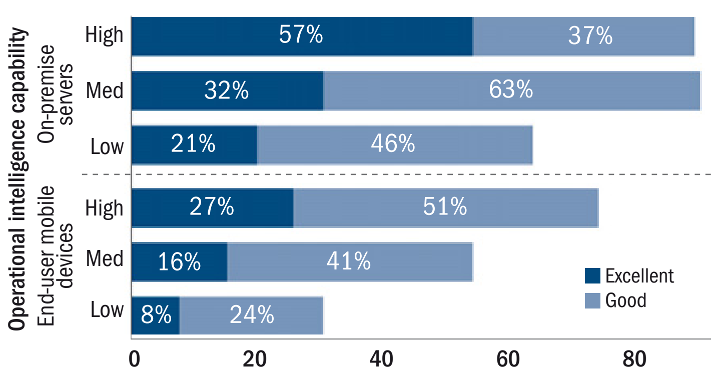
It is clear from Quocirca's research how effective operational intelligence improves the productivity of team members operating during CIEs by as much as 25 per cent. Much of this will be down to better co-ordination between team members and the firms they work for. It is also clear that the time taken for RCA can be reduced by around 40 per cent.

Having an effective operational intelligence capability in place will ensure you can co-ordinate the response to critical IT events that are bound to occur with all your customers. And, as previous reports in the *Masters of Machines* series have shown, operational intelligence has a big role to play in other aspects of IT management, including commercial insight, the customer experience, and IT security.

1. Increasing use of cloud services



2. Operational intelligence and infrastructure visibility



Michael Keegan, Fujitsu

What goes on in a typical day for the head of product business, EMEIA?

How do you typically start a working day?

The first thing I usually do is ask myself where I am! I'm responsible for the Fujitsu product business in 37 markets and our company is headquartered in Tokyo, so I'm almost always travelling. I tend to start my weekdays by working out what time zone I'm in, and whether I'm already late for anything.

How long is your commute and what do you do during it?

Because of my travel, every commute is different. It can range from an 11-hour flight to Japan at the beginning of the week to a bus ride to our Baker Street office in central London. My week typically begins and ends with a taxi ride from the airport.

What is your attitude to flexible working in your company?

I'm very favourable towards flexible working, and use it frequently myself. Employers don't need to have everyone struggling to make the journey to one fixed location or to invest in large numbers of buildings, now that we have the technology to allow people to get a better work/life balance. We should be thinking of people's performance based on how effectively they contribute, not whether they're in the same location every day. It's how the world of work is changing, and as a modern technology employer this is something that Fujitsu tries to accommodate.

"I'm trying to support the LGBT employee base in technology, and make sure that Fujitsu for one is the sort of place where you can be yourself"

What would your colleagues say is your worst habit?

My worst habit is probably my bad jokes – which often get lost in translation with my colleagues in other countries!

If you could change one thing about your business, what would it be?

If I could change one thing, it would be to make us faster at everything. Agility is crucial in the modern business world, and I get impatient when I feel like it's taking too long to make decisions. I would also love to never make the same mistake twice.

What do you do for the bulk of a typical day?

It's often said, but there really is no such thing as a typical day for me. A large part of my time is spent meeting our customers and our partners in the channel to build relationships and make sure that we're meeting their needs. I also often speak to the media, about Fujitsu and at an industry level. I'm deputy president of TechUK, and it's important to me to use this platform to discuss key industry issues, such as Brexit, and to advance the position of women in technology and business.

I'm trying to support the LGBT employee base in technology, and make sure that Fujitsu for one is the sort of place where you can be yourself. Internally, I review performances within the businesses I'm responsible for, and communicate with shareholders and management.

How do you unwind at the end of the day?

If I'm at home, I turn on the TV and watch something mindless. I'm really enjoying a French cops-and-robbers series called *Braquo* at the moment. When I'm travelling, I'm always reading. I'm currently reading a brilliant biography of Labour prime minister Clement Attlee, who succeeded Winston Churchill. It's really compelling, particularly at the moment – Attlee understood the need to form effective working relationships with your political opponents for the greater good. The book is called *Citizen Clem* – out now at all good retailers!

What quotation best sums up your approach to business?

As a former American boss of mine used to say, "nothing's done till it's done", which I've found to be very wise advice. Too many people make the mistake of talking about outcomes being certain.

What do you enjoy most and least about your job?

I think it's a great privilege to spend time with people from different countries. I really enjoy getting to understand different cultures and how you can collaborate to deliver an outstanding international solution. You can learn lots and become a wiser person. The thing I like least is the tyranny of email; I know it's a necessary evil of the business world, but talking to people directly can be a much more effective use of time.

Offend a gender, vendor

Strap yourself in as the digital doyen of Dagenham reports on mansplaining manufacturers and a philandering Frenchman

Two of Dodgi's top sales guns, who happen to be women (others may call me a hero in the struggle for greater gender equality in the IT industry — it's not for me to say), recently went for a meeting at one of our leading vendor partners.

The talk turned to what the vendor offered the market in the way of converged infrastructure wares. As they discussed how best to position the technology from a sales and marketing perspective, the vendor bod thought he'd start from the top by giving an easy-to-understand explanation of the concept of converged infrastructure.

"Well, it's a bit like having lots of different pairs of shoes," he began.

Presumably because, y'know, women, eh?

It hardly got less cringeworthy from there. But to be fair to the chap, his little pep talk with Team Dodgi has given our sales a massive shot in the arm. Our Thoroughly Non-Converged Infrastructure Business Unit has just done its best ever quarterly numbers.

Never a doll moment

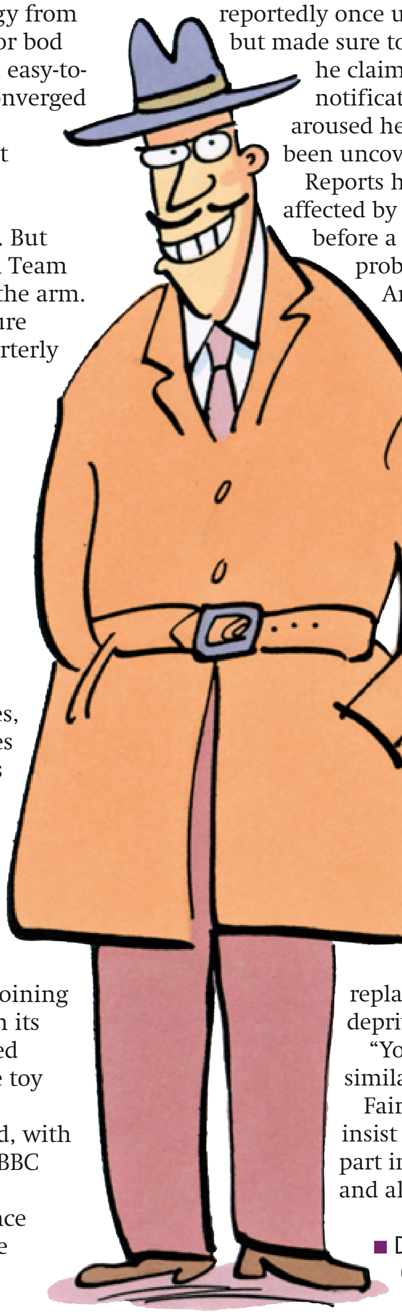
Further proof, as if it were needed, that the world is insidiously becoming an Orwellian dystopia was provided by the recent, sorry tale of My Friend Cayla.

Sadly, My Friend Cayla — an internet-connected talking child's doll — should not be befriended by anyone, according to the German telecoms watchdog, the Bundesnetzagentur. She may have blonde locks, a darling little outfit, and big blue eyes, but behind the unremittingly cute façade lies a sinister surveillance threat, the authorities have decided.

The doll is designed to be able to trawl the internet to enable it to respond to users' questions. Various consumer groups and individuals had raised concerns about Cayla, claiming that her microphone could be hacked via Bluetooth from a distance of up to 10m, meaning that someone in an adjoining building could feasibly use the doll to spy on its users. The Bundesnetzagentur has now issued an official warning, urging all owners of the toy to destroy it.

But officials in the UK seem less concerned, with the UK Toy Retailers Association telling the BBC that there is "no reason for alarm".

"War is peace. Freedom is slavery. Ignorance is strength. The struggle is finished. We have won the victory over ourselves. We love Big Brother," they added, probably.



Le cheat, c'est chic

Zut alors and stone les crows! Imagine my shock and deep amusement to find out that a Frenchman is reportedly suing Uber after his use of the taxi app enabled his wife to uncover his infidelity.

According to numerous reports, the unnamed chap reportedly once used his spouse's phone to book an Uber, but made sure to log out when he was done. However, he claims the application continued to send notifications to wifey's phone, and his travel habits aroused her suspicions. After his philandering had been uncovered, the couple subsequently divorced.

Reports have claimed that some Uber users were affected by the unsuccessful log-out issue last year, before a software update in December remedied the problem. Now Cheating Charlie's lawyer David-André Darmon claims that the application should have to answer for the damage wrought by its glitches.

"The bug has caused him problems in his private life," he told *Le Figaro* newspaper.

This case has got me worried. I once logged into the Pointless app on Her Indoors' phone; if word gets out on the mean streets of Dagenham about my surprisingly in-depth knowledge of Let Loose singles, my reputation will be toast.

Gates rates

I was curious to learn recently that Bill Gates thinks robots should pay tax.

At least, that's what all the screechingly reductive headlines would have you believe. The reality is more nuanced and thoughtful, with the jumper-wearing ex-Microsoft chief simply pointing out — not entirely unreasonably — that if workers with salaries of, say, $50,000 are now being replaced by automatons, the public purse will be deprived of an increasing amount of income tax.

"You'd think that we'd tax the robot at a similar level," he said.

Fair point, William. I think we should also insist that all robot employees are made to take part in secret Santa, company softball, and any and all charity fancy dress days.

■ Dave Diamond-Geezer, director of Digital Online Deals and Global Integration (Dodgi) of Dagenham Ltd

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