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CHANNEL ROUND-UP

VENDOR

■ Chinese e-commerce giant **Alibaba** is set to continue its expansion in Europe with the announcement of a pan-European distribution partnership. Yeming Wang, Alibaba's EMEA general manager, said a contract with the distributor has been signed, but could not yet reveal the chosen firm.

Separately, the company set new sales records for the world's biggest online sales event, the annual Singles Day. The BBC reported that Alibaba "hit a record $1bn in sales in 85 seconds, and then just shy of $10bn in the first hour of the 24-hour spree". The day generated $30.8bn (£24.1bn) in sales, beating its 2017 revenue total of $25.3bn. The BBC report added that the shopping giant said it is projected to hit more than $32bn this year, with last year's total being more than Black Friday and Cyber Monday's totals combined.

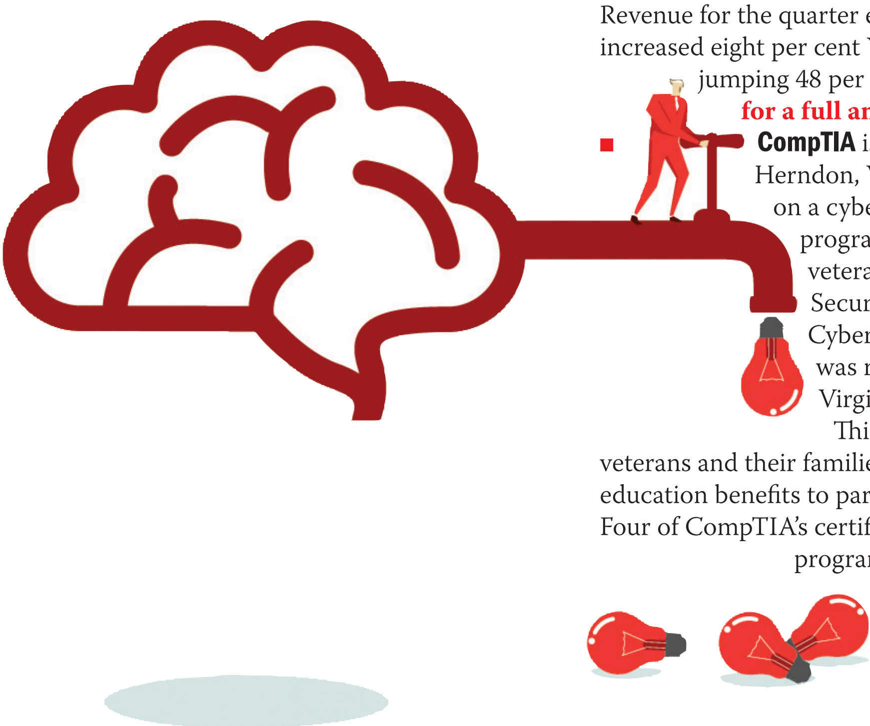
■ **Apple** has cut back production on all three of its new iPhone models launched in September, according to a report by the *Wall Street Journal*. The report cites sources close to the situation as saying that "lower-than-expected demand" for the handsets and Apple's decision to offer more models "have created turmoil along its supply chain and made it harder to predict the number of components and handsets it needs". The company started selling its latest phones, the iPhone XS and XS Max, in September and the XR model in October.

■ **Amazon Web Services (AWS)** is set to package its public cloud infrastructure in an on-prem solution known as Outpost. Announcing the release at AWS re:Invent in Las Vegas (*see Events section for more information*), CEO Andy Jassy said the package will to be sold on Amazon-designed hardware and be available in two formats. One format will run on native AWS software, and another will run on VMware software – extending the relationship between the pair which came to the UK in March.

■ **BlackBerry** this month confirmed that it plans to make its largest acquisition yet, with the purchase of artificial intelligence (AI) and machine-learning cybersecurity vendor Cylance for $1.4bn.

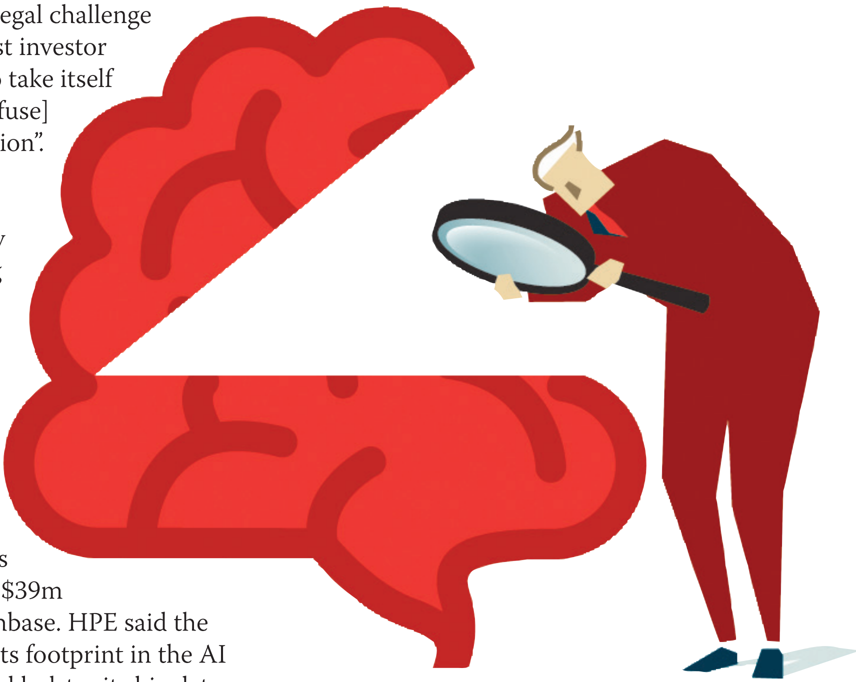
BlackBerry said the acquisition will make it the first vendor to offer a single solution for intelligently protecting and managing fixed and mobile IoT end-points. Over time, BlackBerry said it will integrate Cylance technology with its IoT platform, Spark. **Analysis of the takeover here**.

■ **Cisco** continues to go from strength to strength after releasing an impressive set of Q1 figures in the same month as holding its annual partner summit in Las Vegas (*see Events section for more details*). Revenue for the quarter ended 27 October 2018 increased eight per cent YoY to $13.1bn, with profit jumping 48 per cent to $3.5bn. **Click here for a full analysis of the results.**



■ **CompTIA** is teaming up with Herndon, VA Security University on a cybersecurity apprenticeship programme targeted at military veterans and their families. Security University's Q/CyberSecurity RAP programme was recently added to the Virginia GI Bill approved list.

This allows military personnel, veterans and their families to use their GI Bill education benefits to participate in the programme. Four of CompTIA's certifications are part of the programme: CompTIA Security+, CompTIA Advanced Security Practitioner, CompTIA Linux+ and CompTIA Cloud+. ➔



■ **Dell Technologies** is facing a legal challenge from Carl Icahn after the activist investor said the Texan vendor's plans to take itself public again have seen Dell "[refuse] to provide much basic information". Legal proceedings started this month after Dell announced in July that it would publicly list by buying back its DVMT tracking stock – a stock based on the performance of subsidiary VMware. On his website, Icahn accused Dell and its advisers of employing "coercive tactics".

■ **HPE** snapped up AI and big data start-up BlueData for an undisclosed sum this month. Santa Clara-based BlueData was founded in 2012 and has raised $39m in funding, according to Crunchbase. HPE said the deal will "significantly expand" its footprint in the AI and machine-learning space, and bolster its big data analytics capabilities.

■ **HP Inc** hit its financial targets for its fourth-quarter results and rounded off a positive annual financial performance. The vendor posted Q4 revenue of $15.4bn with net profit standing at $1.45bn. The firm enjoyed a strong performance across its divisions, with its PC and print arms generating growth of 11 and nine per cent respectively. Breaking its PC unit down further, consumer and commercial revenue both surged 11 per cent, while by product category notebooks grew 14 per cent, desktops by six per cent and workstations by 10 per cent. The full 12 months saw revenue hit $58.5bn, with profit more than doubling to $5.32bn, up from $2.5bn in FY 2017. For a breakdown of the earnings call, **click here**.

■ **Kaspersky Lab** has announced the opening of its first Transparency Center in Zurich, Switzerland. The centre enables authorised partners to access reviews of the company's code, software updates and threat detection rules, as well as "other activities", Kaspersky said. The vendor will also provide governments and partners with information on products and their security for external evaluation. The move follows Kaspersky's "relocation commitment" made in late 2017 as part of its Global Transparency Initiative.

■ **Kaseya** claimed to be helping its MSPs grow their businesses with a new initiative where it provides those leveraging its backup and disaster recovery solutions with a new paying customer rather than just leads. The software vendor said that the Unitrends Done Deal programme enables MSPs to overcome the challenge of obtaining new customers, while providing them with new mid-market customers that allow them to move upstream to larger clients with greater opportunities to sell a wider range of services.

■ Automated cloud security vendor **Lacework** is launching its first global channel programme, as it looks to attract VARs and MSPs to help bring its Cloud Security Platform to customers that are still adapting to public clouds. The new programme offers partners various tools designed to educate customers about the Lacework technology, integrate it into their environments and co-market the solutions, the 18-month-old vendor said.

■ **Logitech's** potential acquistion of Plantronics was called off this month. After a report from Reuters hinted that the Swiss vendor had offered more than $2.2bn for Plantronics, Logitech released a statement clarifying the situation, saying that the two had engaged in discussions regarding a potential deal, but those discussions had been "terminated".

■ **Oracle** has announced it is to acquire SD-WAN vendor Talari Networks for an undisclosed sum. In an open letter, Douglas Suriano, SVP and general manager of Oracle Communications ➔

Global Business Unit, said the addition of Talari's technology is expected to complement Oracle Communications' Session Border Controller and network management infrastructure by adding high availability and quality-of-experience connectivity and cloud application access across any IP network.

■ **Pure Storage** unveiled a suite of new cloud offerings running on AWS, which it claimed would offer a single storage architecture that unifies application deployments on-premise and in the cloud to flexibly turn data into value virtually anywhere. Features include Cloud Block Store for AWS and CloudSnap for AWS.

■ **Samanage** is looking to expand its share of the IT service management market following a $30m investment from private investment firm Morgan Stanley Expansion Capital. Positioning itself as a competitor to Zendesk, the company serves around two million users worldwide with its platform that it says incorporates emerging technologies such as automation, AI and machine learning.

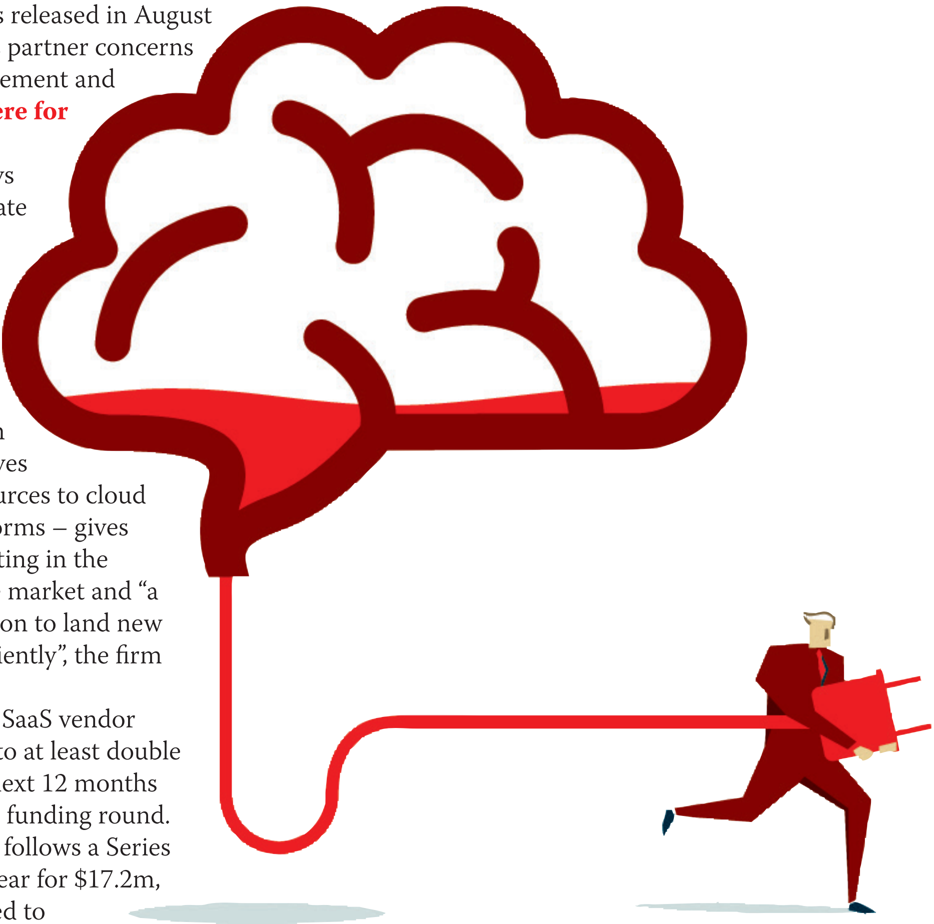
■ **StorageCraft** is aiming to offer "more and more" MSP enablement of its OneXafe and ShadowXafe products released in August in an effort to address partner concerns about product management and deployment. **Click here for more.**

■ In a move that it says is designed to accelerate its cloud momentum, **Talend** has announced plans to acquire self-service data integration specialist Stitch for $60m. The acquisition of Stitch – which moves data from popular sources to cloud data warehouse platforms – gives Talend a stronger footing in the cloud data warehouse market and "a frictionless sales motion to land new cloud customers efficiently", the firm claimed.

■ Copenhagen-based SaaS vendor **Templafy** is planning to at least double its headcount in the next 12 months after securing a $15m funding round. The latest investment follows a Series A round earlier this year for $17.2m, bringing its total raised to $40.2m since it was founded in 2014. Templafy bills itself as a cloud platform run on Microsoft Azure, which helps large enterprises distribute their brand assets and templates across cloud environments for applications such as Microsoft Word documents, PowerPoints and emails. The Danish vendor has already gone international. So far this year, Templafy has acquired German software vendor Veodin, based in Berlin; and set up a US office in New York.

■ **WDC** is looking to shed its reputation among the channel as a hard disk drive (HDD) vendor, claiming the company has "transformed" in recent years, and now boasts a much-expanded tech portfolio.

While still the world's largest HDD manufacturer, the firm is keen to highlight its investment in flash-based storage, systems and platforms, particularly through the acquisition of firms such as SanDisk in 2015 and Tegile Systems last year. The firm now wants to position itself as a data technology company, as opposed to a storage vendor to customers and partners.



DISTRIBUTOR

■ Polish distributor **AB Group** stressed that it's a "safe bet" for its investors and customers, despite suffering a double-digit decline in operating profits for its first financial quarter of the year.

Revenues posted a minor 0.4 per cent increase to €437m (£389m) for AB Group's Q1 ending 30 September. Profits on operating activities, however, declined by 17 per cent to €4.07m. Despite profits coming in lower on a year-on-year basis, the distribution giant stressed that its balance sheet is far healthier than its closest competitors'.

■ **ABC Data** is under increasing pressure from Warsaw's Tax Administration and an independent investor body over unpaid taxes totalling PLN 15.2m (£3.1m). In a filing on the Warsaw Stock Exchange, the Polish distributor claimed that the tax authority has upheld an original decision that one of its subsidiaries, iSource – an Apple distributor – owes PLN 11.6m in taxes on goods and services for the six-month period from January to June 2013. **Full story here**.

■ European distribution heavyweight **ALSO** is planning to reduce its volume business to just 60 per cent of total revenues as it continues to shift towards solutions and as-a-service sales. It shared slides from its investor event with *Channelnomics Europe*, which showed that its "Supply" business, referring to transactional product selling, will fall from 78 per cent of total revenues today to just 60 per cent as a "mid-term" target. **Full story here**.

Separately, the firm closed a deal to acquire €81m-turnover player DISS in Slovenia which it claimed has made it the leading distie in the market. DISS will add 70 employees to ALSO's Slovenian operations. The Ljubljana-based distributor sells IT infrastructure from vendors including HP, HPE, Microsoft, Canon, Acer and ASUS.

■ **Datatec** saw revenues for both its Logicalis and Westcon arms rise in the first half of its financial year. For the six months ending 31 August 2018, Logicalis saw revenue climb 14 per cent year on year to $775.5m, while operating profit rose 60 per cent to £25.6m. Sales at Westcon International were up five per cent to $1.2bn. Datatec sold the Westcon Americas business to Synnex last year.

Datatec chief executive Jens Montanana said: "The group's first-half results came in ahead of our expectations, backed by improved operational execution across all divisions."

■ **Ingram Micro** launched a new digital marketing programme, initially in the US and Canada, that aims to simplify digital marketing for its partners by offering personalised digital marketing content delivered as a service. Ingram claimed the platform would help partners establish a digital presence to promote their company brand, solutions and services to a wider end-user base.

■ **Tech Data** saw its share price leap nearly 15 per cent this month after reporting revenue increases across all geographic regions. For the three quarters ending 31 October, Tech Data saw sales climb 11 per cent year on year to $9.3bn, while operating income was up 85 per cent to $146.9m. The distribution giant splits its business into three regions, with revenue in the Americas, Europe and Asia-Pacific climbing 13 per cent, nine per cent and six per cent respectively. Europe made up over half of overall sales (53 per cent) at $4.9bn.

Separately, the firm added CloudCheckr analytics and management packages to its StreamOne cloud platform worldwide, giving partners and their customers greater control of their AWS and Azure environments, and offering what it claims is enhanced cost, security and performance management.

■ Distributor **Exclusive Group** claimed a new agreement with Arcitura Education will enable thousands more channel partners to develop the skills necessary to meet evolving customer challenges. The agreement will see Exclusive become the only global provider of Arcitura Education's vendor-neutral Cloud Certified Professional accreditation programme. Courses are delivered globally either in-class or online across more than 30 territories worldwide.

■ **Exertis** this month rebranded its recently acquired US business in the UK and Europe. The distributor's parent company DCC took its first steps into the North American market earlier this year, grabbing 210-employee Stampede. The US firm also had operations in Europe, which have now been renamed Exertis Pro AV Solutions.

The UK and European operations will be led by Lewis and Stampede CEO Kevin Kelly. Stampede's director of European sales Jody Hutchings will head up the UK business, reporting to Exertis UK Pro AV director Ian Aitken, while the Nordic business will be run by Fredrik Tidemar. Stampede's name in the US will remain unchanged.

RESELLER

■ Education reseller **Academia** has taken a 33 per cent stake in York-based device-as-a-service (DaaS) expert Vital York. The deal, which values Vital York at over £1m, will see Academia invest in the firm to help it scale its DaaS business, which Academia boss Mike Bacon said is ahead of the market. The Vital York business will continue to operate as a separate entity under its current management.

■ Cambridge-based managed print service (MPS) provider **Automated Systems Ltd (ASL) Group** has purchased Geerings Digital, marking its second acquisition of 2018. ASL snapped up ICA Digital earlier this year, and its newest addition is its tenth acquisition in nine years. The MPS provider specialises in telephony and unified comms, production print and IT support and supplies.

■ **CAE Technology Services** has been acquired by its existing CEO and COO, after crossing the £100m revenue barrier earlier this year. Chief executive Justin Harling, along with Richard Behan, has bought the firm via new holding company Caerus Assets Limited. The pair plan to continue building the firm into "one of the most influential suppliers of IT infrastructure solutions".

■ **DXC Technology** – formed when HPE span off its services business and merged with CSC – has grabbed London-based cloud service management firm TESM to extend its ServiceNow capabilities. Founded in 2013, TESM is a cloud and automation specialist with offices in Dublin, New York, Sydney and Frankfurt. TESM, a Gold ServiceNow partner, reported turnover of £22.6m in its year ending 31 March 2017, according to files published on Companies House. ServiceNow is a cloud-based IT service management platform, which counts Computacenter and Timico among its UK partners.

Separately, DXC also procured BusinessNow, a large ServiceNow Gold partner based in the Nordics. Financial details were not disclosed.

■ **Econocom** CEO Robert Bouchard was ousted this month by the firm's board of directors, and will be replaced by his father and former CEO Jean-Louis Bouchard. In a filing, Econocom confirmed that Jean-Louis Bouchard would become group CEO, resulting in his son Robert and financial director David Krieff stepping down from their executive roles. The firm said the management rejig was part of "sectorial changes in traditional services activities".

■ **Getronics** this month launched a new technology and IT services division that focuses on private equity (PE) and investment banking firms looking to unlock or create new value from companies.

Getronics' new Investment Services Group (ISG) will provide a "one-stop IT shop" for investors, spanning pre-transaction audit, initial integration, transformation and managed service/IT outsourcing propositions from Getronics' core IT platform. Pre-acquisition, Getronics says ISG will complement the due diligence activities of PE firms, auditing target companies for their value-creation potential.

■ Off the back of an extremely positive first half of the year, **Insight** raised its adjusted earnings per share forecast for full-year 2018 to between $4.50 and $4.60. But the firm proceeded to miss its earnings estimates of $1 per share in the three months ending 30 September, as group revenues declined by one per cent. The EMEA business performed significantly better than Insight's US and APAC businesses. The US suffered a three per cent dip in overall revenues to $1.21bn, with hardware sales declining by five per cent, while APAC sales were down 22 per cent to $19.1m. Profitability remains healthy across the group, growing 21 per cent to $49.9m during the three-month period.

■ Bolton-based VAR **IDN Supplies** has been acquired through a management buyout. The firm will now be headed up by new joint CEOs David Shuttleworth and Darren Clayman. IDN was founded in 1988, initially selling IBM printer ribbons, and now provides a range of IT and audiovisual products. The →

firm reported sales of £24.5m for the year ending 31 July 2017, up from £21.7m the previous year. Operating profit was £271,245.

■ **KCOM** saw its revenue drop five per cent in its H1, largely attributed to weak performances in its business-focused units. The firm saw sales for the six months ending 30 September 2018 drop five per cent year on year to £143.4m. EBITDA increased two per cent to £30.5m, but KCOM said this was because the same period last year was affected by £6.2m of losses related to complex software contracts. EBITDA declined if this figure is taken out of the equation. **Full story here.**

■ **Misco Solutions** has been renamed Computacenter Netherlands, with the Dutch firm's website now redirecting users to a new landing page under the UK reseller's brand. Users attempting to access Misco Solutions' website are now redirected to a new Computacenter landing page called nl.computacenter.com. The rebrand comes a little more than two months after Computacenter acquired Misco Solutions. The deal added 200 staff and €134m in revenues to the UK reseller's Dutch operations.

■ **Natilik** saw sales hit £40m in its last financial year, driven by an increase in recurring revenue. For the year ending 31 March 2018, turnover grew 23 per cent, with recurring revenue outgrowing overall sales at 39 per cent. Recurring revenue – including managed services, cloud and software subscriptions – now makes up over one third of Natilik's revenue, according to its CEO Mike Danson.

■ **Pure Technology Group** made good on its promise to make an acquisition this month, snapping up Wigan-based Keytech Managed Solutions. Keytech is a Microsoft Gold partner specialising in backup and data continuity, and managed services. Pure's last acquisition came in the form of Servatech, which it acquired in 2014 and then brought into the Pure Technology Group in 2016. Pure now claims to be on track to hit £40m this year.

■ **Redcentric's** CEO Chris Jagusz has stepped down following a "mixed" H1 which saw the firm's revenue and profit drop. For the six months ending 30 September 2018 Redcentric's sales declined 7.6 per cent year on year to £47.5m, while gross profit dropped seven per cent to £28.4m. In a statement to the London Stock Exchange, Redcentric said it was disappointed with the numbers, particularly given the cost-cutting plans it has implemented.

■ **Softcat** reported growth in revenue, gross profit and operating profit for Q1. The reseller did not publish specific numbers, but said that customer demand had "remained strong across all segments" during the three months ending 31 October. The firm announced its full-year results last month, with revenue breaking the £1bn barrier for the first time. **Full story here.**

■ **SCC** has made an acquisition in the audiovisual space, citing "accelerated convergence" between IT and visual communications. The IT reseller and services powerhouse this month announced it is grabbing a "significant stake" in Cisco and Polycom partner avsnet. The move is in line with SCC CEO James Rigby's recent pledge to continue making small, boutique acquisitions. SCC will merge Chessington-based avsnet with its existing AV arm to form 'SCC AVS', with avsnet's founder Graham Fry staying on as managing director and retaining an equity stake in the business.

■ Liverpool-based **SysGroup** saw sales top £5m in its H1, but losses widened after it integrated two recently acquired companies and implemented a new CRM system. For the six months ending 30 September 2018, the managed services provider saw revenue rise 47.3 per cent year on year to £5.8m. Losses before tax widened from £80,000 to £350,000 over the same period.

RESEARCH

■ Cloud hyperscalers have continued to keep infrastructure spending at record levels in 2018, with Q3 spend hitting $26bn, according to market watcher Synergy. The analyst listed Amazon, Facebook, Microsoft, Apple and Google as the top five spenders for the past 10 quarters – accounting for 70 per cent of hyperscale capital expenditure. However, all but Microsoft saw a marginal decline in capital spend from the previous quarter. Microsoft's hit a record high in Q3, Synergy stated. The analyst also added that capital expenditure for the first three quarters of this year is up 53 per cent compared with the same period in 2017.

■ Shipments of augmented reality (AR) head-mounted displays (HMD) are being fuelled by their popularity among enterprise customers, according to Gartner. The analyst predicted shipments of wearable devices will hit 225 million in 2019, an increase of 26 per cent. Shipments of HMDs will see a 22 per cent growth next year from 2018's figure of 28 million. This growth is expected to continue through to 2022, when shipment figures will reach 80 million. The AR devices are used by enterprise organisations as hands-free tools for improving business processes and training. Consumer use of HMDs has not lived up to prior expectations due to factors including cost, availability and design.

■ Uncontrolled cloud expansion is one of the top security concerns for more than half (58 per cent) of CISOs, according to a recent study conducted by Kaspersky Lab. The vendor's research claimed the average data breach from an incident in the public cloud would cost firms an eye-watering $1.27m.

■ Questions hang over the future of smartphone vendors after a fourth consecutive quarter of year-over-year declines for the global market. According to IDC's *Worldwide Quarterly Mobile Phone Tracker*, smartphone vendors shipped a total of 355.2 million units during the third quarter of 2018, resulting in a year-over-year decline of six per cent. IDC predicted that the market will return to growth in 2019, but said it was too early to determine what that growth would look like. Samsung, the largest smartphone vendor in terms of market share accounting for 20.3 per cent of shipments in 3Q18, declined 13.4 per cent in the quarter.

■ Ransomware is not preventable and SMBs are particularly vulnerable, according to the findings of a new survey by MSP software provider Datto. The vendor's third annual *Global State of the Channel Ransomware Report* surveyed 2,400 MSPs, with 55 per cent admitting that their clients experienced a ransomware attack in the first six months of 2018, and 35 per cent saying their clients were attacked multiple times in the same day.

Ninety-two per cent of MSPs predict the number of attacks will continue at current or increased rates. Moreover, the average attack is 10 times costlier to the business than the ransom itself, with attacks costing a business $46,800 on average and the ransom requested averaging $4,300 per attack. The survey also found that fewer than one in four ransomware attacks is reported to the authorities. **Full story here.**

■ The worldwide tablet market is increasingly resembling the PC market, with a decline of 8.6 per cent during Q3 2018, and global shipments falling to 36.4 million, according to IDC's *Worldwide Quarterly Tablet Tracker*. Slate tablets accounted for most of the market with 31.6 million units, down 7.9 per cent from the previous year. Detachable tablets also declined, down 13.1 per cent from the previous year, to account for 4.8 million unit shipments.

■ The global market for IoT technology – comprising software, services, connectivity and devices – reached $130bn in 2018, according to data and analytics company GlobalData. Furthermore, the market is projected to reach $318bn by 2023, a compound annual growth rate of 20 per cent. GlobalData said that solutions for government, utilities and manufacturing dominate the market, with a total of 58 per cent of the opportunity in 2018, and a slighter smaller 55 per cent of the market in 2023, as others, such as travel and leisure or retail, grow their shares. Energy and transportation are other major verticals, with a combined 15 per cent of the market in both 2018 and 2023.

■ 2018 saw the advancement of hand-delivered, targeted ransomware attacks, which are earning cybercriminals millions of dollars, according ➔

to Sophos' *2019 Threat Report*. These attacks are different to "spray and pray" attacks that are automatically distributed through millions of emails, according to the vendor. Describing it as an "interactive attack style", Sophos claimed adversaries can now manually manoeuvre through a network step by step, with the financial success of SamSam, BitPaymer and Dharma inspiring copycat attacks.

■ According to new research, most (92 per cent) IT leaders prefer the public cloud to legacy on-premise infrastructure. The data comes from a survey by business management software firm Apptio, which says that despite this, cloud investment decisions are still being made in a silo with no reliable data. Forty-one per cent of companies said that either IT leaders make decisions about cloud without connection to the rest of the business or business units make their own purchases of cloud instances without IT involvement. Additionally, more than 73 per cent of IT leaders are concerned that cloud sprawl, or ungoverned spending outside central IT, is an ongoing issue in their organisation.

■ With the first instances of 5G services rolling out this quarter, 2019 is "set to be a seminal year in the mobile industry" according to market watcher IDC. In its *Worldwide 5G Network Infrastructure Forecast, 2018-2022*, the analyst says it expects the total 5G and 5G-related network infrastructure market (5G RAN, 5G NG core, NFVI, routing and optical backhaul) to grow from about $528m in 2018 to $26bn in 2022. IDC expects 5G RAN to be the largest market sub-segment through the forecast period, in line with prior mobile generations.

■ New accounting rules are having a negative impact on the service revenues of telecoms providers and pay-TV services, according to IDC. The analyst's *Worldwide Telecom Services Database* shows that worldwide spending on telecom services and pay-TV services will increase by 0.6 per cent in 2018. This is a decrease in growth compared with 2017, thanks to the new rules that mean mobile operators must now exclude their handset sales revenues from service revenues.

■ Global smart speaker shipments grew 137 per cent year on year in Q3 2018 to reach 19.7 million units, up from 8.3 million in Q3 2017, according to data from Canalys. This is in line with its forecast of 75 million for the whole of 2018, the analyst said, noting that off the back of the success of its Prime Day, Amazon shipped 6.3 million Echo smart speakers in Q3, reclaiming the top spot "after two quarters of playing second fiddle to Google." Canalys' Smart Speaker Analysis service showed Google shipped 5.9 million units this quarter, putting it just behind Amazon, despite lowering the prices of its home speakers in anticipation of Prime Day. The fight for dominance between Amazon and Google not only helped the US grow 30 per cent, but also influenced other key markets, such as the UK, Canada and Australia.

■ Worldwide revenues for IT services and business services totalled $506bn in the first half of 2018, an increase of four per cent year over year, according to IDC's *Worldwide Semiannual Services Tracker*. The analyst claimed project-oriented revenues grew by 5.2 per cent in H118 to $191bn, led by business consulting and application development markets, followed by 3.6 per cent growth for managed services and 2.7 per cent for support services. In outsourcing, revenues grew 3.6 per cent to $238m in 1H18. Elsewhere, hosting infrastructure services revenue accelerated to 7.2 per cent growth in 1H18, mostly due to cloud adoption, but IT outsourcing – still almost twice as large a market and mostly big buyers and vendors – declined by 1.5 per cent due to what it termed cloud cannibalisation.

■ An increasing focus on digital transformation will prompt the rise of cloud migration security specialists in the channel in 2019, according to Gary Marsden, cloud security solutions, data protection at vendor Gemalto. Marsden claimed that as organisations embrace digital transformation, the process of migrating to the cloud is under heavy scrutiny; from business leaders looking to minimise any downtime and gain positive impact on the bottom line, to hackers looking to breach systems. As such, Marsden said that 2019 will see "the rise of a new role for the channel".

ANALYSIS

Scaremongering in the UK reached new heights in November as beleaguered prime minister Theresa May prepared to battle for Parliament's approval of her Brexit deal.

The public was warned of a hike in food bills, a crashing economy, riots in the streets and a nuclear winter (OK, the last two are made up) if a no-deal Brexit is the final outcome of nearly two years of to-ing and fro-ing between the PM and the EU. Surprisingly, the deal was readily accepted by the EU members, but the real battle will be between May and MPs in Parliament who have no intention of giving her an easy ride, regardless of whether or not it would be beneficial for the country.

Despite the predictions of doom, we are still no closer to knowing what is actually going to happen than we were when the Leave vote garnered a four per cent 'majority'. The feeling of perpetual unease is still hovering over every move on home soil.

Elsewhere, the world watched as Paradise in California was devastated by huge wildfires that destroyed over 1,500 homes and 20,000 acres of forest, destroying countless wildlife in the process, while NASA successfully landed its InSight vehicle on Mars which is set to beam back data and pictures of the Red Planet until November 2020.

However, as seems to be the pattern for the IT industry, despite natural disasters and the ever present headache of Brexit, growth, consolidation and all-around positive news were the main themes of the month, yet again in a year that has witnessed record acquisitions and financial achievements on a phenomenal scale.

There were some standout players in vendorland – particularly Chinese giant **Alibaba**, which revealed it was to continue expansion in Europe via a new pan-European distribution partnership – it is not revealing whom just yet, but place your bets here. It also experienced a new sales record for its 'singles day', beating last year's Black Friday and Cyber Monday combined. Watch out, **Amazon**.

Apple managed to catch up with old foe **Microsoft** to hit a $1tn valuation, but the firm has apparently cut back production on three new iPhone models according to the *Wall Street Journal*, due to a lower-than-expected demand, and also too many models for consumers to choose from. There are only so many people willing to pay so much for a new phone, and diluting the market with multiple models is not the best strategy when so many others are competing for the buyers' purse.

Cisco also enjoyed a positive November, with its annual partner summit in Las Vegas attracting thousands of attendees from around the world, and a shake-up of its partner programme with a new specialisation based on customer satisfaction – something many vendors will no doubt follow in the future. If customers are not satisfied, there is no business; it is that simple. It also celebrated very strong results for its first quarter, with profits leaping 48 per cent.

Staying on the strong results theme, **HP Inc** saw its profit for its most recent financial year double to $5.32bn, up from $2.5bn in 2017.

Acquisitions continued in the vendor space, with **BlackBerry** making its largest acquisition to date in the form of **Cylance** ($1.4bn), **HPE** snapping up AI player **BlueData**, and **Oracle** becoming the proud new owner of **Talari Networks**. **Talend** also got in on the M&A act by grabbing data integration specialist **Stitch** for $60m.

It was also confirmed that the talked-about **Logitech/Plantronics** acquisition was off the table, with reports emerging that Logitech had offered over $2.2bn, but a statement quoshed any further speculation, saying the deal had been "terminated". We're guessing they won't be back.

Kaspersky continued its charm offensive to convince cynics that the Russian vendor is not secretly spying on its customers, by opening its first Transparency Centre in Zurich.

Dell experienced a frustrating month, with nemesis Carl Icahn determined to scupper its plans to publicly list once more, or at least make the experience as painful as possible for the vendor.

Moving to distributors, the message was overwhelmingly strong, with several major players getting into position to attack 2019 with force.

European giant **ALSO** revealed it was planning to reduce its volume business to 60 per cent of total revenues as it focuses its efforts on transforming to a solutions and services business. It also made an acquisition in Slovenia in the form of IT infrastructure player **DISS**.

Datatec enjoyed a positive first half of the year, revealing a 14 per cent increase in revenue and a 60 per cent hike in operating profit.

Sticking with financial results, **Tech Data** also →

put in a sterling performance for its most recent quarter, with its share price leaping 15 per cent as it reported revenue increases across the board at all its geographic regions of the Americas, Europe and Asia-Pac. It seems like the integration of **Avnet** is finally starting to pay dividends.

Exertis continued to integrate its recently acquired businesses, renaming **Stampede** as **Exertis Pro AV Solutions** in Europe, with a new management structure in place. For consistency reasons it will stay as Stampede in the US.

On a not-so-positive note in distribution, Polish player **ABC Data** found itself in hot water with the Tax Administration over unpaid taxes, and **AB Group** was left pleading its case as a safe bet for investors and customers despite suffering a double-digit profit drop in Q1.

The reseller space was also busy in November as growth continued to be the main theme.

In a busy M&A month the main players included **Academia**, which grabbed a 33 per cent stake in **Vital York** to strengthen its device-as-a-service offering; **SCC**, which grabbed AV player **avsnet**; and **Pure Technology Group**, which snapped up Microsoft Gold partner **Keytech Managed Solutions**.

HPE spin-off **DXC Technology** acquired cloud service management firm **TESM** to expand its ServiceNow capabilities and also grabbed **BusinessNow** in the Nordics for an undisclosed sum; while **Getronics** opted for the organic expansion route with the launch of a new technology and IT services division focused on the private equity and investment banking space.

Meanwhile, **CAE Technology Services** and **IDN Suppliers** both went through an MBO as the management teams positioned the companies for future growth.

Despite an overall dip in revenues, **Insight** raised its EPS forecast for its full-year financials, as profitability for its recent quarterly results grew 21 per cent. **KCOM** also experienced an H1 revenue drop which it blamed on a weak performance in its business-focused units. At the opposite end of the scale, **Softcat** continued its phenomenal growth phase by reporting growth in revenue, gross profit and operating profit for Q1.

Two firms lost their CEO this month as well – **Econocom's** Robert Bouchard was ousted by his own board, and **Redcentric** chief Chris Jagusz stepped down after a disappointing H1 performance.

The **Misco** name disappeared in the Netherlands, with **Computacenter** renaming its Dutch purchase as Computacenter Netherlands two months after it acquired the struggling firm.

Trawling through research reports released in November, ransomware featured heavily, with one report predicting an increase in attacks in the coming year, particularly against SMBs; and another claiming the attacks had become more advanced and targeted. In short, the channel needs to make sure its customers are protected against ransomware – it is not going away any time soon.

In terms of products, tablets and smartphones were in the doghouse, with both suffering a drop in shipments in the third quarter of 2018 – the result of market saturation over many years. But at the opposite end of scale, AR wearable devices and infrastructure spending via cloud hyperscalers experienced impressive growth for the quarter, with more predicted in future. No wonder so many cloud hyperscalers are hitting the $1tn mark with Capex up 53 per cent compared with the previous year.

Another area seeing growth is the smart speaker sector, which grew a whopping 137 per cent YoY. Amazon claimed the top spot in Q3 after two quarters of trailing behind nemesis **Google**.

And in positive news for the channel, IDC revealed global revenues for IT services and business services grew four per cent in the first half of 2018, with managed services growing 3.6 per cent. Cloud cannibalisation was blamed for a 1.5 per cent drop in IT outsourcing revenue, but cloud adoption still propelled hosting infrastructure revenues to grow 7.2 per cent in H1 2018.

To sum up, the industry really has managed to exist in its own bubble for most of this year, and November was no exception.

Despite continued unease and insecurity over the geopolitical landscape, mainly thanks to Brexit-based uncertainty, firms operating in multiple territories are continuing to grow, acquire and plan for the future, undaunted by what may lay ahead.

This is an encouraging sign, because it stands the industry in good stead for the year ahead, particularly when crunch time for the UK and EU happens in just a few months' time.

As we draw ever closer to the end of another calendar year, it is a time for the industry to celebrate its achievements, enjoy some well-earned downtime in the run-up to Christmas, and quietly plan for the coming year ahead, where hopefully more of the same is on the menu for 2019.

EVENTS

■ **AWS re:Invent 2018, Las Vegas –** Thousands descended on Las Vegas to hear about the cloud giant's plans for the coming year. Announcements at the event included a rollout of new services and brand new tools for the IoT. For a rundown of the major announcements from the event, **click here**.

■ **Microsoft Future Decoded, London –** The vendor was keen to highlight the human benefits of artificial intelligence at its annual technology get-together, but CEO Satya Nadella asked the tech industry to take responsibility for the "unintended consequences" of the rate of change. **Click here for the full story.**

■ **Cisco Partner Summit 2018, Las Vegas –** The networking giant hinted at some key partner programme changes to come, including a new specialisation based on customer satisfaction. The vendor also made a range of its security products available across its SD-WAN offering in reaction to what it describes as the biggest market shift in networking in more than 20 years. A round-up of the key points of the event can be found **here**.

■ **ConnectWise IT Nation, Orlando –** rather like Cisco, the vendor's message to its partners had a strong emphasis on customer satisfaction. **Click here** for more information and an interview with CEO Arnie Bellini.

■ **Nutanix .NEXT Conference Europe 2018, London –** The fast-growing company discussed its plans for the enterprise cloud, and how its customers and partners fit in. It even hired survival specialist Bear Grylls as a surprise keynote speaker. See interview with co-founder Dheeraj Pandey, who discusses the company's impressive growth and its position in the market, **here**.

■ ***CRN* UK Channel Awards, London –** More than 1,600 movers and shakers from the UK channel spent an evening celebrating success at *CRN*'s annual glittering awards night. For a list of winners, **click here**.

MISCELLANEOUS

■ Two UK channel players, Sandrijn Stead (founder of C View Technologies) and Dave Stanley (sales and marketing manager at Aditinet UK) have teamed up to launch a range of children's books to teach them about the dangers of the internet. *Simply Serious Stories* break down scenarios into simple messages, using animal characters, and each book is supported with teaching material to help parents and teachers convey the online security message in the classroom and during story time. The series of books is aimed at children aged four to 11 and the first two, *Charlie the Chameleon* and *Eddie the Elephant*, have been published, with plans for another four under way. **Full story here.**

■ Microsoft threw its considerable weight behind prime minister Theresa May's Brexit deal, calling it a "necessary compromise" to keep the UK sharing data with the rest of Europe. In a blog post, Microsoft's UK managing director Cindy Rose claimed the vendor supports the deal due to the need for the "free flow" of data in and out of the UK. **Full story here.**

■ Despite a flurry of promotional activity from retailers, consumer tech failed to spark a Black Friday surge this year, according to market watcher Context. The analyst used the notebook category as an indicator of what may happen in the broader consumer tech market. Its predictions are based on analysis of distribution volumes into retailers and e-tailers over a six-week period at the start of Q4. "Overall we're not seeing any major year-on-year volume sales increases in notebooks. And if there is growth in sell-out compared with 2017, it could mean a weaker December." In the UK market, volumes through distribution are down 11 per cent on 2017, and down 35 per cent compared with 2016.