CRN
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CHANNEL ROUND-UP

VENDOR

■ **Alibaba** is set to continue its march into Europe as it looks to grow its footprint in the region. The Chinese giant, whose progress has lacked any media fanfare, is reportedly close to taking its first steps towards forming a global **technology channel**. In a chat with *CRN*, the firm, whose model is closest to biggest rival Amazon, revealed it is to focus on five verticals – finance, retail, logistics, manufacturing and media – as it looks to build partnerships in the region. See full interview **here**.

■ **Apple** was forced to admit it will miss its revenue targets in its current quarter, with iPhone sales falling below expectations. In a letter to investors, CEO Tim Cook blamed the shortcoming on the revenue derived from its smartphone, particularly in China. He said that Apple had expected struggles in some of its key emerging markets, but "did not foresee the magnitude of economic deceleration". Apple concerned investors last year when it announced that it will no longer reveal how many units of iPhones, iPads and Macs it sells. Cook however stressed that Apple's performance outside the iPhone has been as expected.

Cupertino-based Apple chose to emphasise the growth in its services business after officially announcing the expected fall in iPhone sales later in the month. The fruity vendor saw revenue drop five per cent year on year to $84.3bn (£64.5bn), attributed to a 15 per cent drop in iPhone revenue. Setting the smartphone shocker aside, Apple's revenue grew 14 per cent, with services revenue up 19 per cent to an all-time high of $10.9bn.

■ **Avaya** kicked off the year with a refreshed Edge partner programme as it looks to attract more channel partners. The vendor has simplified its requirements and put the emphasis on 'inclusivity' – aiming to help partners achieve growth regardless of size or business model. It has reduced the number of hoops partners have to jump through to start claiming rebates, and changed its fiscal year to run the calendar year, making it more in tune with partners' business needs. The firm also held its annual Avaya Engage user group conference this month.

■ **AWS** snapped up CloudEndure, an Israel-based data migration technology specialist backed by Dell Technologies. Early reports estimate the purchase price was somewhere in the $200m to $250m bracket. CloudEndure provides a conversion engine that moves any workload running in a Windows or Linux environment, without interruption, to just about any target cloud. A statement on its website said the deal will help to expand delivery on its migration, backup and disaster recovery solutions. The firm has also worked with AWS adversaries Google and Microsoft in the past, so its progress under AWS will no doubt be watched with interest.

■ **BlackBerry** took the wraps off three new product sets to shore up the still shaky area of IoT security. The firm, which acquired Cylance last year, is aiming the products at IoT device and application developers, offering them a security framework that can be applied during a product's life cycle. The products include BlackBerry Secure Enablement, BlackBerry Secure Foundations and BlackBerry Secure Enterprise.

■ **BT** saw its losses shrink and EBITDA grow in its latest financials, as its radical overhaul of its Global Services starts to bite. The wider BT business reported a sales decline of one per cent to £17.6bn for the nine months ending 31 December. Profit after tax rose 26 per cent to £1.6bn. The Global Services business saw revenue decline six per cent to £3.5bn, while EBITDA was up 20 per cent to £295m.

■ **Check Point** has acquired Israel-based ForceNock Security for an undisclosed sum. ForceNock specialises in web application and API protection (WAAP) technology, which will be incorporated →

into Check Point's Infinity architecture protection platform, the firm claimed.

■ **Continuum**, which specialises in IT management software and services for MSPs, has acquired fellow software firm BrightGauge for an undisclosed sum. The vendor claims the deal gives it access to business intelligence technology that will improve the reporting and analytical capabilities of its platform, and give its partners visibility into the metrics needed to scale their business.

■ **Datto** unveiled Tim Weller as its permanent chief executive this month. Weller has been acting as interim CEO since founder Austin McChord left the role in October. Weller hinted that the firm, which merged with Autotask in 2017, is in the market for future acquisitions as consolidation continues in the MSP-focused space.

■ **Google** announced the first price rises for its G Suite in January, with the increases coming into effect on 2 April. The changes will see the G Suite Basic Edition increase by $1 to $6 per user per month, while G Suite Business Edition will increase $2 to $12 per user per month. The vendor said the price rises will apply globally. In a blog post, the tech giant explained that the price increase for its cloud offering reflect developments made over its decade-long life.

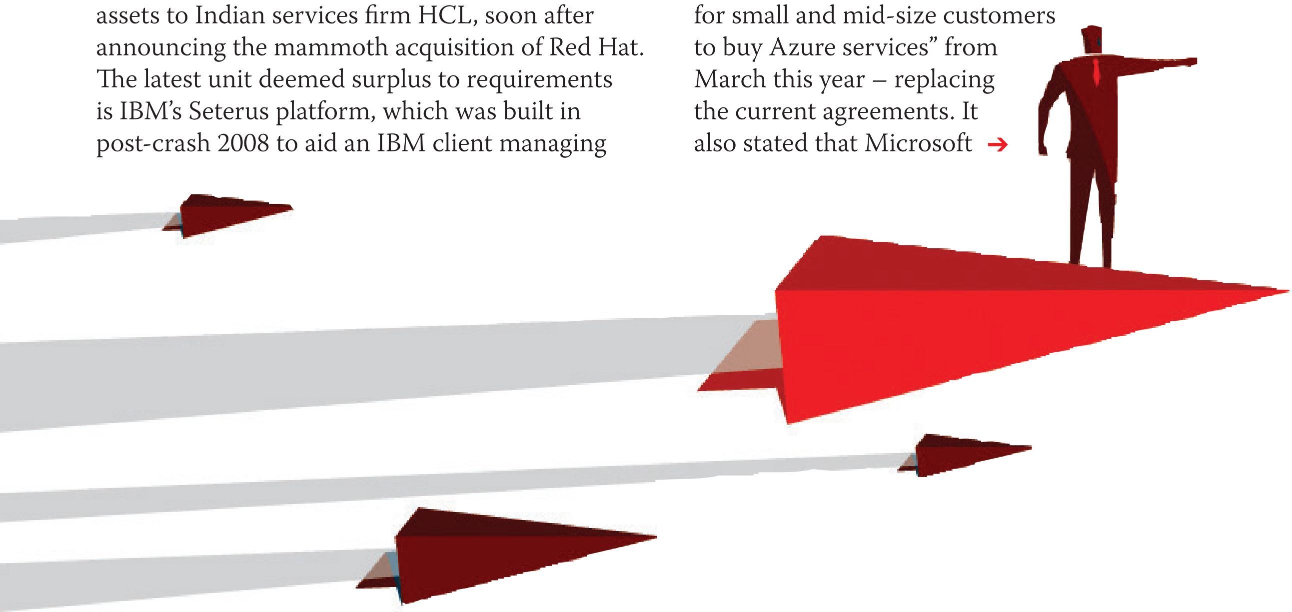
■ **IBM** has continued to shed business units it deems non-core after selling its mortgage servicing platform. Big Blue CEO Ginny Rometty has made no bones of her plan to restructure the vendor, having recently sold off $1.8bn worth of software assets to Indian services firm HCL, soon after announcing the mammoth acquisition of Red Hat. The latest unit deemed surplus to requirements is IBM's Seterus platform, which was built in post-crash 2008 to aid an IBM client managing mortgages. The division has been sold to mortgage firm Mr. Cooper Group.

Separately, Big Blue reported a three per cent year-on-year revenue decline for the quarter ending 31 December 2018, despite seeing growth in its Global Business Services and Cognitive Solutions arms. Revenue for the full year was up one per cent to $79.76m. Full results analysis **here**.

■ Enterprise cloud software specialist **Infor** kicked off a western European channel recruitment drive this month. The firm has already signed Manchester-based Cloud Business Solutions as a partner and extended a partnership with Avaap. The vendor plans to recruit more partners specialising in Infor M3, Info LN, Infor Enterprise Asset Management and Infor Human Capital across western Europe as it looks to grow its footprint.

■ **Intel** appointed CFO Bob Swan as its permanent chief executive. Swan has been in the role for the past seven months, when former CEO Brian Krzanich resigned after a prior affair with an employee came to light. Earlier this month he had **stated to CNBC** that he did not want the position of chief exec, preferring to return to his original CFO job. Current VP of finance Todd Underwood will now become the interim CFO as Intel looks for a permanent replacement for Swan.

■ **Microsoft** sent ripples through the channel after it revealed it would take the purchasing of Azure direct. In a post on its **website** the vendor introduced the Microsoft Customer Agreement (MCA), which it said will become "the primary way for small and mid-size customers to buy Azure services" from March this year – replacing the current agreements. It also stated that Microsoft →



representatives will be the "primary contact" for customers, and partners would support customers through pre- and post-sales Azure services.

The software giant also failed to impress Wall Street in its Q2 results. For the quarter ended December 2018, Azure, Microsoft's flagship cloud product, saw revenue growth of 76 per cent, a drop on the 98 per cent spike in the same quarter the previous year. Total revenue grew 12.3 per cent to $32.47bn. Wall Street analysts on average had expected revenue of $32.51bn. Profit for the quarter stood at $8.42bn. Breaking it down, software grew 13 per cent to $10.1bn, and its personal computing division (incorporating Windows software, Xbox gaming, Bing and Surface hardware) grew seven per cent to $13bn.

Separately, the firm is set to launch two new security bundles in February as part of its Microsoft 365 subscription service – an Identity and Threat Management Protection package and an Information Protection and Compliance package.

■ **Mimecast** snared London-based Simply Migrate for an undisclosed sum, marking its third acquisition in 12 months. Simply Migrate specialises in archived data migration technology, and Mimecast claimed the buy would offer customers a "faster and more cost-effective" route to its cloud.

■ **Nutanix** CEO Dheeraj Pandey started a blog spat with VMware, branding it a "bully". Pandey was referring to what he claims is a threatening email from VMware COO Sanjay Poonen to a customer. The two vendors have clashed over a Nutanix marketing campaign encouraging businesses to shun legacy datacentre infrastructure and "say no to vTax". **Full story here.**

■ Access management vendor **OneLogin** has announced a $100m funding round to bolster its presence in Europe. The financing, led by new investors Greenspring Associates and Silver Lake Waterman, takes the vendor's total funding to $170m. The firm claims that 2,500 enterprises globally are using its applications, and that its recurring revenues have nearly tripled over the last three years.

■ Backup player **Rubrik** hit a valuation of $3.3bn following its latest funding round. The vendor claims it will use the cash for "general corporate purposes", as well as to support the launch of new products in 2019. This latest funding round was led by Bain Capital and also saw participation from existing investor Lightspeed. This round brings total funding raise to over $550m, according to reports.

■ **Sophos** acquired San Francisco-based Avid Secure for an undisclosed sum this month as it looks to further boost its AI and automation capabilities. Avid is a small, privately owned company that specialises in artificial intelligence-based cloud security analytics, compliance, and applications development.

Separately, the firm grabbed US start-up DarkBytes, a unified security platform developer, which was founded in March 2018. The firm said the acquisition will add to its managed detection and response expertise.

■ Backup vendor **Veeam** revealed it is gearing up for organic and acquisitive growth after bagging a $500m investment from Insight Venture Partners. Despite having only been founded in 2006, Veeam is one of the world's largest privately held software companies, and has made no secret of its preference to remain private in order to avoid the pressures of the stock market. This latest injection will be used to bolster organic growth, namely through portfolio innovation and geographical expansion, and via M&A activity, Veeam said.

■ Email archiving and security specialist **Zix** has doubled in size overnight by snapping up email security provider AppRiver for $275m, growing its channel more than tenfold in the process. The move creates a serious contender in the MSP-focused secure email market and will provide "game-changing" application delivery for MSPs, the firm claimed.

DISTRIBUTOR

■ **Beta Distribution** contacted 19 potential buyers in a last-ditch effort to stave off insolvency, according to the administrator's report. The distributor hit the wall in October 2018, owing around £36m to creditors. The report also stated that it is unlikely trade creditors will receive any of the money owed, while secured creditors will not be paid in full. There will also be "insufficient" funds to pay preferential creditors, including Beta employees. The report, filed by Deloitte on Companies House, reveals that attempts were made to sell the business prior to appointing administrators, but they "did not result in any acceptable offers being received".

■ **Midwich** saw revenue top £570m last year, driven by organic growth and contributions from acquired businesses. The audiovisual specialist said that the acquisitions made in 2017 performed well in the 12-month period ending 31 December, contributing to a year-on-year revenue increase of 20 per cent. Read the full article and interview with managing director Stephen Fenby **here**.

■ US giant **Synnex** attributed its "record results" to a strong demand for technology solutions. The California-based firm's technology solutions revenue was $17.6bn for its latest fiscal year, a 16.8 per cent increase year on year. For the fourth quarter, ended 30 November, the distributor said sales grew 5.8 per cent to $5.62bn, on profit of £113.2m. Q4 revenue for its Concentrix subsidiary grew 82 per cent to $972m, bolstered by its acquisition of Convergys earlier in the year.

RESELLER

■ Sheffield-based MSP **AAG IT** has opened an office in London, marking its first location in the South. The new arm of the business will be headed up by Mark Longson and Mike Fish, who specialise in financial and legal customers. The firm plans to grow headcount from its current 27, including at its new London base.

■ Acquisitive VAR **Arrow Business Communications** continued its M&A spree in January by snapping up telecoms services firm Abica. Surrey-based Arrow has been purchasing counterparts at a rate of knots since receiving private equity funding, now taking over the Microsoft partner and its subsidiary PCR IT. Last year it acquired Microsoft and Cisco partner 360 Solutions, and boutique comms reseller Reeves Lund.

■ **ANS Group** has endured an "expected" revenue dip after shifting its focus away from hardware and onto public cloud. The MSP's revenues declined by 10 per cent to £53.1m for its year ending 31 March 2018, while operating profits dipped by £500,000 to £7.7m. Full interview with CEO Paul Shannon **here**.

■ **Bytes Software Services** was crowned the fifth-largest supplier to central government in 2018 according to findings by public sector specialist Tussell. The software reseller secured contracts worth £328m, making it the largest IT-dedicated supplier to the government last year. Topping the board ahead of Bytes was defence contractor QinetiQ (£359m), outsourcer Mitie (£514m), infrastructure provider Amey (£641m) and Rolls-Royce (£776m). Bytes beat Capita, DXC Technology, Atos, IBM, and Fujitsu to a top five spot.

■ Managed services provider **Castleton Technology** acquired housing industry specialist Deeplake Digital in a move which bolsters its intellectual property portfolio. The £1.8m deal saw Castleton take 100 per cent of Deeplake and its proprietary comms software, which it claimed is the market leader for landlord and tenant communication in the UK.

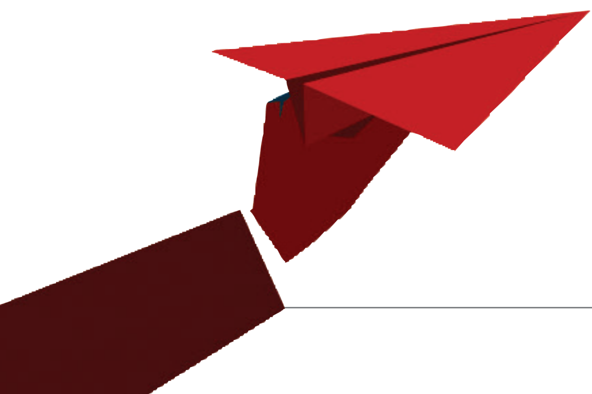
■ VAR giant **CDW** is continuing its quest for global domination after acquiring Scalar Decisions, one of Canada's largest independent resellers, for an undisclosed sum. The deal is expected to close at some point in Q1.

■ **Centerprise** has taken Misco's place as reseller of Acer products on the National Desktop and Notebook Agreement framework. The £440m framework launched in 2017 and sees higher education bodies procure hardware from vendors including Dell, HP, Acer and Toshiba.

■ **Computacenter** released its latest trading update this month, which saw revenue increase across its UK, German and international businesses last year. Total revenue for the year ending 31 December 2018 was up eight per cent year on year, excluding contributions from FusionStorm and Misco Netherlands, which were acquired last September. Sales in the UK were up 10 per cent, while Germany saw growth of nine per cent. However, the regions saw services revenue drop five per cent and six per cent respectively. Overall revenue in France declined three per cent.

■ Ambitious **DXC Technology** has acquired IT consultancy firm Luxoft in a deal valuing the company at $2bn. The agreement – described as a "strategic combination" by both firms, equates to $59 per Luxoft share in cash. DXC has made a number of high-profile acquisitions since spinning out of HPE and **merging with CSC**. Last year in the UK it acquired Microsoft Dynamics 365 partner eBECS and ServiceNow partner TESM. The transaction is expected to close in June.

■ Infrastructure provider **ExcelRedstone** has continued its acquisition spree with a deal for Irish firm Kedington. ExcelRedstone claims that Kedington is "Ireland's largest IT network infrastructure solutions company", with offices in Dublin, Cork, Limerick, Derry and Belfast, as well as in Copenhagen. The firm proides network solutions, cabling and datacentre engineering services. ExcelRedstone was formed last year when →



its predecessor, Excel IT, acquired two businesses from RedstoneConnect for £21.6m.

■ Troubled service provider **IDE Group** has received additional funding as its new management team ploughs on with plans to **turn the business around**. In a note to the London Stock Exchange, IDE said it is looking to raise £10m by way of secured loan notes. Existing shareholders MXC and Blake Holdings will subscribe to £5.3m of the target amount, while the remaining £4.7m will be offered to existing shareholders. IDE said the cash generated will be used to pay its £8.25m debt facilities with NatWest. Since last March, the firm has already flogged 365ITMS and shaved more than £7m from its annual staff costs.

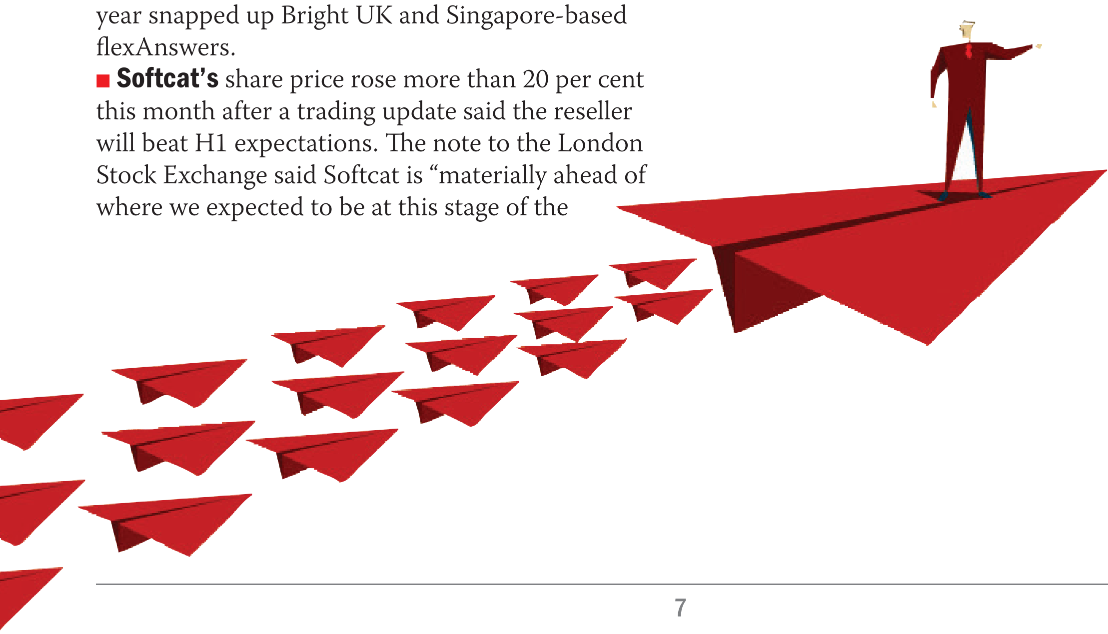
■ **QUANTIQ** reported a record turnover of £20m for its FY2018 – overshooting its projected target by £2m, according to chief executive Stuart Fenton. This figure represents 27 per cent growth on 2017 revenue, with Fenton attributing this to increasing demand for the Microsoft Dynamics ERP and CRM suite from mid-market customers. Fenton said the firm's service arm outgrew the rest of the business.

■ **Sabio** has claimed it is now the largest independent contact centre specialist in Spain as a result of its latest acquisition. The firm snapped up Callware, which specialises in workforce optimisation (WFO), and also provides unified comms and cloud contact centre solutions in Spain and Mexico. WFO solutions provide key data on the performance of the workforce. Sabio has made a spate of acquisitions since receiving £30m backing from private equity firm Horizon Capital (formerly Lyceum Capital) in 2016. In 2017, it added Rapport and DataPointEurope to its roster, and last year snapped up Bright UK and Singapore-based flexAnswers.

■ **Softcat's** share price rose more than 20 per cent this month after a trading update said the reseller will beat H1 expectations. The note to the London Stock Exchange said Softcat is "materially ahead of where we expected to be at this stage of the year". Softcat finishes its first half of the year on 31 January. The reseller's last trading update came on 28 November, when it reported growth in revenue, gross profit and operating profit. At the time CEO Graeme Watt said he was confident that the firm would meet the board's expectations for the year. Softcat is now a £1bn-plus company in terms of both valuation and revenue. Its last financial year, ending 31 July 2018, heralded sales of £1.082bn.

■ **SoftwareONE's** mammoth takeover of Comparex has been completed and the firm has hinted that more acquisitions could be on the horizon. News of the acquisition first surfaced in October, when SoftwareONE claimed that the merger would create a licensing behemoth that would manage €10bn (£8.8bn) in software sales. The combined company is now home to 5,500 employees and offers support to customers in 150 countries. The Comparex name will disappear as it is folded into SoftwareONE. Thomas Reich, chief executive of Comparex, will support the integration process for the next few months before departing the company.

■ MSP **TIG** has scooped up IT consultancy firm netConsult to bolster its financial services offering. The acquisition, for an undisclosed sum, will double Watford-based TIG's headcount to 90, with netConsult's co-founder and chief executive Richard McDonald leading an expanded financial services team. TIG CEO Des Lekerman explained that the new addition will enhance TIG's financial services offering to customers, while allowing London-based netConsult to take advantage of TIG's expertise in artificial intelligence, data analytics and machine learning.



RESEARCH

■ Global IT spending is set to grow 3.2 per cent this year to $3.7tn, despite a drop in the amount of hardware (in the form of traditional devices such as PCs, datacentre infrastructure, and mobile phones) sold, due to market saturation, Gartner has predicted. This growth will be fuelled by increasing demand for cloud services and IoT-based devices, which the analyst claimed are different from the more traditional devices.

■ On a similar note, IDC dropped the biggest hint that the world has possibly reached smartphone saturation point, with global sales dropping 4.1 per cent. For Q4 2018, 375 million units were shipped, a 4.9 per cent drop in the usually buoyant Christmas season, and marking a fifth quarter of decline. Apple saw the biggest drop, with iPhone sales falling 11.5 per cent in Q4 and 3.2 per cent for the full year, while Samsung saw a 5.5 per cent Q4 drop, with full-year volumes down eight per cent. The Chinese vendors were flying the smartphone flag, according to the analyst, with Huawei, Oppo and Xiaomi all seeing Q4 growth.

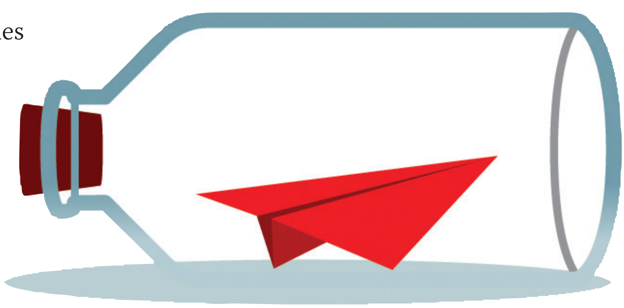
■ A Techaisle survey of nearly 900 US mid-market firms revealed that 41 per cent of respondents questioned believe that digital technologies affect every aspect of the business and are a core part of organisational strategy. In addition, 34 per cent said digital transformation is a key to customer intimacy. The same respondents anticipated a 21 per cent improvement in upsell/cross sell, a 20 per cent improvement in brand image and a 19 per cent improvement in customer satisfaction following a successful digital transformation strategy.

■ Sales from hardware for cloud infrastructure surpassed revenue generated from traditional infrastructure for the first time in Q3 last year, according to IDC. The analyst claimed that sales for cloud environments – servers, storage, switches – rose 47.2 per cent year on year to $16.8bn. The growth saw spending on public and private cloud infrastructure equate to 50.9 per cent of the market, with the traditional infrastructure market making up the remaining 49.1 per cent.

■ The CPU shortage put a dampener on global PC shipments last year, according to Gartner. According to the analyst, worldwide PC shipments totalled 68.6 million units in Q4 2018, a 4.3 per cent decline from the same quarter in 2017. For the full year, PC shipments surpassed 259.4 million units, a 1.3 per cent drop from 2017. Mikako Kitagawa, senior principal analyst at Gartner said the shortage hampered vendors' ability to fulfil demand, but that the demand would be "pushed forward into 2019 if CPU availability improves". Lenovo was the only vendor in the top five to see growth in Q4, with shipments climbing 5.9 per cent to 16.6 million, or 24.2 per cent of the market. Hot on its heels in second place was HP Inc with 22.4 per cent market share, followed by Dell with 15.9 per cent, Apple with 7.2 per cent and ASUS with 6.1 per cent.

■ UK firms are increasingly concerned about cyberattacks, according to figures from investment bank Close Brothers. The *Business Barometer* report claimed that 67 per cent of firms questioned were more worried about cybersecurity threats, with 31 per cent of those labelling it a "significant" worry. London topped the worry table, with 85 per cent revealing that their concern had increased over the past year. In total 75 per cent of Yorkshire firms, 73 per cent of firms in the North-West and 72 per cent of North-East firms said they were more nervous about the issue now. Sixty-two per cent of firms questioned by Close Brothers said they were spending more on security than they did a year ago, with just 25 per cent saying spending had remained steady.

■ By 2021, 70 per cent of organisations will have integrated artificial intelligence (AI) into the workplace, Gartner has predicted. The analyst said the rise of virtual personal assistants and other forms of chatbots are "augmenting" human performance in many organisations. Examples of ➔



how this will pan out include Amazon's Alexa for Business helping employees delegate tasks such as scheduling meetings and logistics operations, and Nokia's MIKA helping engineers find answers as they perform complex tasks or diagnose problems, but said the move would prompt 10 per cent of organisations to add a digital harassment policy to workplace regulation practices. The analyst also predicted that by 2020, 20 per cent of operational bank staff engaged in back-office activities will rely on AI to do non-routine work.

■ Research from content delivery firm Kollective found that 43 per cent of enterprises in the US and the UK are still running on Microsoft's soon-to-be-unsupported operating system Windows 7. Microsoft ended mainstream support for the OS in January 2015, with extended support running till 14 January 2020. Kollective claimed that businesses which fail to migrate in time will be saddled with high fees for further support from Microsoft. It also said that enterprises with more than 10,000 terminals could be left with fees of more than $1.4m a year. The firm also claimed that nearly one fifth of IT departments said they did not know when support for their operating system ends, with six per cent aware of the deadline but yet to start planning their migration to Windows 10. A further 16 per cent also admitted to still running machines on the unsupported Windows XP and Vista operating systems.

■ The installed base of smart assistant-compatible devices in the home, such as light bulbs, thermostats and door locks, is expected to grow fivefold in the US over the next three years, reaching 1.6 billion devices in 2022, according to market watcher Canalys. The analyst predicts growth will be driven by improving ease of use. Almost half of all devices used will cater to home automation and lighting, with home security second at 18 per cent, the analyst predicted. In comparison, the total base of smartphones in the US will reach 351 million, while the smart speaker base will stand at 129 million.

■ Global semiconductor revenue totalled $476.7bn in 2018, a 13.4 per cent increase from 2017, according to preliminary figures from Gartner. Memory strengthened its position as the largest semiconductor category, accounting for 34.8 per cent of total semiconductor revenue, up from 31 per cent in 2017. Topping the leader board was Samsung with nearly 16 per cent market share, followed by Intel with almost 14 per cent, then SK Hynix with 7.6 per cent, Micron Technology with 6.4 per cent and Broadcom with 3.5 per cent.

■ The latest report from research firm **Information Services Group** revealed that Germany, the US and the UK are the top three countries in outsourcing spending, driven by cloud computing demand and digital transformation. According to the figures, North America spent $23.6bn on outsourcing in 2018, with Germany spending $10.8bn and the UK spending $7.8bn.

■ Total spending on Internet of Things (IoT) implementations and support will increase 15.4 per cent in 2019 to more than $745bn, driven mainly by the US and China, according to IDC. Most of the IoT investments and spending will go on manufacturing operations and asset management, as well as logistics and asset tracking, the analyst claimed.

According to the IDC *Worldwide Internet of Things Spending Guide*, $119bn of the total will stem from discrete manufacturing, $78bn from process manufacturing, $71bn from transportation and logistics, and $61bn from utilities and smart-grid investments. A total of $44bn will come from consumer and smart home IoT spending.

ANALYSIS

January is a month that most people cannot wait to be over – it feels like about six months between paydays, the weather is absolutely miserable and it feels dark. All the time. Plus snow, and travel infrastructure gridlock, is just a flurry away.

Add to that mix the constant media scaremongering about Brexit this year, and it really is a wonder anyone smiles at all.

But smile they have, and as usual, the channel continues to get on with business and keep laser-focused on growth and success, evident in the goings on during this long winter month.

Unfortunately, the Brexit situation is very real, and the deadline is edging closer all the time. If a deal has not been reached by 29 March (the date the UK is scheduled to leave the EU), it will either face an extension (more wrangling and visions of self-serving MPs braying in Parliament) or the prospect of a no-deal Brexit, which has untold repercussions – not only for the economy, but also political stability with Northern Ireland.

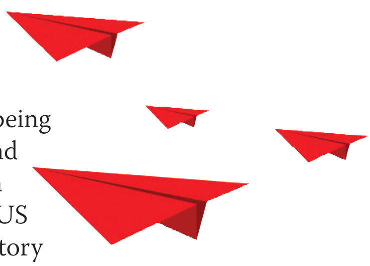
Supermarkets and retailers jumped on the fear-inducing bandwagon this month, warning of empty shelves thanks to anticipated border delays, which will render it difficult to keep some much-loved staples in stock. Whether this is true or not, it is already sending consumers into a mild frenzy as they start to stockpile food and basics as the unknown draws ever closer.

In the industry too, some players are making plans for a no-deal scenario. **HP** is implementing a multi-port strategy in case of any issues, and other vendors, such as **SonicWall**, are stocking up through their distribution partners.

However, others in the vendor/distribution space are not succumbing to panic just yet and are just reviewing their Brexit strategy on a daily basis.

Because this scenario is so unknown, there is no right or wrong way to approach the situation. But it is certainly something most of us could do without.

On the other side of the pond, it appears Trump was jealous of the shambles being witnessed in Westminster, and started a hot mess of his own – presiding over the longest US government shutdown in history over his proposed border wall.



Over 800,000 government employees went without pay for 35 days, starting just before Christmas, and hundreds of thousands of contractors stood still in a political stand-off between Trump and the Democrats, which saw services such as waste collection, parks services and vital scientific research stop, and forced many federal employees to rely on foodbanks.

Despite that, the US economy still added more than 300,000 jobs in January, but consumer confidence was at an all-time low, proving that the shutdown had taken its toll.

Moving back to the industry, warnings were fired over the boughs of the established giants to remind them that no-one is too big to be given a proverbial bloody nose in the future.

Chinese giant **Alibaba** is seemingly continuing its race for world domination, revealing it is focusing on five verticals – finance, retail, logistics, manufacturing and media – and looking to establish partnerships in Europe. **Amazon** has led the field for so long that a true competitor with a similar business footprint and scale is something it is not used to, so it will be interesting to see how that pans out.

Apple was another vendor to have enjoyed a smooth ride ever upwards over the past few years. Known as one of the most arrogant manufacturers in the market, with its demands on partners and rules over speaking to the press, few tears were shed when it announced it would miss its revenue targets in the current quarter, due to a lower-than-expected demand for iPhones. It might even be forced to cut prices in the near future. Despite the drop in sales, services revenues grew 19 per cent, so it is not all bad news for the fruity vendor.

Of course, Apple was not alone in a decline in sales – IDC revealed research that pointed to a complete saturation in the smartphone market, with rival **Samsung** also suffering lower sales than it saw in the previous year.

However, Chinese giants **Huawei**, **Oppo** and **Xiaomi** bucked the trend and actually saw growth – whether the western world will embrace their technology and completely trust them is another matter.

Microsoft dropped a bombshell on its partners by revealing that it would be taking the purchase of Azure direct, leaving partners to mop up any support and services revenue left on the table. But in what some may say is karma, the vendor's Q2 results showed a slower Azure growth of 76 per cent, down from 98 per cent in 2018. How this will really affect the relationship between the software giant and its channel remains to be seen, but the response has been mixed so far.

IBM continued to slough off 'non-core' business units as it gears up for a cloud focus, and **Google** hiked the price of its G-Suite for the first time this month, with the increases coming into effect in April. If it continues to get fined the way it did in January ($44m for falling foul of GDPR rules), perhaps it has to make up the shortfall elsewhere?

In other news, several vendors, including **Rubrik** and **Veeam**, secured a cash injection for further growth this month, and several others, including **Sophos** and **Mimecast**, focused on acquisitions, dipping into their M&A war chests.

Finally, **Intel** announced its new CEO in the form of Bob Swan, who despite saying he didn't want the job, now takes on the mantle full time and is faced with ending the CPU shortage that has taken its toll on the overall PC market.

The distribution space was fairly quiet in January, as the main players quietly plot for the coming year, but **Midwich** and US player **Synnex** both posted positive results.

More was revealed on failed distributor **Beta Distribution**, which went bust in October owning £36m to creditors. Nineteen potential buyers were contacted in a desperate bid to fight insolvency, but no-one was willing to take the risk. It is always a shame to see established companies fall but shows just how cut-throat the distribution world is.

Performance was overwhelmingly positive in the reseller space, with strong financials from **QuantiQ**, **Softcat** and **Computacenter**, and **AAG IT** expanding down south with a new office.

Acquisitions were also rife in the VAR space, with **Arrow Business Communications**, **BXC Technology**, **CDW**, **ExcelRedstone**, Spanish player **Sabio** and **TIG** all adding to their might through M&A activity.

SoftwareONE also hinted at further acquisitions, after announcing the takeover of **Comparex** had completed this month, and **Centerprise** capitalised on the demise of **Misco**, by becoming the **Acer** reseller on the National Desktop and Notebook Agreement framework. **Bytes** proved it was a king among players in the central government supplier stakes, being crowned the fifth-largest supplier behind **QinetiQ**, **Rolls-Royce**, **Amey** and **Mitie**.

The only firms not shouting from the rooftops were **IDE Group**, which is the midst of a major reorg as its management team looks to turn the business around; and **ANS** which revealed an "expected" revenue dip as it continues its journey away from hardware to the public cloud.

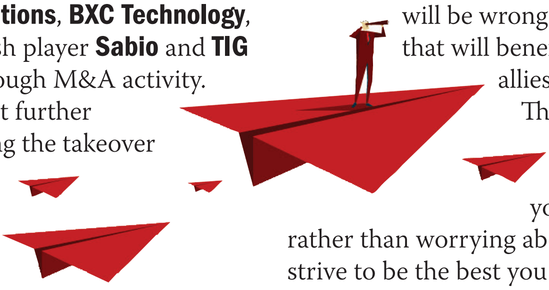
In the research space, the IT market earned a surprisingly positive report for the year ahead, with cloud driving growth and key players working hard to end the CPU shortage that has caused so many issues all through the supply chain.

Unsurprisingly, hardware has taken a hit in terms of shipments, mainly down to the above-mentioned CPU issues, but also because of market saturation. However, Gartner predicted a surge in demand for IoT-based devices as a beacon of hope for the sector and as a future cash driver.

AI and virtual technology still look set for boom times, according to the larger market watchers, with some predicting a rise in virtual employee assistants as they look to reduce actual employee legwork, allow staff to focus on more urgent matters, and increase efficiency with customers.

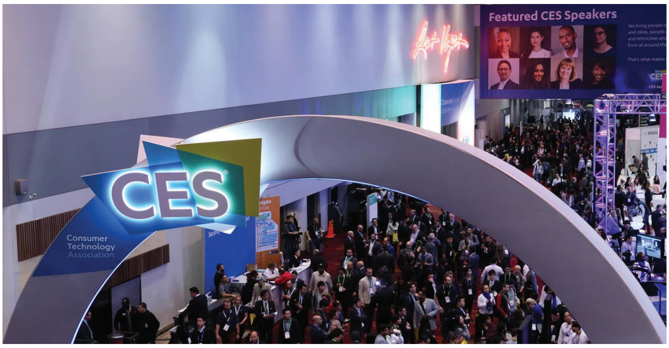
Another important issue emerging this month is the end of life of Windows 7 support, which runs until 14 January 2020. Firms are being warned to act now, rather than be hit with high fees to migrate further down the line. This represents a golden opportunity for the channel, especially if the level of unpreparedness touted by some sources is to be believed. Now more than ever, customers will need their trusted advisers to migrate them successfully on a new platform.

Taking politics out of the equation, it has been a decent start to 2019 for the channel and the wider IT industry, but there will come a point where the two worlds collide and the reality of Brexit will kick in on a global scale. Many are hoping that the doomsayers will be wrong, and a deal will be agreed that will benefit not only the UK, but its allies and trading partners.



The only thing to do in the meantime is remain optimistic, focus on yourself and your ecosystem rather than worrying about the bigger picture, and strive to be the best you can to your customers.

EVENTS



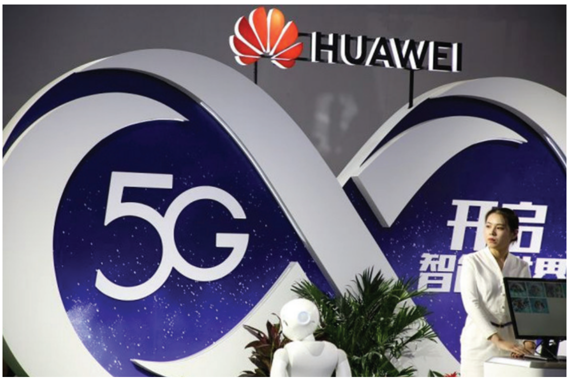
■ **CES, Las Vegas –** More than 4,500 exhibitors showcased the latest tech innovations to some 180,000 attendees across more than 2.9 million net square feet of exhibition space in Las Vegas during this four-day technology of the future extravaganza. Hot topics included AI, 5G and vehicles of the future plus much more. *CRN* in the US compiled a comprehensive roundup of some of the event's highlights – check it out **here**.

■ **Citrix Summit, Orlando –** The vendor was keen to spread the message that it is more than just virtualisation at its annual gathering, which saw over 5,000 attendees descend on Florida. A good roundup of the key message from the event can be found **here**.

■ **BETT Show, London –** With more than 34,000 visitors over the three-day event, the BETT show fully embraced artificial intelligence as it stressed the importance of technology in the education space. A full roundup of the show's key messages can be found **here**.

■ **Oracle Openworld, London –** The vendor was in a bullish mood, claiming it is snatching customers away from its rivals, thanks to its three-pronged ERP approach. Full story **here**. Oracle's EMEA VP of channels, Javier Torres, also hinted that the firm would be moving towards fewer and better cloud partners in the future.

MISCELLANEOUS



■ **Huawei's** Polish sales director Weijing W – also known as Stainislaw Wang – has been arrested and charged with espionage by Poland's Internal Security Agency, it has been alleged. The arrest comes a month after the company's CFO and deputy chair of the board of directors, Meng Wanzhou (the daughter of Huawei's founder), was arrested in Canada at the request of the US and accused of misleading financial institutions about a connection between Huawei and an unofficial subsidiary called Skycom, that was alleged to have done business in Iran, breaking US trade sanctions against the middle eastern country.

Separately, the US Department of Justice has filed multiple charges against the vendor including theft of trade secrets, money laundering and obstruction of justice. Some of the charges against Huawei relate to an alleged theft of a robotic phone-testing system in 2012 belonging to T-Mobile USA, named Tappy, while also claiming that the vendor offered bonuses to employees who stole confidential information. More **here**.

■ **Google** became the first big name to fall foul of GDPR, with French regulatory body CNIL hitting it with a £44m fine. The regulator stated that users were not "sufficiently informed" about the process by which the internet giant gathered data used to personalise adverts to specific users. It also claimed that Google had buried the terms and conditions regarding these processes, meaning users had not sufficiently consented to Google's actions.