CRN
CHANNELWEB.CO.UK
June 2017

Blue-sky thinking

Computacenter's Kevin James explains why he thinks the services and resale giant has timed it just right on cloud **10**

ISPs UNDER GOVERNMENT PRESSURE TO DO MORE ON SECURITY **13** SOPHOS CEO ON THE VENDOR'S SUCCESSFUL REORGANISATION **16** IS GDPR-WASHING MISLEADING CUSTOMERS? **34**

CRN
CHANNELWEB.CO.UK

Haymarket House, 28-29 Haymarket,
London SW1Y 4RX
Tel: (020) 7316 9000

Editorial
Editor Doug Woodburn 9517
doug.woodburn@incisivemedia.com
Reporter Tom Wright 9097
thomas.wright@incisivemedia.com

Channelnomics.eu
Content editor Sam Trendall 9813
sam.trendall@incisivemedia.com
Reporter Josh Budd 9154
josh.budd@incisivemedia.com

Production
Senior production editor Amy Micklewright
Production executive Hyrie Mehmet 9779

Advertising sales
Commercial director Matt Dalton 9796
matthew.dalton@incisivemedia.com
Head of global sales Nina Patel 9943
nina.patel@incisivemedia.com
Client manager Naomi Cregan 9259
naomi.cregan@incisivemedia.com
Account director Jessica Feldman 9838
jessica.feldman@incisivemedia.com

Incisive Business Media London
Group publishing director Alan Loader
Managing director, Incisive Business
Jonathon Whiteley

Circulation, back issues & licensing
Address changes, circulation, subscriptions and back issues 0845 1551846, email incisivemedia@optimabiz.co.uk

To subscribe to *CRN* visit: www.wdis.co.uk/crn
CRN is available for international licensing.
Contact joanna.mitchell@incisivemedia.com

CRN is published monthly by Incisive Business Media Limited, Haymarket House, 28-29 Haymarket, London, SW1Y 4RX.

Printed and mailed by Henry Stone Printers.
ISSN 1744-3156.

Printed on paper from sustainable sources in Scandinavia.
For custom editorial reprints contact Wrights Reprints at +1 877 652 5295 (international toll-free) Email: crn-uk@wrightsreprints.com

CRN is distributed free to individuals who meet the publisher's terms. Paid subscriptions UK £120, Europe $150, Rest of World £280
All images are from www.istockphoto.com, unless stated

A fine balance

A few years ago, resellers and SIs faced broadly three options for dealing with the onslaught of cloud.

Should they build their own cloud, partner with others, or ignore it completely?

Many chose the first option, ploughing huge capital sums into their own datacentres that they kitted out with the latest and greatest infrastructure.

Unfortunately, for many, these investments turned sour as customer demand often fell short of expectations. Indeed, one reseller boss I spoke to last year who had pinned his future on cloud building admitted that it had proved to be his most expensive mistake in business to date.

Ignoring cloud entirely is certainly the cheapest option, but hardly a realistic option in today's market.

The winning strategy in the channel – by and large – appears to be the second option.

Partners that have invested in AWS, Azure and Google have not only avoided paying out huge sums constructing their own cloud propositions, but have also positioned themselves as trusted advisers for the hybrid cloud era.

In reality, most customers now want a blend of public cloud and on-premise infrastructure. Resellers that can offer impartial advice on how to navigate between the two worlds have put themselves in pole position.

> **"Resellers that can offer impartial advice on how to navigate between public and on-premise cloud have put themselves in pole position"**

One firm that's particularly vocal on this issue is Computacenter. As you can read in this issue's cover story on p10, Computacenter managing director Kevin James is adamant that many of his peers made their move too soon on cloud as he opened up about Computacenter's recent investment in AWS.

Elsewhere in this month's packed issue, on p18 we exclusively unveil the key findings of new research on the European IT distribution market. The amount of end-user ICT spending that travelled through UK distributors last year rose from 37 to 40 per cent, but that's below the European average, the study found.

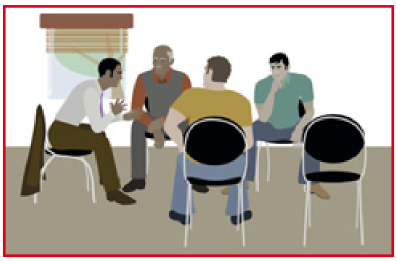
Theresa May probably doesn't need any more bad press right now, but on p13 we explore how the tech community has taken against her plans to crack down on the "safe space" created by the internet in the wake of the recent terror attacks.

And on p28, we catch up with a US MSP peer group looking to take the UK by storm with its collaborative approach. Also, do not miss our interview with Sophos CEO Kris Hagerman on p16.

As ever, please give us your feedback via *ChannelWeb* or Twitter @CRN_UK.

■ *Doug Woodburn is editor of CRN.*


10




GDPR

Five things we've learned this month

1. POLITICAL SHOCKS DON'T FAZE THE CHANNEL

The UK may have been plunged into political turmoil, but channel execs are determined to look on the bright side.

CCS Media MD Terry Betts said the uncertainty could provide an accidental benefit for the channel, in the form of price rises after the pound fell so heavily in the wake of the election.

"We suffer from too much deflation, whereas these days we have inflation, which is unusual for us. It means we can basically sell fewer units and make more money," he said.

Lawrence Jones, CEO of UKFast, argued that a hung parliament is a good thing for the IT industry because it makes it more difficult for Theresa May to attempt to push through any potential laws regarding encryption and building backdoors for government agencies.

"It also means that no one politician can railroad potentially bad ideas," he said.

Despite this glass-half-full mentality, some 57 per cent of *CRN* readers felt an increased Conservative majority would have been the best outcome for the channel. Indeed, one reseller boss – Storm Technologies' John Brooker – made the national press after an email he sent to staff advising them to vote Tory was leaked to the GMB.

2. SYNNEX WANTS TO BE IN EUROPE ONE DAY

It may be an enigma today, but in a few years' time the Synnex brand may well be as familiar to us as Tech Data, Ingram or Arrow. The US-based distributor has just acquired Westcon's Americas operations for $800m and has also taken a 10 per cent stake in Westcon International, which includes Westcon's EMEA arm.

Synnex has a year to double its stake in the international business to 20 per cent at the same price as the initial 10 per cent, but CEO Kevin Murai said it will likely hold off investing further while Westcon's SAP conversion and BPO restructure is ongoing.

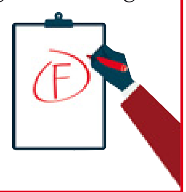
"We felt it was better for us to acquire the Americas business now… [which provides us] with a pathway [for] looking at the international business at the right time," he said.

3. TOO MANY IoT PROJECTS ARE FAILING

Only 26 per cent of end users who have launched Internet of Things (IoT) projects judged them a total success, research from Cisco found.

The networking giant's survey of 1,845 IT and business decision makers in the US, UK and India found 60 per cent of IoT projects stall during proof of concept, while a third of completed projects were not considered a success.

The biggest factor in what makes a successful IoT project was collaboration between IT and business, the research found, which can be challenging considering that the data found disparities in the priorities of IT decision makers and business decision makers. Cisco itself said it is seeing the most IoT success where it partners with other vendors to create solutions that share data.



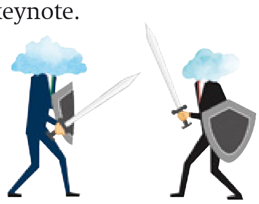
4. THE HYBRID CLOUD BATTLE IS HOTTING UP

2017 is becoming all about who has the best hybrid cloud strategy.

After Michael Dell used Dell EMC World in May to set out his hybrid cloud stall, HPE did the same at its Discover event in Las Vegas earlier this month.

HPE claimed its Flexible Capacity service is the only offering that brings "real" pay-per-user experience with actual capacity management at the core.

"Three weeks ago, Michael said [he thinks] the future is hybrid IT. Duh," HPE chief channel officer Denzil Samuels said during the event's keynote. "Michael, headline: Meg [Whitman, president and CEO of HPE,] and Antonio [Neri, EVP and GM of enterprise group at HPE,] have been saying that for a couple of years."



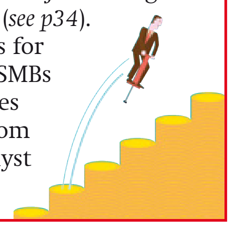
5. THE CHANNEL IS SET FOR A GDPR BOUNCE

The channel is set for a juicy windfall from GDPR, with firms' efforts to comply with the new rules set to fuel a 16 per cent hike in European IT security spending in 2018.

That is according to analyst Canalys, which said that SMBs – which are less likely to employ dedicated IT managers, or have stringent privacy policies in place – are likely to turn to their channel partners for advice on GDPR compliance.

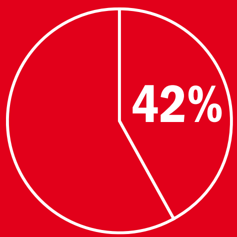
The prediction came as GDPR, which will come into force on 25 May 2018, emerged as the major talking point at this year's Infosecurity show (*see p34*).

"There are potentially massive fines for non-compliance with GDPR, putting SMBs under threat of bankruptcy. Businesses must take action now to safeguard from this danger," said Canalys senior analyst Nushin Vaiani.



Facts and figures

Percentage of end-user IT spend in Europe that travels through distribution



(*according to the TCA – see feature, p18*)

Number of suppliers on G-Cloud 9

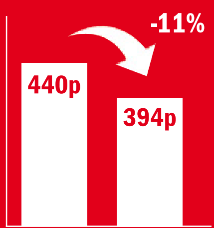
2,847

Amount Misco wants to shave off its UK wage bill as part of a salesforce restructure

£4m-£5m

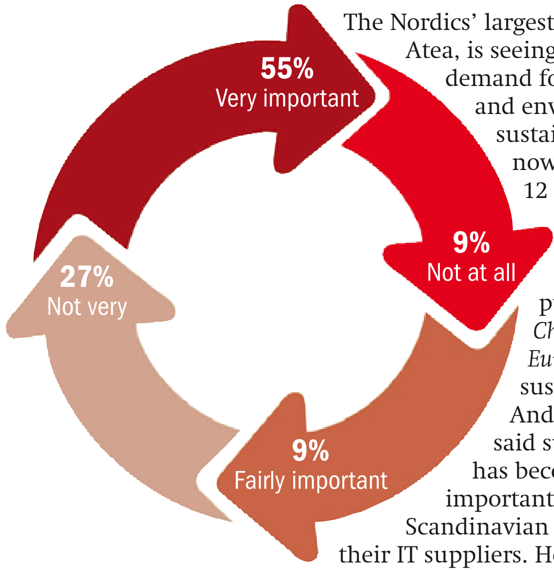
Huawei's targeted position in the PC market within three to five years following notebook launch (*source: CNBC*)

1



Fall in Softcat's share price on the day CEO Martin Hellawell announded plans to step down

POLL: How important an issue is sustainability when pitching to your clients?



The Nordics' largest reseller, Atea, is seeing such strong demand for socially and environmentally sustainable IT that it now has a team of 12 people dedicated to this area. Talking to our sister publication *Channelnomics Europe*, Atea's group sustainability officer Andreas Rydell said sustainability has become an important factor in how Scandinavian customers rate their IT suppliers. He said the VAR's sustainability team now visits African mines and Chinese factories first hand.

Sustainability also appears to be rising up the agenda in the UK, with 55 per cent of respondents to our poll saying this factor is very important when pitching to their clients. Some 38 per cent, however, expressed more scepticism, saying it is either not very or not at all important for clients.

Phrase of the month: "Safe space"

Theresa May's description for what she claims the internet provides terrorist ideologies (*see p13 for more*)

NOTABLE AND QUOTABLE: Martin Hellawell, Softcat

"I've been very operational and hands-on in every detail, and after 11 years it takes its toll on you. I'm in my 50s and am planning for the next phase. There's a really great opportunity for Softcat ahead of us, and it's time to get some fresh energy into the organisation to move us forward."

Martin Hellawell stressed that he will still be heavily involved with Softcat and the wider industry as he opened up about his decision to resign as Softcat CEO. Hellawell will move into the non-executive chairman seat only when Softcat has found a successor, which Hellawell indicated would most likely be an external appointment.

Cloud and clear

Critics of Computacenter argue that the UK's largest reseller and services outfit has been too slow to embrace cloud. Not so, says its UK managing director, Kevin James, who talks ***Doug Woodburn*** *through the firm's recent investment in AWS and other cloud vendors*

"I could go back five years and I could name a load of people who told us we should invest millions of pounds in our own cloud capability — 'build a datacentre and sell it many times, and you'll be rich many times over'. Thank God I sat there and said 'no thank you, that's not for us'.

Computacenter UK managing director Kevin James is adamant that the UK's largest reseller and services firm has got the timing exactly right on cloud. He was talking as Computacenter unveiled a big investment in public cloud giant Amazon Web Services (AWS).

Over the last year, the Hatfield-based juggernaut has built up a team of 50 certified AWS technical consultants across its two main markets of the UK and Germany. It also now has 40 to 50 AWS business consultants.

The investment follows Computacenter's acquisition of one of the top UK partners of cloud-based IT service management vendor ServiceNow, and James said the firm is "as deeply invested in Azure" as it is with AWS.

This certainly seems like a change in gear for a company some critics have chided for being too slow to get to grips with cloud.

However, James said the ramp-up in AWS headcount was merely a reflection of the fact that virtually all of Computacenter's large-enterprise customers now see hybrid cloud as the way forward.

"I could go back five years and I could name a load of people who told us we should invest millions of pounds in our own cloud capability – 'build a datacentre and sell it many times, and you'll be rich many times over'. Thank God I sat there and said 'no thank you, that's not for us'"

Kevin James, Computacenter

31%

AWS' share of the cloud infrastructure market

(Canalys)

"I think our timing has been really good with this. Regardless of what analysts and vendors say, the people we tend to listen to more than anyone else are customers, and I run advisory boards where we have a high degree of customer intimacy and proximity to our customers," he said.

"Clearly, large amounts of our customers have had some engagements or discussion with Amazon at some point.

"In fact, if you are a CIO, and you haven't had a sensible conversation with Amazon, arguably you probably are negligent to some extent, because you have to at least explore what it is.

"But it's not the answer for everyone — far from it. It's not the answer for every company, and it's not the answer for every workload. But as AWS starts to address more large enterprises, which are our customers, it becomes imperative that we have the right solutions, the right advice and consultancy, and the right brokering and aggregation solutions for our customers."

James rebuffed suggestions that Computacenter initially took a conservative stance on the cloud, but said he was glad the firm had taken the conscious decision not to build its own cloud proposition.

"That wasn't just through a lack of desire; that was an executive decision made by [Computacenter CEO] Mike Norris and me, and a number of others, that we are not doing this — this is madness," he said.

"There are many examples I've seen where competitors have invested ahead of time in something, and it looks like they've stolen a march. And then it all comes crashing down when the customer demand isn't there."

Public cloud should be considered just one of, rather than the only, destination point for workloads, at least for large enterprises, James stressed.

"If I was an SME and was starting out today, or was trying to upgrade my enterprise infrastructure, I'd go to a cloud provider almost lock, stock and barrel," he said. "But when you're a bank, a major central government department, or a major manufacturing organisation across global centres, [cloud] can only form part of it. This is very rare for me to say, but that is 100 per cent consistent with every single customer I talk to now. They're at different stages of that journey, but in that world of hybrid, all that's happened is that, AWS and Azure in particular — and I think it will come with Google as well — are becoming a more relevant part of that IT strategy. So we are just reflecting that."

AWS may not have a reputation for being the most

$11.4bn
Size of cloud infrastructure market in Q1 2017, up 42 per cent year on year
(Canalys)

channel-centric vendor, but James said the firm does have the need for partners that can act as aggregators.

"One of the reasons is cloud aggregation," he said. "It still takes months to get enterprise customers to agree Ts and Cs because AWS have pretty rigid terms – so anything we can do to sit in the middle helps. But more importantly, it's about the migration. Amazon is probably talking to if not all our customers, then a large proportion of them. But quite frequently they are stuck in a DevOps-type environment, and the goal for them is about opening that up to the whole of the business. We can help our customers on that journey, recognising that [public cloud] is one of the destination points for workloads."

James also said Computacenter's recent cloud investments should be taken in the wider context of its pedigree in virtualisation.

"We got very early into VMware many, many years ago," he said. "Helping customers with that abstraction layer and moving customer workloads into that new world: that's what we do. This is not trying to make some money reselling AWS. By the way, when we resell it, we will expect to make some money, so I'm sure we will have some conversations with AWS about commercial programmes, but not yet; it's not the right time."

$246.8bn
Size of public cloud services market in 2016, up 18 per cent
(Gartner)

AWS: Our channel is reacting to customer demand

The motivations behind AWS' channel expansion plans have been misinterpreted, according to the cloud giant's technology evangelist, Ian Massingham.

Talking to *CRN* about an array of topics – including price cuts, how AWS' recently launched London datacentre region is faring, and its channel philosophy – Massingham took umbrage at suggestions that AWS is using the channel as a vehicle to scale its business.

According to analyst Canalys, AWS and Google are both embracing the channel as they seek to exploit the "next phase of cloud adoption".

It argued that focusing more on partners will be the only way the cloud giants, some of which don't have a background in enterprise IT, can maintain their frenetic growth rates. AWS grew 43 per cent in Q1, Canalys said, and Google by 74 per cent.

"I think the statement is true that we have an increasing number of partners that are working with AWS," Massingham said.

"But I think the rationale that this is an AWS-centric activity that we would initiate because we want to sell more stuff is not the reason we are doing it. We are doing it because customers want to move more quickly than they can move alone, and partners can play a really important role in helping customers accelerate their adoption and therefore deliver the benefits that cloud offers."

AWS now commonly counts as a top vendor for many traditional resellers and services firms, with Computacenter, for instance, having built a 100-strong European AWS practice (*see main feature*).

Massingham said partners are reacting to customer demand.

"I've asked thousands of customers over the course of the last year: 'if you were starting your own business tomorrow, how many of you would do it with infrastructure you owned and operated'? One or two people in the last year have put their hand up in response to that question," he said.

"That validates how compelling cloud is. It's just a better way to access and use technology than the traditional approaches. And because everybody gets this, it means there are constraints in skills. There aren't enough AWS experts around today to help customers move as quickly as they can. So partners can play a really important role in helping customers get to that new reality by bringing in the skills they've been able to hone through repeated engagements. It's typical of a mid-sized partner to have 50-plus certified AWS experts on staff."

"I've asked thousands of customers over the course of the last year: 'if you were starting your own business tomorrow, how many of you would do it with infrastructure you owned and operated'? One or two people in the last year have put their hand up in response to that question"
Ian Massingham, AWS

Number 10's backdoor bust-up

Theresa May was not as popular with the electorate as she had imagined. But her currency among the tech industry also took a knock following her criticism of ISPs in the wake of the London Bridge terror attack, reports ***Tom Wright***

Despite being the channel's preferred candidate, Theresa May put herself on a collision path with the tech industry earlier this month following her criticism of ISPs.

A hung parliament was deemed the worst-case scenario in a poll of *CRN* readers (*see poll results, p14*), with 57 per cent of respondent saying an increased Conservative majority on 8 May would represent the best result for the channel and business in general.

However, in the run-up to the election, tech firms of all sizes expressed fears over May's increasingly tough stance towards ISPs and communications firms employing encryption in their products, after the UK's third terror attack this year – reigniting a long-running debate.

May called for international action from Britain's allies to regulate cyberspace and prevent it giving terrorist ideology the "space it needs to breed", with the likes of Microsoft, Facebook and Google hitting back instantly to defend the work they have done to keep terrorists away from their platforms.

Number 10

The latest instalment

May's candid speech on the steps of Number 10 is not the first time she, or a number of other governments worldwide, have clashed with Silicon Valley's biggest names over gaining access to their systems.

In two high-profile examples, Microsoft is locked in a long-running legal battle with the US government to stop it obtaining information in one of its datacentres, while Apple previously refused to build a backdoor into its iOS operating system for the FBI, after the agency failed to gain access to the mobile of the San Bernardino shooter. The FBI eventually gained access using a third party.

The UK government also brought in the Investigatory Powers Act late last year, which in theory allows it to remove electronic protection from any data as it sees fit.

While May did not directly reference encryption in her speech, many have interpreted her remarks as implying a desire to limit the amount of encryption tech firms employ on their products – a stance which home secretary Amber Rudd recently echoed.

Lawrence Jones, CEO of hosting provider UKFast, as well as ethical hacking firm Secarma, told *CRN* that May's claims showed "a fundamental lack of understanding of how the internet works and makes it look like she's not on top of things".

He said that firstly, it is too soon after recent tragedies to point the finger at who's to blame, but also that initiatives such as banning encryption or regulating the internet would do little to stop terrorists communicating.

"Theresa May is wrong to bring a tech company of any sort – especially to broad-brush all tech companies – into the line of fire for something as brutal as what has happened," he said.

"If a terrorist uses a car, you can't then punish the car manufacturers. Her rationale does not make sense in any way.

"If she banned encryption then any decent techie could encrypt their own app," he said. "They already are anyway. You have [terrorists] sending the odd WhatsApp message, but the really important stuff will be deep below the surface of the internet."

Gov-tech partnerships

While the relationship between the government and tech companies remains frosty, a collaboration may well produce the most effective results. →

Stephen Love, security solutions architect at Computacenter, said that instead of attacking tech firms, the government should work in conjunction with them to help stamp out illegal behaviour on the internet.

"The security industry as a whole does a lot of good work in terms of trying to keep one step ahead of things of this nature and I think, especially in today's modern environment, the likes of the Ministry of Defence and MI5 should actually be working with the technology vendors to make sure that what they know is also being used," he said.

"The government has started saying 'these are the things you should be doing', but I think it needs to be more along the lines of a collaborative approach with consultancies such as Computacenter and Deloitte [for example], and the vendors that make the technology."

However, Carl Gottlieb, director at security MSP Cognition, said that the tech industry has a duty to focus more on issues away from business.

"The tech community needs to do a better job of contributing towards the greater good," he said.

"Currently, we're highly critical of government surveillance plans, while providing nothing in the way of constructive ideas to improve national security.

"I want to see more collaboration with government, more exchanges of ideas and technology, and a wider adoption of information sharing."

But UKFast's Jones said this collaboration is already available to the government, should they choose to use it – explaining that his security organisation Secarma recently made the government aware of a vulnerability it discovered in Windows 2003 servers.

"We already have a very good system [collaborating with authorities]," he said. "If someone is doing something illegal and we receive a warrant then we work with the police and the government and hand over that server.

"We should be working with the police more, sharing information and collaborating on information. I'd like to see some of these government organisations reaching out to people like ourselves and seeing how we can help."

"It shows a fundamental lack of understanding of how the internet works and makes it look like she's not on top of things"
Lawrence Jones, UKFast

Britain's tech rep

Jones also highlighted the potential wider implications of May's stance on internet security and data privacy, saying that she could damage the UK's strong credibility for being a reliable hosting location, and also deter foreign businesses holding data in the UK.

He argued that it would be foolish for the UK to change its encryption and internet policies, when the rest of the world subscribes to an existing set of rules. Likewise, giving governments a backdoor into IT systems would sully the industry's credibility and provide even greater security risks.

"It would be the end of hosting as we know it because everyone would host offshore," he said.

"Britain at the moment has an incredible reputation for being a trusted partner – and a very honest partner.

"If you say we're going to have an open-door policy and the government can access all data, and on top of that we're going to ban encryption, everybody will move all their hosted environment offshore. We'd be a laughing stock because Theresa May is the only person saying this, as far as I'm aware."

The possibility of backdoors being built into the systems of hosting providers and tech companies has often been an idea floated by governments to allow them to view data belonging to criminal suspects, but has been rebuffed countless times by the IT industry.

Computacenter's Love said that the concept of a backdoor merely makes it easier for the criminals that the government is trying to protect against to obtain information themselves.

"The problem with that is as soon as you enable a backdoor, that's a vulnerability," he said.

"You can put all the protection in the world around it, but what if that information is leaked or there's a vulnerability? It happens.

"It's the same as putting a key under the plant pot by the backdoor. If people have any sense it's the first thing they'll check."

CRN poll: What would be the best outcome for the IT industry and business in general in Thursday's general election?

An increased Conservative majority	57%
A Conservative majority, but by the same margin as it is currently	8%
A reduced Conservative majority	4%
Hung parliament	3%
A Labour majority	28%

An overnight success?

*Five years of hard work and reorganisation have resulted in exponential growth for security vendor Sophos. Chief executive Kris Hagerman gives **Tom Wright** the details*

In 2012 Kris Hagerman joined security vendor Sophos when the company was stuck in a rut. A confused part-channel, part-direct sales model and a period of static growth left the Oxford-based firm in need of a change.

Fast-forward five years and Sophos is approaching its second anniversary on the London Stock Exchange after announcing billings growth of over 18 per cent up to $632.1m (£494.3m). It scrapped the conflicted hybrid model in favour of a 100 per cent channel model, and has set an ambitious target to hit $1bn in billings by 2020.

Chief executive Kris Hagerman explained to *CRN* how the transformation has been conducted and how he sees the security market playing out in the wake of the WannaCry ransomware attack.

You've been at Sophos for five years now and you took the company public a year ago. Can you talk us through some of your growth plans and what we can expect to see from Sophos over the coming years?

We kind of joke that Sophos is this overnight success that was five years in the making, or 30 years in the making. We're growing across all aspects of the business – all our key products, all our key regions, and in both new and existing customers. We're adding about 10,000 new customers per quarter. We took our overall partner base from 20,000 to 30,000 and our active blue-chip customers grew from 4,600 to 6,100.

The energy level and enthusiasm of our partner base has really turned a corner. It was already quite strong, but with Sophos Central, Intercept X and the Invincea acquisition it really is a very strong road map and it's an exciting time for the company. On top of the strong results in FY17 we also set for the first time a three-year outlook for the company that calls for us to generate $1bn in three years and take our cashflow up to $240m. That just reflects the continuing confidence that we have in the products, the business model, and in our partners.

Last month's WannaCry ransomware attack has dominated much of the trade press and mainstream press – what has the fallout been for Sophos and the cybersecurity space as a whole?

We've been asked a few times 'you must be thrilled with this WannaCry incident?', but of course we're not. We wouldn't wish this on anyone, and the truth is, as you saw from our results, we don't need incidents such as this to accelerate our growth. We're doing just fine without these global attacks that disrupt thousands of organisations and frankly end up creating havoc.

The thing that I get frustrated by when these kind of events hit the mainstream is that there's this assumption that it was a trivial problem to solve and that anyone who fell victim just wasn't on top of it.

This attack was broad and it was completely indiscriminate, meaning it attacked organisations all over the world from the smallest and least sophisticated to the largest and most sophisticated.

While it's true that there are clearly some gaps that it exposed in all sorts of organisations, if you asked them what challenges they're facing I can almost guarantee they would say they've got to get on a modern operating system and get it patched, but you have no idea what challenges they have. Maybe they just had their budgets cut.

You'll often hear cybersecurity start-ups accusing the larger incumbent vendors of being too slow to adapt to the changing threat landscape and innovate effectively. How do you respond to this?
It's like saying Apple is a big company so it's hard for Apple to be innovative; Google's a big company so it's hard for Google to be innovative. It's just nonsense. I am somewhat sympathetic to the challenges that these start-ups have which is that they are starting from zero, they're trying to get the world to pay attention to them, and there are a lot of vendors and a lot of solutions. There is the temptation to make some very grand and ambitious claims and in some cases start to get out ahead of their skis, so they're making claims that their products don't really measure up to.

> **"We've been asked a few times 'you must be thrilled with this WannaCry incident?', but of course we're not. We wouldn't wish this on anyone, and the truth is, as you saw from our results, we don't need incidents such as this to accelerate our growth"**

Unfortunately, I think that has been the case for several of these companies, and while it works in the short term, over the medium term and the long term the truth will out. If you make claims that go beyond the reality of the products and if you refuse to participate in third-party tests; if you go in and misleadingly rig your own tests and intentionally disable competitors' products and pretend that everyone is on a level playing field – that works for a little while, but when it stops working the backlash can be quite dramatic and systemic. We are seeing that now.

We're maybe a little bit on the humble side but we think it gains us credibility. If we're saying things that aren't true out there in the real world, that doesn't affect just our credibility but our partners' credibility, and we wouldn't do that.

You announced the acquisition of fledgling machine-learning security firm Invincea at the beginning of the year. How can partners expect to see Invincea integrated into the wider Sophos portfolio?
The answer is very simple. Partners and customers can expect that we'll integrate and deliver to market the Invincea technology with a very similar game plan that we applied for [anti-ransomware product] Intercept X.

We'll take that core Invincea world-class, machine-learning technology, integrate it with some other technology that we've developed internally, and deliver it within Sophos Central.

It will be fully signature-less and I think it will be one of the very best machine-learning technologies in the world. It will be the easiest and simplest to manage and we're right on track to deliver that and ship it this calendar year.

We have several months before we ship the product so we don't know what we'll call it yet. The capability around machine learning will be a discreet capability and product within Sophos Central. You'll have to see what we'll call it.

You've been fairly consistent with your acquisition strategy in your time at Sophos. What sort of activity can we expect over the next few years?
There isn't an actual acquisition policy. We are committed to innovating and we spend a lot on R&D to do that – we have a higher percentage of our revenue and billings on R&D than many of our competitors do.

We rely on a mix of organic development and every now and then some targeted – we hope disciplined – M&A to help enhance or accelerate our own efforts. I would expect in the years to come something reasonably similar to what you've seen over the last five or six years from us.

I haven't totalled it up recently, but we have probably acquired half a dozen companies over the last four or five years – it's probably reasonable to expect something in a similar region over the next few years, but all product [-focused acquisitions]. For us acquisitions are all about the quality of the technology and the quality of the people building it.

What degree of consolidation do you expect to see in terms of the market in general?
The same thing will happen in the security market that has been happening for the last 20 or 30 years. Some years you will see a number of companies being bought and consolidated, and then in other years you'll see a sprouting of new start-up companies that have a lot of excitement and visibility. It just kind of ebbs and flows like that.

Security is one of the only markets in IT that over time has not been dramatically consolidated. I do not subscribe to the opinion that security is destined to be consolidated into just Oracle and SAP in the enterprise application space, for example.

Wholesale changes

New research shared exclusively with CRN aims to provide a definitive overview of the major trends in the UK and European IT distribution market. ***Doug Woodburn*** *runs through some of its key findings*

The European distribution market is more fragmented than popularly believed, accounts for well over 40 per cent of overall end-user IT spending in the region, and is still growing year on year.

Those are among the headline findings of a major study that aims to provide an overview of IT and consumer electronics (CE) distribution in eight of Europe's key territories, namely the UK, Germany, France, Italy, Spain, Poland, Switzerland and Sweden.

Ingram Micro and Tech Data, together with Tech Data's recently acquired Avnet TS business, accounted for 32 per cent of an IT distribution market worth €69bn in 2015/2016 in these eight key European economies, the research found. Conducted by Bain and Company in Q1 and Q2 of 2017, the study was commissioned by the Technology Channels Alliance (TCA), a distribution body which counts regional players Esprinet, Exertis and Westcoast as its founding members.

With Arrow ECS added into the bargain, the US-based giants have a 35 per cent share across this octet of markets, a finding TCA chief executive Robert Norum argued would confound expectations given recent market consolidation and the perception that distribution is becoming a global game.

"The information we have is that 60 to 65 per cent of all distribution is carried out by local and regional players, and I think that will be quite an eye-opener to most US vendors," he said. "I think the perception is that if they've got Ingram and Tech Data, and maybe one or two local players, then they've got it covered. But it's actually a lot more fragmented than most people would think it is."

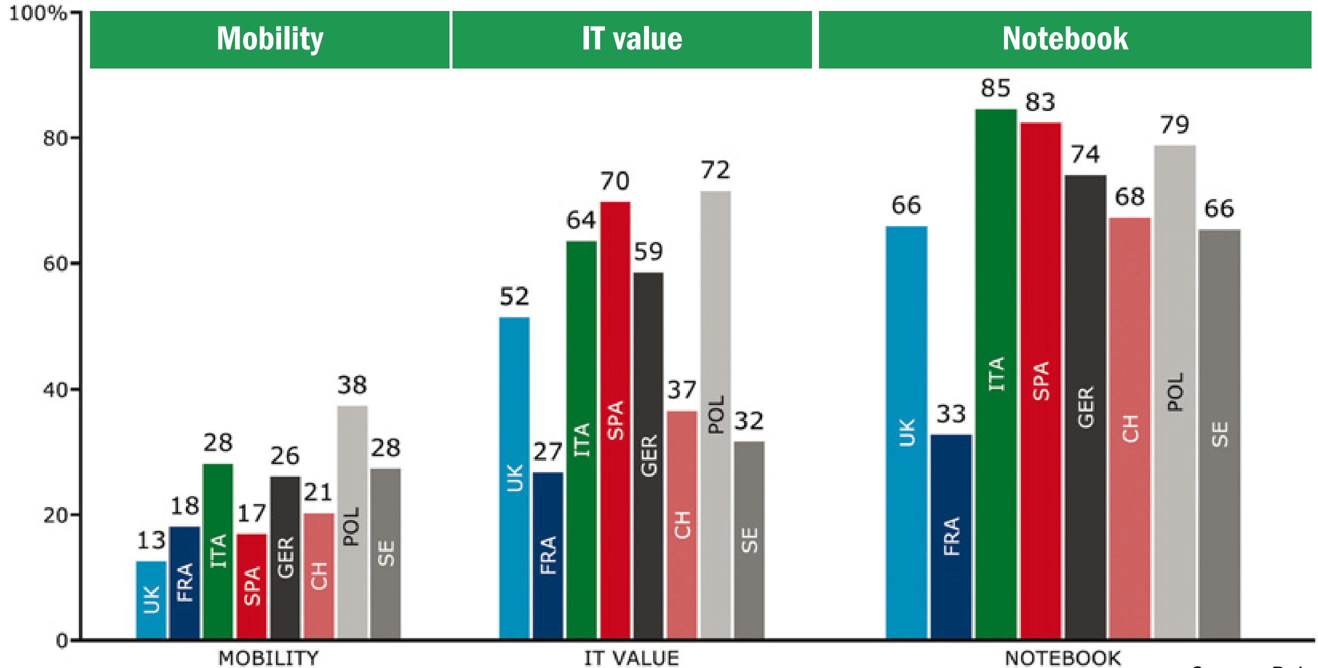
The TCA was set up last year with the aim of positioning regional and local distributors as a viable option for vendors. Its founding members are all former members of US-based distribution body Global Technology Distribution Council.

The study, the findings of which have been shared exclusively with *CRN*, consolidates data from numerous sources including GfK, EITO and the World Bank, and aims to provide a definitive overview of distribution in some of Europe's largest economies.

Share of the spoils

Total European IT and CE distribution revenues across the eight markets rose two per cent to €69bn in 2015/16, with growth driven mainly by mobility, printing, and the IT value segment, the study found. That figure accounts for 37 per cent of end-user spending of €189bn in those

1) IT and CE market share intermediated by distributors by category



Source: Bain

Windows 10 Pro

Exertis recommends Windows.

Join Exertis Premium Rewards today and start earning points on all premium Windows Pro devices

http://info.exertis.co.uk/exertis-premium-rewards/

Accumulate points through the partner programme and earn enough to get money off your future purchases!

Keep an eye for our monthly offers where you can earn bonus points on specific lines, that could see your points tally go through the roof!

Register today and earn 200 bonus points*

How it Works

- Register for the Exertis Partner Programme at http://info.exertis.co.uk/exertis-premium-rewards/
- Once signed up, you will start earning points on your purchases straight away
- Every Premium Windows Pro Device you purchase earns 10 points
- You will receive quarterly updates on how many points you have accumulated
- Keep an eye out for our fortnightly offers where bonus points can be earned

10 points = £1

*Offer valid until 23rd June 2017
For full T&C's visit http://info.exertis.co.uk/exertis-premium-rewards/

exertis

a DCC business

Call our specialist sales teams
North 01282 776776
South 01256 707070
store.exertis.co.uk

LG

Life's Good

98LS95D

Go Large

Once you've seen the benefits of LG's Ultra large signage displays you'll never look back.

From shopping centres to airport lounges and corporate HQs – Ultra large format displays are fast replacing traditional, static signage.

Whether you're looking for a minimalist design with a high performing smart platform or an alternative to a video wall set up, LG's ultra large signage displays are only a mouse click away.

Mouse not included.

AV for all sizes

exertis Medium

a DCC business

Call our specialist sales teams

North 01282 776776

South 020 8813 5777

store.exertis.co.uk

countries, or 42 per cent when reseller margins are factored in, which would mean that over two fifths of IT and CE revenue travels through the two-tier channel in Europe.

Despite perennial claims from critics that distribution is suffering something of an identity crisis, wholesalers actually appear to be becoming more relevant in several of the countries studied.

For instance, the percentage share of the end-user market intermediated by distributors in the UK leapt from 40 to 43 per cent year on year, the research found, thanks in part to Apple's recent decision to shift some sales to distribution here. The percentage shares for Italy, Spain and Switzerland also rose, from 48 to 49 per cent, 47 to 48 per cent and 42 to 44 per cent, respectively.

The percentage of sales intermediated by distribution varies wildly by product category, however (*see figure 1, p18, for a flavour of this*).

Wholesalers' share for desktops and notebooks, for instance, rose from 57 to 59 per cent and 65 to 69 per cent, respectively. This was attributed partly to Lenovo — and potentially also Dell — shifting more sales to a two-tier model.

Distributors are also tightening their stranglehold in the printer and office segment, increasing their share here from 72 to 74 per cent. Their share of the spoils in the IT value segment, meanwhile, held steady at 49 per cent, according to Bain's calculations.

Contrast that with mobility, where distributors boast a mere 22 per cent share of the spoils, albeit up one percentage point year on year, and CE, where their share was flat at 15 per cent. They're also underweight in the tablet market, where their share of the cake dwindled from 38 to 35 per cent.

The study also highlighted some growth hotspots for distribution, Norum explained.

"One of the key take-outs is that there is a significant role for distribution at the volume end, but actually the value end — which clearly offers higher margins and brings more of a solution play — is where there's an opportunity for distributors in Europe," he said.

"There are three areas Bain pulled out as fundamental technology drivers: cybersecurity, hyperconverged infrastructure and the Internet of Things (IoT), and in all these cases the whole channel needs help. Vendors need help working out how to get these products to market, and resellers need help working out how to sell them. In that sense the role here for distribution is less of a box-shifter model and more of a value-add one."

Margin crunch

Distributors' profitability, however, is on the decrease, the research found, with the average margin of a 'traditional' broadliner and value player standing at just one and three to four per cent, respectively.

Of the top nine broadliners, only two have seen their operating margins in the region rise over the last two years, Bain's research found. These were Tech Data — from 0.5 to 1.1 per cent — and Westcoast — from 0.8 to 0.9 per cent.

"Margin is definitely coming down," Norum confirmed.

"In the volume market, margins are minute — single digit, as in one to one and a half per cent," he said. "Where we are talking more about infrastructure and more complex products, it starts to climb back up to three, four, five per cent, but it's still very tight."

Asked where distribution is heading in the event margins continue on this downward trajectory, Norum remained upbeat.

"There is downward pressure on all the volume products," he said. "There's no way of getting away from that. But that puts pressure on all distributors to think much more about where the value-add is, and that's where cloud and as-a-service models, as well as these new technologies — cybersecurity, IoT etc — have a significant role to play.

"There's no question that distribution needs to step up to the plate on as-a-service models — it needs to have a much clearer story on it. That's an opportunity, and I think from a European perspective, given the complexities of billing and infrastructure and making all the stuff work from a local perspective, the perception that you can do this all from one place in the world is a long way off."

Value versus volume

As it stands, however, it is the global broadliners that exert dominance in the value-based space, the research found, with Tech Data/Avnet TS, Ingram and Arrow holding 45 per cent of this part of the market across Europe between them.

Alex Tatham, UK managing director of Westcoast, said: "The report demonstrates that companies like Westcoast, Esprinet and Also are very much under-represented in the value category and we all need to do better in that. We need to take a look at ourselves in the mirror and focus on something that we can really make a mark on."

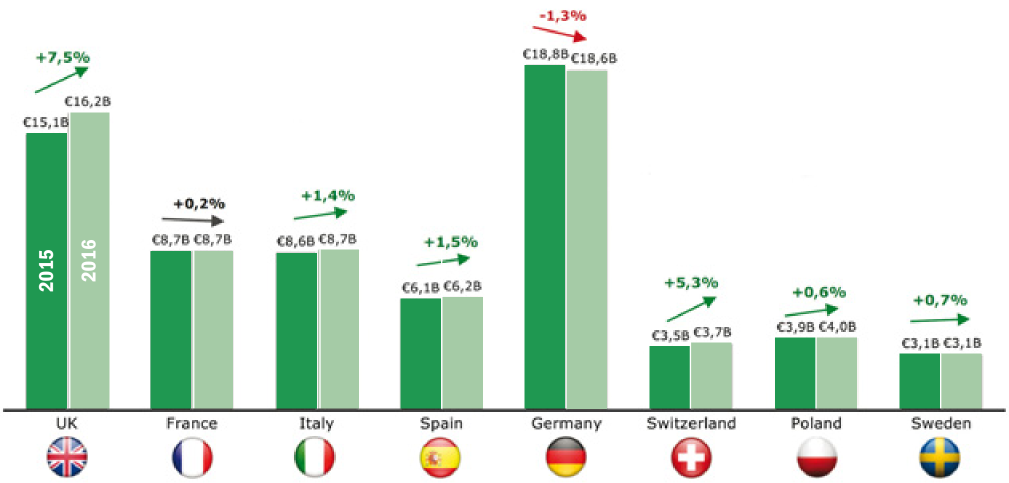
Alessandro Cattani, CEO of Esprinet, agreed, adding that the industry needs to get to the bottom of why distribution appears to be under-represented in some countries, including France, where distributors' share of end-user tech sales is just 29 per cent.

"The information we have is that 60 to 65 per cent of all distribution is carried out by local and regional players, and that will be quite an eye-opener to most US vendors"
Robert Norum, TCA

"We as the distribution industry need to focus more on the margin-generating activities and products," he said. "More focus on value in all different ways – value products such as the datacentre, and value-added services. The industry is no longer about box moving – the way of actually being a distributor must evolve."

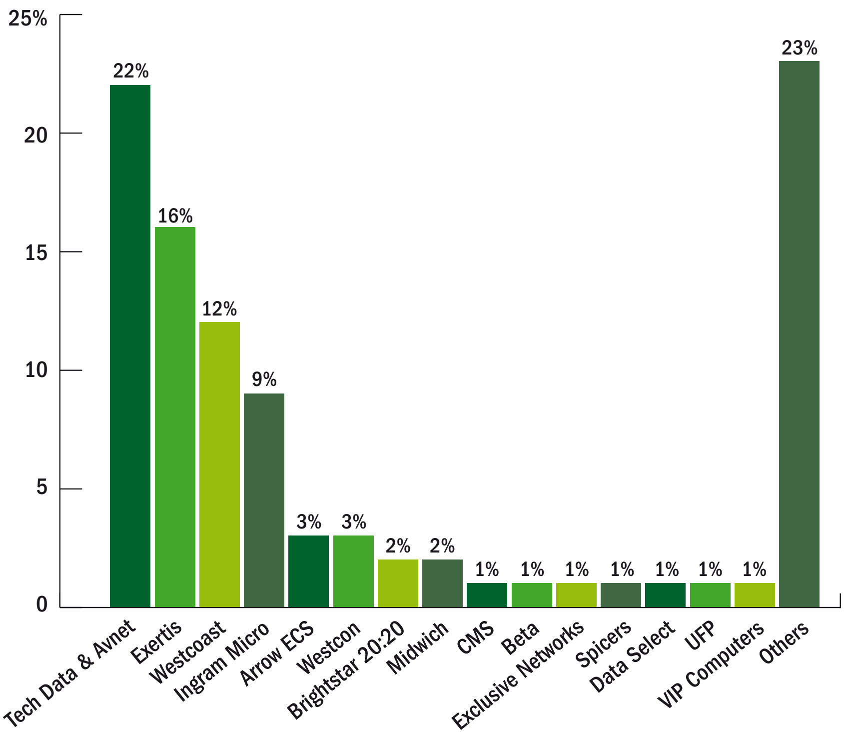
UK distributors boost share of IT spending

2) IT and CE distribution market value by country



Source: Bain

3) IT and CE broadliner and specialised distributors



Source: Bain

The UK houses Europe's second-largest IT distribution market by value, at €16.2bn in 2015/16, a 7.5 per cent annual rise, according to Bain's calculations.

Only Germany's, at €19bn, was larger, the study found, while the Italian and French distribution sectors were worth far less, at €8.7bn apiece (*see figure 2*).

Tech Data/Avnet TS was found to lead the UK market, with a 22 per cent share, ahead of Exertis on 16 per cent, Westcoast on 12 per cent, and Ingram on nine per cent. Westcon (three per cent), Brightstar 20:20 (three per cent), Midwich (two per cent), CMS Distribution (two per cent), Beta (one per cent) and Exclusive Networks (one per cent) rounded out the top 10 (*see figure 3*).

Distribution was found to be gaining share in several product categories, including mobility, where Apple recently shifted a chunk of business to the two-tier channel, as well as notebooks.

The UK has the highest IT spending incidence on GDP of the eight countries studied, the research found, at 3.8 per cent, ahead of Sweden (3.5 per cent) and Switzerland (three per cent).

Access all areas

*Amid numerous spin mergers and acquisitions, HPE UK channel chief Mark Armstrong tells **Tom Wright** how the vendor is now more accessible for smaller resellers*

You'd be forgiven for thinking that the great split back in 2015 would be the biggest change for partners of HP Inc and Hewlett Packard Enterprise (HPE) to deal with.

But while the PC and printers business has retained largely the same structure, other than acquiring Samsung's printing division, the pace of transformation at HPE shows no signs of slowing down.

The Enterprise Services business has been spun out into DXC Technology, while its software division is in the process of being sold to Micro Focus in a $7bn (£5.4bn) deal.

But HPE isn't just stripping away divisions. Earlier this year it announced the acquisitions of hyper-converged vendor SimpliVity and Nimble Storage for a total of around $1.65bn.

Along with the technical resources that come with the pair is an increased focus on companies outside HPE's typical large enterprise customer base.

HPE's UK channel boss Mark Armstrong, who moved into the role in January, told *CRN* that the acquisitions have made HPE more accessible to SMB resellers.

"The channel base of SimpliVity is quite small and bespoke channel partners, and very specialist [partners], so I think there's an opportunity to work with those partners to help them broaden the range of solutions they can provide [from the HPE portfolio]," he said.

"Nimble is a little bit in between [the SimpliVity and HPE partner bases] in that it has been incredibly successful with some of our traditional partners in specific markets. Equally, there is an interesting base which we've not particularly penetrated with our own technology – typically smaller partners with unique capability selling into specific markets.

"Nimble have been incredibility successful in the low- to mid-range flash space; 3PAR has been successful at the higher-end flash space.

"If you're a partner that has a range [of customers] then we're extending the opportunity to trade."

Concerns were raised by the SimpliVity and Nimble partner bases when both acquisitions were announced, particularly at the thought of their having to compete with larger HPE partners.

John Bland, managing director of UK sales at SCC, said that SCC will more than likely continue to sell 3PAR because of the size of its customers, but when it comes to the likes of SimpliVity larger resellers will look to partner with the smaller specialists.

"We're more likely to partner with them than try and hurt them," he said.

"The big guys like ourselves and Computacenter can't cover everything just because HPE takes something on. It might actually be that we partner with a smaller reseller that really has a specific SimpliVity skill set, so I don't think it's anything to worry about."

Jonathan Lassman, managing director at Epaton, agreed that the acquisitions could present good opportunities for smaller partners to work with the likes of SCC and Computacenter.

"The reason we set up specialist resellers – Epaton is a specialist reseller in storage – is because the big boys can't do what we do," he said.

"They need to partner with people like us to be able to find the opportunities first, open them up, and then it becomes a plug-in for their organisation.

"We already partner with others – we've done work with Insight, SBL, Computacenter, and I think we've done some stuff with SCC as well – on frameworks and things like that where we're not big enough to get on the frameworks but we partner with these guys."

Lassman said that initial signs following the two acquisitions have been positive, with Epaton closing two Nimble deals this year.

He did however explain that HPE will only become more appealing to smaller partners if it doesn't overhaul deal registration to favour the larger resellers.

"They'll only be more accessible if they allow the companies to operate their deal registration process in the way they currently run them," he said.

"If you're going to get the big three that don't mind selling at zero per cent margin because they'll make the money back in rebates, that's going to destroy the market.

"If you've got Computacenter or CDW in a face-off for a new account, they will sell at zero per cent margin. Resellers like us and others that are building markets for next-generation vendors cannot compete with that."

"There is an interesting base which we've not particularly penetrated with our own technology – typically smaller partners with unique capability selling into specific markets"
Mark Armstrong, HPE

GET THE SPEED. KEEP THE CAPACITY.

intel

intel OPTANE™ MEMORY

It's revolutionary – the first all-new class of memory in 25 years.

Intel® Optane™ memory creates a bridge between the DRAM and storage to deliver an intelligent, amazingly responsive computing experience.

In short Intel® Optane™ memory is a revolutionary new memory technology that affordably accelerates your system, delivering high speed and responsiveness without compromising system storage capacity. When combined with a large storage drive, the Intel® Optane™ memory M.2 module accelerates computer performance, while maintaining capacity. You'll be amazed at how fast applications launch or new games install. Together, Intel® Optane™ memory and a 7th Gen Intel® Core™ i-series processor deliver a snappy PC experience with short boot times, fast application launches, extraordinary gaming experience, and responsive browsing. Will accelerate performance of PC at a fraction of the cost of a full SSD drive Only compatible with 7Th Gen Core based Processor systems Biggest market will be the install base of 7th Based systems with a Hard drive already pre installed where customers will see a big improvement when adding Optane memory.

7th Gen Core i5 & i7 versions

SKU 1358389 INTEL OPTANE MEMORY 16 GB PCIE M.2 80MM RETAIL BOX 1PK – MPN MEMPEK1W016GAXT
Market Segment
•Mainstream / DIY Consumers
•SMB / Mainstream Corporate Users

SKU 1358387 Intel OPTANE MEMORY 32 GB PCIE M.2 80MM RETAIL BOX 1PK – MPN MEMPEK1W032GAXT
Market Segment
•Mainstream Enthusiast/ DIY Consumers
•Enthusiast/ Corporate Users

Performance

28% Overall system performance is up to 28% faster

14x Increase system performance for hard drive access by up to 14% faster

2x Improve everyday task responsiveness by 2x

Buying Intel from Ingram Micro is rewarding

- Earn & redeem Intel ITP points on all Intel components exclusively at Ingram Micro UK.
- One stop shop - Attach with full components offering of 30 vendors
- Next Day delivery of over £5M worth of components products available.
- Be safe in the knowledge that any product you purchase from Ingram Micro is free from any VAT carousel fraud.
- Credit terms with options such as credit builder to increase limits.
- Warranty support.
- Competitive pricing.
- Configuration services available including building PC's or NUC's to order.
- New Vendors brought on board.

To source the complete range of Intel Components Contact Ingram Micro Today
www.ingrammicro.co.uk 0871 973 3000

Grow your business

Build trust with customers

Get rewards for Intel sales

Join today to start experiencing the benefits!
intel.co.uk/joininteltechnologyprovider

INGRAM MICRO®

Top predator

*Equinix has been top of the food chain when it comes to the rash of datacentre sell-offs in recent months. Its EMEA president Eric Schwartz tells **Tom Wright** what's driving the trend*

The speed of technology innovation and the growing global footprint of businesses are two factors driving service providers' desire to offload their datacentres, according to Equinix EMEA president Eric Schwartz.

The trend of service providers owning their own datacentres has recently started to reverse, with Verizon and CenturyLink two of the larger firms to sell their own facilities in favour of buying services from a third party.

Datacentre provider Equinix snapped up Verizon's 29 facilities for $3.6bn (£2.8bn), adding to the $145m project it announced earlier this year across London, Paris, and Sydney.

In the UK, Equinix acquired Telecity for £2.6bn last year and announced plans to invest £26m in its LD6 flagship datacentre.

Equinix's EMEA president Eric Schwartz explained to *CRN* that the exodus of providers from the datacentre space is being driven by a number of factors including changes in consumer spending, the growing cost of maintaining datacentres, and increased scrutiny on compliance.

"The world for enterprise IT, including telecoms and managed services, is changing rapidly," he said. "The velocity of cloud, computing uptake, deployment, [and] integration are accelerating at levels that simply weren't the case six years ago, so there's an element of companies needing to decide how they manage that and how they focus their energies on serving a large enterprise customer base.

"I think the capital requirements continue to grow. What might have looked manageable six years ago might not look so manageable now.

"The final piece is [that] the datacentre industry has grown and matured and the valuations are substantially higher, so companies that don't view this as a core business are thinking it's maybe an attractive time to sell."

Equinix currently has over 175 datacentres worldwide and is expected to record revenues of around $4bn in its current financial year.

The firm works directly with customers — major banks, investment houses, and internet search engines — and also cloud providers and service providers.

Schwartz explained that as companies become both more global and more distributed, it becomes increasingly difficult for them to run their systems effectively if they don't have datacentres in all the regions in which they operate.

The two options they have, he said, are to build more datacentres at massive capital expenditure, or utilise the services that providers such as Equinix offer on a subscription basis.

Around two thirds of Equinix's revenue currently comes from customers that are distributed globally.

"Our customers are increasingly global and those applications and services need to be distributed around the world," he said.

"If the choice is between building their own facility in London or coming to Equinix in London, that's one trade-off, but if you're operating something where you've got a global customer base, you'll probably need a couple of sites in Europe, a couple of sites in Asia, a couple of sites in North America…

"The world is moving too fast to say 'I'm just going to go around the world and find 10 sites in 10 different countries and build them myself from scratch'. The alternative that we and others offer allows that to be done much faster and usually at lower cost. That has become the model."

Interconnection

Aside from the datacentres themselves, the other key offering from Equinix is its interconnection services, which allow customers and providers to connect directly with each other within Equinix datacentres, rather than over the internet.

Cloud providers such as Amazon Web Services, Microsoft Azure, and Google allow their own customers to connect directly with them in Equinix facilities, providing better connection speeds and performance.

"There is an interconnection element to what those cloud providers are doing in that as they grow their customer base and the customer base migrates more workloads to these players, the value of being able to connect directly becomes more valuable, more necessary and more common," said Schwartz.

"As fast as they're growing, it's also contributing to growth in our facilities where people are looking to connect directly to them — companies such as AWS and Microsoft Azure have a presence in our facility so customers can connect to them directly."

Misery loves company

Can resellers and MSPs benefit from sharing their most intimate struggles with their competitors? One US-based peer group organisation gearing up to expand in the UK thinks so, finds ***Doug Woodburn***

Self-help therapy may be a concept most closely associated with overcoming phobias and other life challenges, but now it appears to also be taking root in the world of managed services.

UK MSPs are being urged to join HTG, a US-based peer group whose members meet four times a year to "share their most intimate struggles" in business – and in life.

Its COO Brad Schow was recently in the UK to drum up interest in the organisation as it expands on this side of the Atlantic.

HTG currently runs two UK peer groups for MSP owners, and aims to launch another two before the close of 2017.

"Our first value proposition is that misery loves company," Schow told *CRN*. "People come to our meetings thinking they are the only ones with the problems they have. But then they sit with eight to 10 of their peers and realise they're all going through the same thing."

Schow said HTG aims to help MSP owners pin down what they want to achieve with their business, and help them get there. It also provides financial benchmarking.

The organisation began life in 2000 when a small group of MSPs in Iowa, led by HTG founder Arlin Sorensen, began meeting to share ideas.

In 2009, HTG became more of a formal business, hiring dedicated employees, launching a vendor programme and building the processes that it needed to scale. It also put international expansion on its agenda.

It now has 26 owner peer groups in the US, two in the UK and four in Australia. Each have between nine and 11 members.

"It's our job to get them together and interacting as peers, and to keep them moving and progressing towards where they want to get to," said Schow, who sold his shares in his own Minnesota-based MSP in 2012 to join HTG full time.

"These are: a legacy plan, a business plan, a life plan, and a leadership plan.

"We have too many people who come to us and say 'I've spent too much time building this thing, and I'm losing my family – and to us that is failure," Schow said. "So we want to make them think that through. As part of that personal legacy plan we make them build, there is financial analysis of when they think they might want to exit or retire, and how much money they'll need out of the business to meet their goals for retirement."

Benchmarking

The MSPs then meet as a peer group for two days, and members are benchmarked on their financials compared with the rest of the group, and industry at large.

"Our goal is to make sure that financially they are in good shape," Schow said. "A lot of them found themselves with a business, but don't necessarily have a formal business background or know from a financial standpoint what 'good' looks like. We help them figure that out.

"Then we have an update on how they are doing with their plans, and anything they've done well or not so well in life, or business. We bring in burning issues – stuff they're looking to get a perspective on from the rest of the group. We talk through these things, and as we do that we help each other. It may be that they are struggling to dispatch or escalate a ticket properly because they have a backlog, and we'll then go around the room and get everyone's best practice on what they are doing.

"So really, it's like having a 10-person, informal board of advisers and trusted colleagues with whom you can share even the most intimate struggles you are having."

HTG's model already has some admirers in the UK MSP community.

David Southern, managing director of Concise Technologies, has been a member for three years.

"Joining HTG, we've realised that we weren't alone and that we had similar problems to other MSP businesses," he said. "And it provided us with an environment of accountability to improve our business through the power of perspective and peer groups.

"In terms of their growth plans, it can only be a good thing. I believe their model works and the more MSPs that are exposed to it the better for both the industry and the clients because ultimately it drives high operational maturity, which is a real benefit to the end user."

Paul Tomlinson, managing director of MSP Mirus IT, said his firm is considering getting involved with the peer group based on what he has seen.

"They're really switched-on guys," he said. "Not only are they trying to do thought leadership and guide people in the right direction; because it's a peer group environment having MSPs working together works really well."

Services maturity

Operational maturity is a key focus for HTG, and for this reason it also runs peer groups for its MSP members' service executives. About a third to a half of MSP owners also want to get their services execs involved, Schow said.

"The business will grow as big as the entrepreneur's energy will take it, until they learn how to properly hand off management of different areas," Schow explained.

"That's why we have service executive peer groups. So instead of running your organisation based on 'I feel like we're taking care of our customers', we put the right measurements in place to show that you are, and so that you can manage against those as you mature."

As an example, Schow said documentation is seen as a big barrier to growth by many MSPs.

"What we see with the more mature companies is not necessarily that they have any more documentation, it's that they have just narrowed down their band of the stack they are delivering," he explained.

"They've eliminated the number of possible variables and have narrowed it down to these particular vendors or products, or this particular way to set up Active Directory – and more often than not they are dictating to their client base because they know what it takes to deliver a good product in a profitable way.

"The more mature ones don't necessarily have more documents, they're just more refined in the consistency of their delivery, and we help them progress through the stages that make that up. When you're small, you'll do anything for a dollar, and as you mature you have to learn to be more discerning and your value proposition becomes much more 'we can deliver an experience for you, and that experience means we're going to limit the amount of product we support and the variability of the set-up'."

The future of managed services

Schow said although the US MSP market was ahead of that of the UK five years ago, the gap has now closed, adding that he feels the future of the MSP market is bright, despite the threat posed by cloud.

"I've been in the business a long time, and there's always a sky-is-falling scenario. In the 1990s it was 'if the hardware market is going to go away, we won't survive'. Then it was 'plug-and-play hardware will make all the work we do obsolete', then 'ASPs are going to make what we do obsolete', and now it's 'cloud is going to make what we do obsolete'.

"Cloud is just a different spot for keeping all this technology, and you can't replace the relationships. Every MSP is built on relationships with small-business people, and that isn't going anywhere. In fact, when you outsource some of your technology instead of buying the hardware itself, and put it in the cloud, in many ways there's more of a need for what the MSPs provide, because the cloud providers don't want to take responsibility for the overall IT landscape in their client's office; they just want to provide some part of it. The importance of what we do is probably greater today than it ever has been."

HTG's floor level for members is eight to 10 employees and $800,000 revenue. Although members have average revenues of $3.5m, there is no ceiling, and it counts California's largest MSP among its ranks. An annual membership costs $5,000.

Schow stressed that HTG is on the hunt for MSPs in the UK, as well as the rest of Europe, despite currently having no peer-group facilitators who speak foreign languages.

"We are looking to grow beyond the UK – we have a member in Malta and one in Sweden, and while the focus has been on the UK, we are looking to have an impact across all of Europe," he said.

"We can help you grow your business in a way where your life remains functional.

"We can help you get through those initial challenges and build a functional, scalable business, and help you turn not only yourself, but your entire organisation, into a team that can lead you anywhere you want to go."

"It's like having a 10-person, informal board of advisers and trusted colleagues with whom you can share even your most intimate struggles"
Brad Schow, HTG

'If Microsoft changes something, you can either cry, or find a new business model'

*Comparex recently declared that managed services are its future. But its UK boss, Maarten van Montfoort, tells **Doug Woodburn** that all of Microsoft's global licensing partners are having to re-invent themselves*

The breakneck pace of change in the technology industry means all companies operating in the sector must constantly reinvent themselves to remain relevant.

Microsoft's global software licensing partners (LSPs), however, have been under more pressure than most to overhaul their business models in recent years.

The way software is consumed is changing, and Microsoft has repeatedly cut the rewards on offer to LSPs on volume deals over the last five years.

Switzerland-based SoftwareONE has already declared its hand, announcing in 2015 that it would embrace the cloud in acknowledgement that the "software industry is changing". Now another of Microsoft's top global LSPs, Comparex, has shared its plans on how it will morph its business in response to the changing landscape.

The future of Comparex's business lies in managed services as it looks to shift from a transactional to a contractual relationship with its clients, its vice president of northwest Europe Maarten van Montfoort told *CRN*.

The Germany-based firm launched four standardised managed services on 1 April and now employs 150 staff to develop and manage this part of its business.

The push comes 18 months after Comparex's board reviewed its strategy in response to declining margins in its traditional software licensing business.

"We have been in the software reselling business for more than 30 years and we are successful. But we all know the margins are declining, and competition is getting fiercer, so we started a project 18 months ago to redefine our strategy," van Montfoort said.

"Software reselling is still at the heart of the company. But the future of our company will be focused around being a managed services provider, in particular a global managed services provider."

Two of the managed services are around software asset management (SAM), with the other two relating to cloud consumption and productivity.

"By 2020, we expect a significant proportion of our gross profit to be generated from managed services," van Montfoort said. "Also, because it's recurring and it's standardised, we have a much deeper understanding of, and relationship with, the client, so it goes from being a transactional to a contractual relationship with the client."

Van Montfoort positioned Germany-based Comparex as one of three global software licensing powerhouses, alongside SoftwareONE and Insight Enterprises.

The Raiffeisen Bank-backed firm has 2,500 staff and revenues of €1.8bn. Its UK business employs about 50 staff, with revenues last year of £72m.

Comparex's transformation strategy is partly a response to a recent squeeze in rebates and incentives available for volume licensing outfits from the likes of Microsoft, van Montfoort confirmed.

"If Microsoft changes something, you can either cry in the corner or you can accept it and say 'let's try to find new business models', and that's the reason we are really investing in those managed services," he said.

"I think we [Comparex, SoftwareONE and Insight] are all trying to change our strategy in some way, because we saw that the market was changing. I think Insight decided to focus on hardware, SoftwareONE on cloud, and we have made the decision to really focus on managed services, and of course the cloud offering can be part of that. We are all in the same phase of transforming our companies and we are all making different choices. And I think that's good, as there's something to choose."

The advent of Microsoft's Cloud Solution Provider programme has also thrown Comparex into competition with a new breed of competitor, van Montfoort said.

"During the redefining of our strategy, we talked about how we now have global competition from companies such as Rackspace," he said. "That is really driving us to bring those new services to market. The market is changing so fast, and we as a company need to change now and have future-proofed service offerings that really meet customer needs."

> **"We are all in the same phase of transforming our companies and we are all making different choices. And I think that's good, as there's something to choose"**
> **Maarten van Montfoort, Comparex**

HNA test

*Half a year into its new Chinese ownership, Ingram's EMEA boss tells **Josh Budd** what the distributor has planned for the rest of 2017*

Ingram Micro's mammoth $6bn sale to a subsidiary of Chinese conglomerate HNA was a 10-month rollercoaster of shareholder lawsuits, regulatory probing and stock exchange investigations.

Finally concluding in December last year, Ingram has now spent more than six months under private ownership.

Chinese firms' interest in buying US-based companies has always stirred unrest among US institutions. One only has to think of Huawei's failed acquisitions of 3Com and 3Leaf, blocked by the Committee of Foreign Investment in the US.

Ingram Micro EMEA chief Mark Snider — who was appointed last year after the departure of European leader Gerhard Schulz — told *Channelnomics Europe* that life under HNA will see the world's largest distributor be as aggressive as ever in terms of organic and acquisitive growth.

"I'm often asked by customers about the HNA acquisition, [about] being owned by this new company as opposed to being a public company. Definitely from a customer and vendor perspective, they are seeing us be aggressive and leaning towards growth," he said.

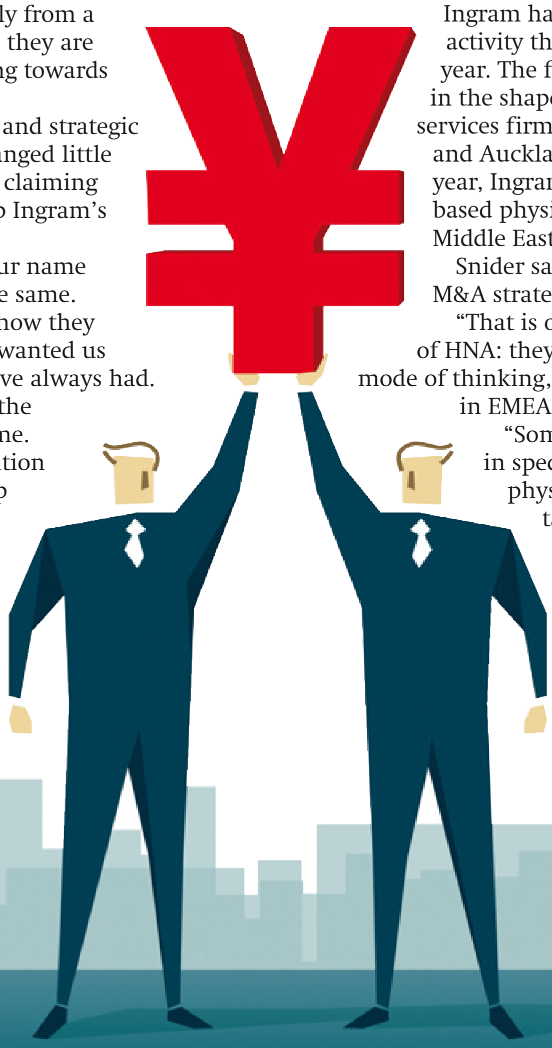
Snider stressed that the culture and strategic direction of Ingram Micro has changed little in its time under new ownership, claiming that HNA always intended to keep Ingram's leadership team in place.

"Definitely for Ingram Micro, our name is staying the same, our CEO is the same. When they did the deal that was how they wanted to run us. They said they wanted us to run with the same strategy we've always had. Internally the culture and feel of the company has been exactly the same. The difference is, with the acquisition behind us and with the leadership for EMEA, we are the global leader and we should be growing in all these markets and be significantly more aggressive than the competition," he said.

"They have an HNA person on the board but they really bought us not to integrate as part of their technology, but because they believe in the revenue that we get from a global perspective and also the vision we have for the future, things such as cloud, which they knew was a good investment from their perspective."

The deal was largely responsible for the world's largest IT distributor posting a $34.5m net loss for its fourth financial quarter ending 31 December 2016. Ingram incurred a further $39m in merger and acquisition costs for its first quarter of this year ending 1 April. Yet, according to Snider, further costs related to the acquisition will not continue to weigh on Ingram's profits going forward.

"I think Q1 was double-digit growth on a global basis. Profitability was good. We don't do forward looking, but I think... Q1 was a strong quarter for us, so there will be no hangover effect from that at all," he said.



Putting M&A on the table

Ingram has maintained a steady pace of M&A activity throughout 2016 and going into this year. The firm made three acquisitions in 2016 in the shape of UK channel networking and server services firm Comms-care, cloud distributor Ensim, and Auckland-based firm Connector Systems. This year, Ingram has already bought NIT, a Dubai-based physical security distributor covering the Middle East and Africa.

Snider said that Ingram will maintain an active M&A strategy under HNA.

"That is one thing that seems to be in the DNA of HNA: they are acquisitive and definitely in that mode of thinking, and that fits right into our plans both in EMEA and globally.

"Some of our recent acquisitions have been in speciality technology, in services and in physical security… but all acquisition targets would be on the table when it comes to our relationship with HNA."

Volume vs value

The industry's big four enterprise distributors — Ingram, Avnet, Arrow and Tech Data — effectively became three when Tech Data announced its intention to buy the value-rich Technology Solutions segment of Avnet last September.

Soon after the deal closed in February, Tech Data's European boss Patrick Zammit claimed that the deal would give Tech Data a "comparable" scale to Ingram, but could also allow it to differentiate itself in more specialist and specific skills.

Snider said that Ingram is not looking at Tech Data's merger as an opportunity to gain market share during the lengthy integration period that lies before its rival.

"I wouldn't count on that," he said. "We have got to be proactive on our own. When we devise our strategies we start with our customers and our vendors and having competitors in the middle of that might just make it confusing for us."

Instead, Snider said that Ingram has also made efforts to become a balanced and well-rounded player, and having a clear distinction between volume and value business has been central to Ingram's success.

"The value we bring is, whatever the solution is, as broad as it is, we can offer that to our customers — that is the winning model. When the lines between volume and value start blurring, that's when you start losing. We have a volume lead and a value lead and it is not that one is more important than the other… you need both so you can go to your customers confidently and give them what they want."

"This model of having the full spectrum is one we are investing in heavily. You don't see us backing away from any particular segment… it is more about balance. The differentiator for us is on this SMB reseller side. A real strength of ours is on that SMB market overall."

The firm underwent a global restructure in 2015 which saw Ingram shut its European HQ in Brussels, and appoint in-country chief executives to manage its four business units: technology solutions; supply chain; mobility; and cloud.

Snider said he has no plans to change its country chief executive structure, but instead plans to get chief executives sharing knowledge on an EMEA — not a European — level.

"We have switched our structure to be more of an EMEA structure. Before I came on board the reporting relationships were with different areas. For us, our real focus is to get synergies between these teams. We've got really good chief executives from a country standpoint and I want to get them sharing best practices. My job as the new leader is to increase communication across our teams. We want to be aggressive in the market, and continue to grow the value portfolio and the value business and be important to vendors, but also be indispensable to customers," he said.

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

Ingram poised to further streamline EMEA back-office functions

Ingram Micro is set to move more processes to its service centre in Sofia as its pan-EMEA back-office reshuffle continues, according to EMEA executive vice president Mark Snider.

Snider said that the firm has been streamlining processes in its warehouses for some time, but is now placing more focus on speeding up office functions, which will in turn put more demand on its services centre in Sofia, Bulgaria.

The EMEA boss said that Ingram has hired a "Lean" European director and in-country staff responsible for improving office efficiency.

"We have this balancing act where, at the same time, we have implemented 'Lean' which allows us to go through the processes we have and streamline them. We do that in the warehouses... but we are doing that in the offices now – we have hired a Lean leader for Europe... and we have hired Lean people in different countries."

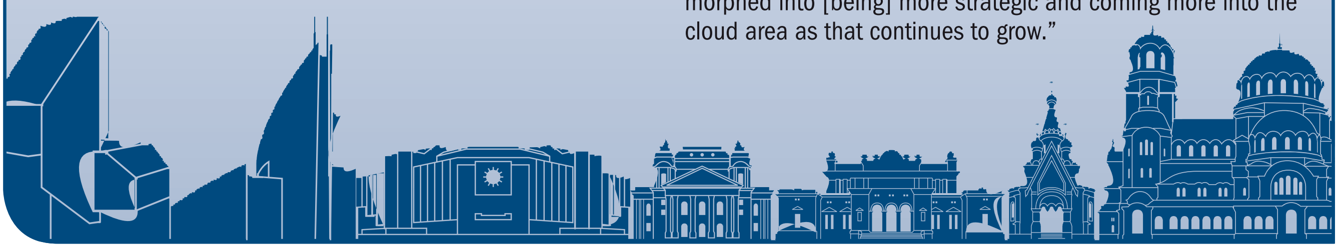
Snider said that the total headcount at the Sofia centre, which provides back-office functions and standardised support across EMEA, has risen to more than 1,000 employees – a significant increase since former European leader Gerhard Schulz, who departed the company in August, previously put the centre's employee count at 800 in December 2015.

Although he could not say by how much, Snider said headcount in Sofia will likely continue to increase as the firm looks to streamline office functions across its EMEA territories.

"We have more than 1,000 [people] now in Sofia. It works really well. There are some advantages to it: it is so close to the rest of Europe, it is inexpensive, it is a fast flight to get there or for them to come to European countries," he said. "We probably will grow the headcount in Sofia, but I think even more we are streamlining more functions at the same time."

In the past, consolidating in-country support functions across Europe has meant Ingram has had to lay off regional staff. In 2014, the firm announced a restructure process which saw its Sofia centre expand at the potential expense of jobs. Snider said that the firm is instead concentrating on ramping up headcount in areas such as cloud and commerce and fulfilment.

"It seems to be so far that the roles evolve into more of these strategic roles so they are less administrative," he explained. "There have been cuts here and there, but when you take a look at the overall population in some countries, they have morphed into [being] more strategic and coming more into the cloud area as that continues to grow."



Through GDPR-tinted glasses

*With this year's InfoSec Europe the last before GDPR's implementation, channel partners explain to **Tom Wright** how vendors gave their products a marketing makeover ahead of its implementation next May*

Last month the rest of the world saw what the cybersecurity sector has been prophesising for years: a fast-spreading, global ransomware attack with no prejudice when it came to the organisations it targeted.

But although WannaCry was a hot topic at InfoSecurity Europe in London, it was however General Data Protection Regulation (GDPR) that was the focal point for the majority of conversations at the three-day event — the last before GDPR's 25 May 2018 implementation date. The fear of having your data held to ransom is apparently not as scary as the prospect of being fined a hefty chunk of your revenue for a data breach.

While an increasing awareness of GDPR will be seen as a good thing, channel partners who attended the event told *CRN* that the level of misrepresentation from a number of the vendors present was a step too far.

David Lannin, director of technology at security reseller Sapphire, said the marketing of some vendors reached the point of being misleading to end users.

"I think it's a case of vendors jumping on a bandwagon," he said.

"While some do have elements of the technology that can address it, some of the marketing I've read over the last couple of days has been fairly disgraceful.

"It's inappropriate and misleading to the market. I think a lot of marketing people think they're doing a good job, but it's not helpful when you have vendors that do a very small sliver of GDPR and yet their advertising seems to suggest it's a silver bullet, when it's quite clearly not. There's a lot of that going on and it's letting the vendors down."

Lannin said that accompanying this trend was a theme of end users arriving at the conference expecting to walk away with a GDPR solution that would have them completely covered — clearly misunderstanding how GDPR works.

"I spoke to quite a few delegates who went to InfoSec with the intention of trying to find out about GDPR, so I think the speculation by the vendors was warranted," he said.

"A couple of vendors I spoke to told me that customers were coming to their stand and saying 'what have you got for GDPR?'

"But it's a standard that cannot be fixed just by throwing a single

solution towards it. Perhaps there was a bit of naïvety on the delegates' front, thinking that they could go along and pick up something to solve their GDPR issues, which isn't the case."

Fantasy tech

The established vendors were out in force, highlighting why their solutions are tailor-made for GDPR solutions, but newcomers were also present with specifically designed GDPR products.

One product, according Ian Mann – CEO at security consultancy ECSC – claimed to be able to predict the amount a firm would be fined for a breach of GDPR.

"Some people were getting frustrated at the show," he said. "There was some nonsense being talked about, including a GDPR calculator. You move some sliders – I don't know exactly what it asks you – but you put in your details and your worldwide turnover and it tells you what your fine would be.

"It clearly has to be nonsense because we haven't got the law yet and who can predict the methodology that the Information Commissioner's Office (ICO) is going to use to calculate a fine?"

Mann said that while some vendors have honest intentions in saying that their products can help customers comply with GDPR, others can be heard claiming their products "give you GDPR compliance", despite this not being possible.

"The product side is when things start to get messy," he said. "Sometimes people will say 'this gives you compliance' and sometimes they will give you cross-references of how the legislation matches to their products, but from a cybersecurity point of view you cannot point to any particular product and say 'this gives you compliance'.

"The standard isn't a technical standard, it's a set of regulations that says you have to manage your security appropriately. It could really be anything."

Mann's advice to channel partners was to consistently refer back to the ICO's website for updates and not to get too hung up on what vendors and other cybersecurity professionals are saying.

"There are too many people listening to what others are saying and not looking back and actually looking at what's really being published. People should read the regulations and keep up to date with what the ICO is putting out.

"Everyone is talking about this four per cent fine [for example], but if you read it properly it's actually only two per cent for cybersecurity, so I'm one of the few people who is downplaying it.

Let's have a bit of honesty. If someone is consulting in this area, they should actually read the document."

Customer fight-back

But while it appears that vendors, whether intentionally or not, are over-egging their products' abilities when it comes to GDPR, some security officers are becoming less gullible when it comes to buying products.

This is the view of Rob Pooley of security reseller Saepio, who said that at this year's InfoSec he saw customers start to challenge the advice given to them by vendors, rather than taking their opinions as gospel.

"Because the industry is growing so fast there are a lot of new people who don't have a lot of depth and experience to talk in detail about these things and put it in the context of a wider security ecosystem," he said.

"Customers these days, rather than being less educated, are more educated. There was a time when customers didn't really have a clue about security and very much relied on the people in the security channel to give good, independent advice.

"Now the tides are turning. There are far fewer educated people with a broad-breadth and long-time knowledge who can truly add value to customers.

"It's getting to a point where they have more knowledge than the people they speak to on the stands. That was particularly noticeable this year and customers were commenting on that."

Channel opportunity

Carl Gottlieb, director at Palo Alto Networks and Cylance partner Cognition, explained that GDPR, in theory, requires no additional security measures than those that should already be in place.

Where CSOs have not been able to get this funding previously, now they can use GDPR as a catalyst to procure the products they need – which presents an opportunity for the channel to drive business, Gottlieb said.

"Vendors play to their strengths. They've framed it as a data security problem and they're right in some respects, but GDPR has 99 sections of which security is one. They can help you with some parts but the majority is about processes and there's no way technology can help.

"But you've got a weird dichotomy going on where you have people over-emphasising the fines, saying everyone is going to get fined billions of pounds, when the reality is that won't happen, but that fear is still there and that is useful because it creates a board-level agenda.

"That's creating the funding to go and do the things they always should have done. In an ideal world we shouldn't have to do that; we should just be able to say 'here's the benefit to your business, go and get the funding', but [the channel has] tried that for years and it's never really worked because the board didn't get it.

"Unfortunately, that FUD acronym of fear, uncertainty and doubt does actually work."

> **"Some of the marketing I've read has been fairly disgraceful. It's inappropriate and misleading to the market. I think a lot of marketing people think they're doing a good job, but it's not helpful when you have vendors that do a very small sliver of GDPR and yet their advertising seems to suggest it's a silver bullet, when it's quite clearly not"**
>
> **David Lannin, Sapphire**

Make your site a winner

*IT marketing guru **Paul Green** offers his tips on how to make your website stand out*

Paul Green
Founder, IT Support Marketing

When a decision maker is thinking of hiring a new MSP, what's the first thing they do?

The same as you would: they fire up Google.

That's why your website and your traffic strategy are the most important tools in your marketing toolbox. And your website in particular demands 10 times the amount of care and attention you currently give it.

Once a decision maker lands on your site, you've got just three seconds to catch their attention. It really is that delicate.

Then you need to develop their interest in your business, grow their desire to be a client, and get them to actually contact you.

Getting it right can be the difference between a moderately profitable, and wildly profitable business. If you can add new clients without having to add service capacity, those new clients will make a greater impact on the bottom line. Here are six website fixes you should attack before anything else.

■ **Make sure you instantly stand out –** It's crucial that instantly — literally within a few seconds of landing on your home page — people know who you are, what you do and, most importantly, what you can do for them.

Your logo, tagline and imagery should all complement each other to say the same thing: you are a trusted MSP who will care for the wellbeing of their business and staff, just as you have cared for hundreds of their peers in your town for X years. You'd be surprised how many websites don't make that obvious. You can't afford to be covert online. You have to give people what they need and want quickly. Don't focus too much on a swish, glossy design.

■ **Make the site easy to read –** When most people are online they rarely have the patience or willpower to read anything of great length. Especially on their phone.

They'll scan the text and maybe scroll down a screen length or two if they're really interested, but most will just run their eyes over a page looking for things that stand out.

So no big blocks of text. Present copy in short paragraphs, insert plenty of headlines and sub-headings wherever possible, as well as hyperlinks that can easily send people to further relevant info.

Try using photos and short videos. Videos engage visitors. The greater the engagement, the more likely they are to hire you.

■ **Don't let your home page be too cluttered –** Focus your attention on one big thing, not dozens of small items. Use one big picture that best represents your business. Perhaps a team shot with you front and centre (use a professional photographer, not an iPhone).

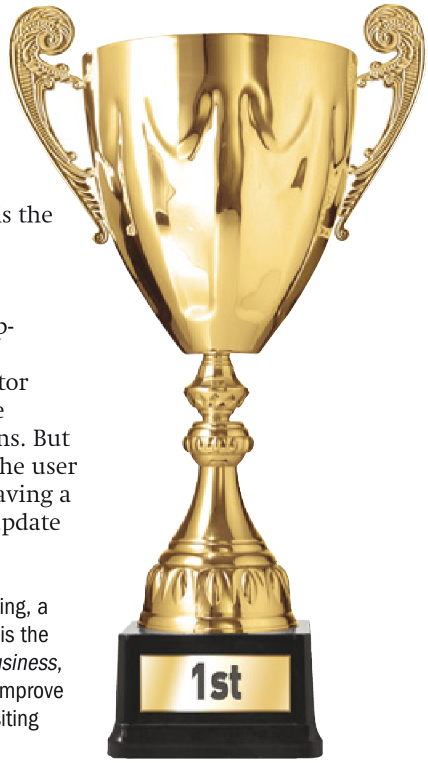
Have just one logo, one tagline, one main story. There's nothing wrong with leaving white space; an uncluttered feel is the way to go.

■ **Make it easy to find critical information on your site –** Your website makes it easy to put hundreds of pages of information in front of people who want it. Navigation is key to making this easy. Not all your visitors will be tech-savvy, and you don't want to lose them by making things unnecessarily difficult for them. Put things in obvious places: your logo in the top-left corner where people can always click to land back on your home page; your contact details displayed clearly in the top-right corner; and a simple and informative 'about us' page.

■ **Make sure your site looks great on a mobile device –** It's likely that more of your traffic will be coming from mobile devices than desktops/laptops. So not only do you have to make sure your site looks as good on a mobile, you should also ensure mobile visitors have access to all your information. The 2017 solution is a responsive website — a single site that rearranges itself to look great on whatever screen size it's on. WordPress is the most cost-effective way to achieve this.

■ **Don't waste your time and money on gimmicks –** Avoid gimmicks such as pop-ups. Slow-loading widgets bog down too many websites and compromise the visitor experience. Some sidebar widgets can be useful, such as social media share buttons. But only put widgets on your site that take the user somewhere useful — there's no point having a Facebook button on there if you never update your Facebook account, for example.

■ Paul Green is the founder of IT Support Marketing, a business growth and marketing organisation. He is the author of *Updating Servers Doesn't Grow Your Business*, a free paperback book to help business owners improve marketing and profitability. Get a free copy by visiting *www.itsupportbook.co.uk*



Disties are friends, not food

*Exclusive Group's **Barrie Desmond** argues that recent events in the distribution sector should serve as a warning to the whole channel ecosystem*

Barrie Desmond
COO, Exclusive Group

After reading *CRN*'s news about Entatech's demise, and ongoing speculation about Westcon's future, I wanted to advocate, just like Dory and the sharks in the film *Finding Nemo*, that distributors are friends, not food. Vendors and VARs alike should be careful what they wish for because if the prevailing view is correct, there will be less competition and rising prices for little or no value.

Just like fish, VADs are a part of an important ecosystem where all the species make a contribution. By the same token, they extract value too. The whole thing is mutually beneficial, and if it isn't then the ecosystem itself may not survive. VADs seem to be squeezed from both sides, forcing them to reduce the value services they can provide in order to get cost-of-sale models that work.

This is pulling the ecosystem out of balance, and unnatural things are starting to happen. It's like a snake eating its own tail: demise is inevitable. I hear horror stories of VADs doing deals at cost plus two, three or four per cent margins. When you take off so-called 'back-end rebates' proudly negotiated by the procurement guys of some of the larger SIs, you can see where this will eventually lead: fewer services, offshoring of resources and account management, huge cost-reduction programmes, lower-calibre people; the list goes on.

The result is the 'dead-cat bounce' effect. VADs may claw back a couple of percentage points relocating their quotation team somewhere cheap (such as Wales – only I can say that, by the way), and you may get a 'bounce' in the health of the business, but ultimately – after witnessing the rebound off the pavement it achieves after falling from a skyscraper – the poor moggy will be very much dead. And so are the distributor business models that get caught in this spiral.

But let's not put all the blame on everyone else; VADs should take responsibility for their actions as not all value-added disties have earned the right to call themselves 'value-added' which, in my view, also undermines the sensitive make-up of channel ecosystems.

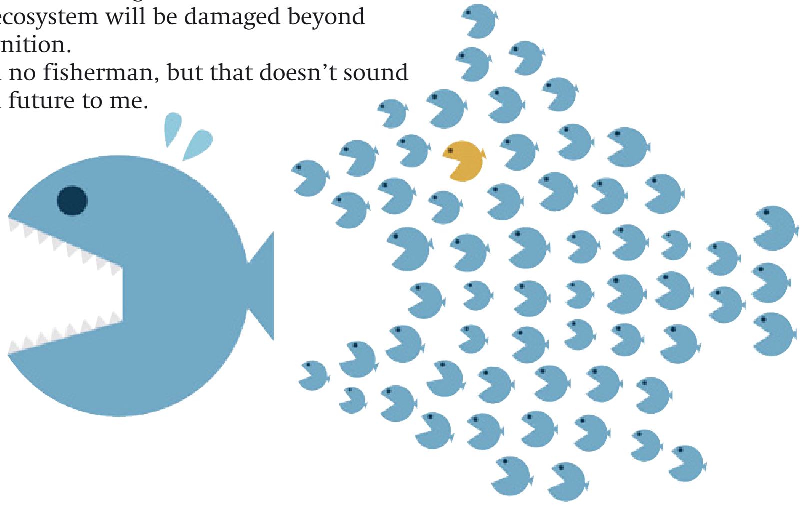
The evolution of VADs was borne from the need to provide a kind of proxy vendor role that accelerates sales success through well-resourced and intelligently composed technical pre-sales and other services, ongoing 24/7 support and marketing-driven business development, demo kit investments and sales lead generation. I have lost count of the vendors whose eyes light up at this sweetie shop of market-making value, only to later question if it can be substantiated by giving up a few more points on margin. Similarly, of the VARs and SIs which benefit from lucrative opportunities through disruptive, new technologies, only to claim afterwards that all distribution ever does for them is ship product to the right place at the right time.

No-one benefits from weakening the pure-bred VAD species. This only leads to a monopoly of parasites to take their place.

And I predict that we will see more in the way of sole/exclusive distribution agreements between VADs and vendors. Why? Because this enables available resources to be focused entirely on sales success, benefiting reseller partners with the fruits of a monogamous partnership. In this way, vendors (and resellers) will benefit from the present lack of inter-distributor competition, reducing the costs of sale and encouraging more investment in strategic rather than tactical planning.

So be careful what you wish for, because an alternative future might just come true. Scale on its own is not value, and neither do multi-distributor channel models automatically translate competition into tangible benefits. Vendors and VARs alike should wise up to this. Without distribution exclusivity, a landscape of fewer VADs means the broadliners will have even less incentive to promote value, and more power to extract greater margins, with all the costs falling on the VARs and vendors. Our ecosystem will be damaged beyond recognition.

I'm no fisherman, but that doesn't sound like a future to me.



The power of 7th Gen is here!

The latest processor for ultimate experiences

The new 7th Gen Intel® Core™ processors are available and ready to add to your Line-up. Take advantage of market excitement around instant 4K UHD video, fluid live broadcast gaming, fast 360-degree content creation, and immersive virtual reality experiences.

The 7th Gen Intel® Core™ processor family adds powerful new capabilities across all form factors.
• Double-digit performance gains1 improve productivity by up to 70%
• Intel® Ready Mode technology, Intel® Optane™ memory, and Intel® Speed Shift technology deliver unparalleled responsiveness.
• Up to 15% more high-speed I/O lanes with increased port flexibility3 provide more connectivity.
Only compatible with windows 10.

Up to Quad Core and 4.2Ghz Processor base Frequency clock speeds or 4.50Ghz clock speed Max Turbo frequency with the Core I7 7700K processor
Up to 25% greater 3D graphics performance
Support for Thunderbolt 3
Intel Turbo boost Technology 2.0
Supports new immersive experiences
-Intel Realsense 3D camera for gesture gaming + 3d CAPTURE
- Connect with confidence: facial login and privacy, identity protection, safer web browsing, and enhanced malware protection
Compatible with motherboards with Intel 200 / 100 series chipsets and an LGA1151 Socket.

Key 7th Gen Processors

SKU1358279 CORE I7-7700K 4.20GHZ
SKU1358276 CORE I5-7600K 3.80GHZ
SKU1358280 CORE I7-7700 3.60GHZ
SKU1358269 CORE I5-7500 3.40GHZ
SKU1358271 CORE I5-7400 3.00GHZ Reduced by $5 on 15/5 Now under £140!
SKU1358330 CORE I3-7100 3.90GHZ

New 7th Gen Based NUCS – ALL NOW Available
SKU1358302 NUC BABY CANYON NUC7I3BNH BOXNUC7I3BNH $26 Discount
SKU1358303 NUC BABY CANYON NUC7I3BNK BOXNUC7I3BNK $26 Discount
SKU1358304 NUC BABY CANYON NUC7I5BNH BOXNUC7I5BNH $15 Discount
SKU1358301 NUC BABY CANYON NUC7I5BNK BOXNUC7I5BNK $15 Discount
SKU1358300 NUC BABY CANYON NUC7I7BNH BOXNUC7I7BNH $15 Discount

Buying Intel from Ingram Micro is rewarding

- Earn & redeem Intel ITP points on all Intel components exclusively at Ingram Micro UK.
- One stop shop - Attach with full components offering of 30 vendors
- Next Day delivery of over £5M worth of components products available.
- Be safe in the knowledge that any product you purchase from Ingram Micro is free from any VAT carousel fraud.
- Credit terms with options such as credit builder to increase limits.
- Warranty support.
- Competitive pricing.
- Configuration services available including building PC's or NUC's to order.
- New Vendors brought on board.

To source the complete range of Intel Components Contact Ingram Micro Today
www.ingrammicro.co.uk 0371 973 3000

Grow your business
Build trust with customers
Get rewards for Intel sales
Join today to start experiencing the benefits!
intel.co.uk/joininteltechnologyprovider

INGRAM MICRO

Paul Shannon, ANS Group

How does the CEO of this Manchester-based cloud services provider spend his day?

How do you typically start a working day?
I usually wake up at 6:30am and start my working day at home by checking my emails. Then I make my way into the office and for the first two hours or so, I usually try to catch up with people and see what's going on around the office. It's good to make the effort to talk with everyone and hear about any successes or problems.

How long is your commute and what do you do during it?
I have to endure the dreaded commute along the M62 into Manchester. It's only 22 miles, but it can take between one and two hours depending on the traffic. I usually listen to music to keep me going.

What is your attitude to flexible working in your company?
We have a strong flexible working culture as we have a lot of remote workers and people who work from home. We are very much a company focused on the output of the team rather than number of hours spent at a desk. We try to encourage people to get the work/life balance right and that's something that our employees appreciate. In fact, we were recently ranked 7th in the *Sunday Times* '100 Best Companies to Work For' list.

If there was one thing you could change about your business, what would it be?
I do wish that we had a bigger car park. I'm immensely proud of our growth recently, but the increase in bodies also means that there can be a battle for a space in the morning. I'd also like to make the office bigger.

What do you do for the bulk of a typical day?
My day is usually spent building and retaining customer relationships. We pride ourselves on our commitment to knowing our customers inside and out.

How do you unwind at the end of the day?
I listen to music on my way home — it's a great way to unwind.

Do you ever really have a proper day or week off with no contact with the office?
A couple of years ago I would have said a definite no. Now I can go one or two days on holiday without having to speak to anyone back at the office. I think that's down to having a really strong management team who have the autonomy to make decisions.

What would your colleagues say is your worst habit?
It has been rumored that I'm not the best driver…

What's the quotation that best sums up your approach to business?
"Try not to become a man of success, but rather try to become a man of value." — Albert Einstein.

Which business leader do you most admire, and why?
Warren Buffett. He's a very shrewd businessman who never strayed far from his roots. He also realised that you can actually have too much money, and as a result has given a lot of his fortune to charity.

Phone call, email, or face-to-face meeting?
It's very important to me that we make time for face-to-face meetings. It's a crucial part of building and sustaining relationships with our customers and getting to know their every need.

What do you enjoy most and least about your job?
I honestly don't think there's anything that I don't enjoy about my job. I've worked at ANS for over seven years and I'm surrounded by inspiring people every day. I enjoy working closely with our talented team. Helping to grow the company makes me incredibly proud, and I believe that we still have so much potential to go even further.

How good are you at replying to emails?
I try to clear my inbox every day. It's so easy to keep on top of things nowadays with smartphones.

How many hours do you typically work in a day or week?
Having emails on my phone means I'm always available to answer work emails. I do try to switch off when I am on holiday with the family.

Where do you sit in the office?
I don't have my own office as I like to sit among the team. I don't even have a designated desk, I move around daily.

Worst date

Dagenham's finest examines technology's role in cinema etiquette, our home viewing habits, and banking safety

In a world of GrindBox and OKTindr, smartphones have plenty of potential to create romantic connections. But the flipside of this is that our addiction to staring at screens can get in the way of human interaction.

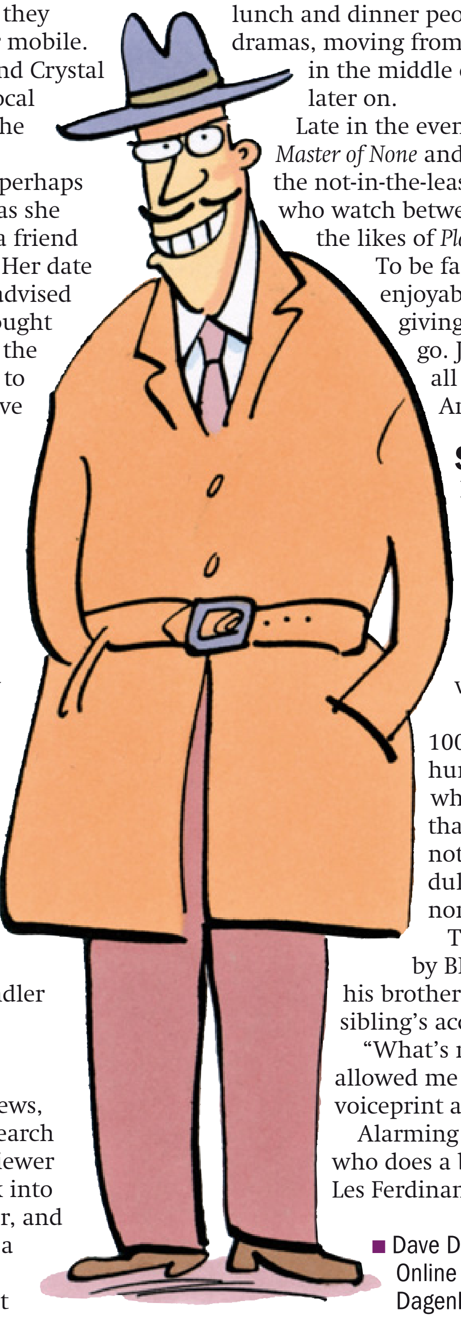
Indeed, some of us are so inseparable from our devices that even when their human interactions are predicated on staring at — another, bigger — screen, they still can't tear themselves away from their mobile. Texas-based singletons Brandon Vezmar and Crystal Cruz recently went on a first date to the local cinema, where they caught a showing of the new *Guardians of the Galaxy* flick.

Although one of the duo — Ms Cruz — perhaps did not catch all that much of the movie, as she reportedly began using her phone to text a friend within 15 minutes of the opening credits. Her date asked her to stop and, when she refused, advised that, if she wished to use her phone, she ought to step outside. Which she duly did — for the rest of the evening and, it is probably safe to assume, for the rest of the pair's prospective life together.

The following day Vezmar texted Cruz to opine that her behaviour — which included leaving him stranded without a lift home from the cinema — was "wildly out of line" and that, as recompense, she should reimburse him for $21's worth of pizza and movie ticket. When he did not get a response he vowed to take the matter to the small claims court, and duly filed a lawsuit that stated "the principle is important as [the] defendant's behaviour is a threat to civilised society".

Cruz eventually coughed up the money, but noted that "I had my phone low and I wasn't bothering anybody".

This is a completely outrageous and disproportionate decision. Anyone with their phone on in the cinema should, at the very least, be sentenced to a $1,000 fine and watching 100 hours of Adam Sandler films.



TV schedule

In other 'humans transfixed by screens' news, I was intrigued to learn this week that research from Netflix has found that the average viewer likes to begin the day with a chuckle, tuck into some serious drama over lunch and dinner, and spend the wee small hours engaging with a documentary.

In a deeply unimpeachable study — that is in no way simply a mostly made-up bit of marketing guff designed to remind you how many of your favourite shows are available through the world's most popular streaming service — Netflix claims that viewers' favourite shows to watch over breakfast are underwhelming sitcoms, such as the *Fresh Prince of Bel Air* and *How I Met Your Mother*. Over lunch and dinner people prefer progressively darker serious dramas, moving from *Mad Men* and *Orange is the New Black* in the middle of the day to *Breaking Bad* and *The OA* later on.

Late in the evening people go back to sitcoms, with *Master of None* and *Bojack Horseman* top of the bill, while the not-in-the-least-bit chemically altered subscribers who watch between midnight and 6am tend to go for the likes of *Planet Earth*. Far out.

To be fair, this does all add up to a pretty enjoyable day of TV, and I'll definitely be giving some of these viewing suggestions a go. Just as soon as I've finished watching all the amazing content available on Amazon Prime.

Speak easy

For anyone sick of coming up with a password comprising letters, numbers, punctuation marks, special characters, emojis, and pictures of Scandinavian former heads of state, there was seemingly good news from HSBC last year when the bank introduced a voice-authentication service.

The system can reportedly pick out 100 different characteristics of each human voice, enabling it to recognise what makes each unique. This means that account holders can log in with nothing more than a quick blast of their dulcet tones. As, it turns out, can their non-identical twins.

The flaw in the system was discovered by BBC reporter Dan Simmons, and his brother Joe — who managed to access his sibling's account by doing an impression of him.

"What's really alarming is that the bank allowed me seven attempts to mimic my brother's voiceprint and get it wrong," he noted darkly.

Alarming indeed. But good news for anyone who does a blinding impression of Michael Caine, Les Ferdinand, or Robin Askwith.

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

Immersive experience.
Inspiring design.

DELL EMC
PARTNER
AUTHORIZED
DISTRIBUTOR

Become lost in the immersive experience of the elegantly designed SE2716H 27" curved monitor with thin bezels and superb sound.

Seamless view
The world's thinnest bezels (7.7mm) on a 27-inch curved monitor lets users enjoy a near-continual view across multiple screens.

Sturdy stand
With a robust stand, easily tilt the monitor with less worry of wobbling.

Elegant looks
A classy black piano finish gives this monitor an eye catching design that would fit with any decor.

Superb audio
Down-firing 9W speakers seamlessly integrate at the base of the monitor screen offering rich and powerful audio.

Part code - DELSE2716H

Need more than the monitor? Contact your specialist account manager to discuss a complete Dell solution.

exertis

a DCC business

Call our specialist sales teams
North 01282 776776
South 01256 707070
store.exertis.co.uk