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March 2019

World wins

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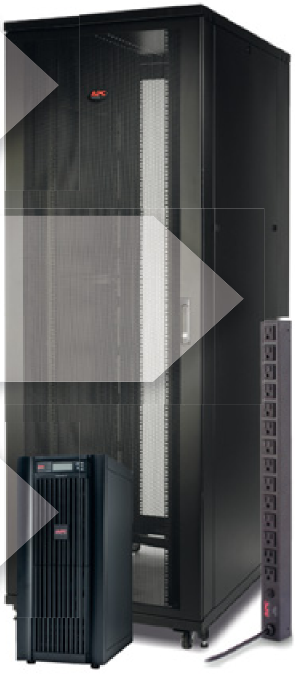

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Role models

In last month's issue of *CRN* we looked at why some distributors are scrambling to stock up ahead of potential Brexit chaos, with some bolstering supplies ahead of potential border disruption, and others wary over flooding the channel with stock.

In our March edition, we have chosen to focus on an area of distribution unlikely to be hit – in the short term, at least – by the UK's imminent departure from the EU. (Well, at the time of writing, we were still leaving.)

Doubt was cast over the role of distributors a few years ago when public cloud started on its journey to mainstream adoption. Many believed that, with hardware shipping not a component of cloud, distributors would become obsolete.

> **"Many believed that, with hardware shipping not a component of cloud, disties would become obsolete"**

But fast-forward to the present day and a number of distributors are seeing success – to the point where Westcoast sees its cloud unit as mature enough to be spun out into its own business.

In this month's Spotlight, Marian McHugh asks some of the largest distributors in the UK how they have kept themselves relevant to their UK reseller base.

Elsewhere, networking goliath Cisco has been undergoing a transformation almost as radical as that of distribution. Led by CEO Chuck Robbins, the vendor has shifted its focus away from hardware and to a more agile, software-focused model. The rethink has brought about changes at the very top, with former Computacenter Germany CEO Oliver Tuszik taking over the global channel business towards the end of last year. On p16, we ask Tuszik why he believes he was appointed, what he has done in his first months in charge and what changes he has implemented.

Continuing with a vendor theme, on p12 we speak with now-former ConnectWise CEO Arnie Bellini, after the sale of the vendor he founded shocked many in the channel. ConnectWise had previously taken on no outside funding, but has now sold up to private equity giant Thoma Bravo. Bellini also tells us why the UK is critical to its international expansion plans.

On p20, GBM director Michelle Atkinson tells us how the reseller saw its revenue rocket by over £200m in just one year, creating a UK-based Apple powerhouse. Atkinson also opens up on how she worked her way up from office junior to now lead the business.

Finally, in this month's *Channel Partner Insight* we quiz Tech Data's EMEA boss Patrick Zammit on how the distributor is recovering from a lull after acquiring Avnet TS.

As ever, please get in touch via *ChannelWeb* or Twitter @CRN_UK.
■ *Tom Wright, managing editor, CRN.*

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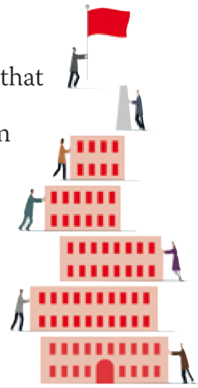
Five things we've learned this month

1. LOGICALIS' RESTRUCTURING CONTINUES



Logicalis' UK business has been in a state of flux since 2015, with European boss Ruediger Rath confirming to *CRN* that further restructuring could result in job losses.

Rath said the UK arm of the services giant is "not as agile and focused" as it should be, revealing that the region is lagging behind Germany and Spain.

As part of the review of the business, UK boss Bob Swallow will depart. Logicalis did not confirm how many of its 400 UK jobs may be affected.

In its last financial year, UK net losses narrowed from £8.6m to £2.7m on revenues that declined 7.5 per cent to £107.9m.

The UK business was a £200m-sales operation as recently as 2015 but has become stuck in a rut, starting with the loss of a Welsh public sector contract worth hundreds of millions of pounds in 2014. The arm has also not reported a profit since 2015.

Rath will act as interim UK MD while Logicalis seeks Swallow's successor, who will be supported by a slimmed-down UK management team.

2. HP MUST ADAPT ITS PRINT BUSINESS

HP Inc CEO Dion Weisler admitted that the vendor is struggling to retain control of the print supplies market, with online competitors threatening its model.

Weisler was peppered with questions during the vendor's Q1 earnings call, after revealing that its print supplies business had suffered a three per cent global sales decline, with a nine per cent drop in EMEA.

The chief exec said HP is locked in a battle with online platforms selling third-party products.

"Online office is a growing market for alternatives and we are seeing more commercial customers moving to online where our overall share, while still leading, is not as large," he added.

To counteract this, the vendor plans to reduce inventory levels in the channel.

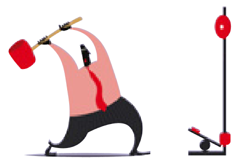
3. CHANNEL VENDORS DON'T HIT THE SPOT

Less than a third of vendors selling via a partner model are hitting their channel sales targets, according to a report by Investec.

"Too many tech companies only view the channel as a means of distribution, and this is seriously damaging opportunities for revenue growth," said Investec associate director Junya Iwamoto.

The report claims that poor channel performance is a major factor in start-ups failing to scale quickly.

According to the survey, businesses that consider their channel programme to be highly successful rake in £50m per year from their top five partners, compared with the £16m hauled in by those who consider their programmes unsuccessful.



4. COMPUTACENTER EXPANSION CONTINUES

Fresh from completing the takeovers of Misco's Dutch business and US giant FusionStorm last year, Computacenter has continued on the acquisition trail with a deal for Swiss VAR PathWorks.

The UK's largest channel firm said the acquisition "closes a gap" in its portfolio, claiming the business will provide it with new customers in the public and private sector, as well as a new base in Lucerne.

PathWorks is an 18-year-old reseller with 10 employees and sales of over £11m.

Computacenter bolstered its European presence last year, snapping up Misco's Netherlands-based business in a move which added €134m to its revenue.

5. NUTANIX'S INVESTORS ARE SPOOKED

Nutanix is considered by many to be the leader in the hyperconverged market, but investors freaked out at the start of this month after it released its quarterly earnings.

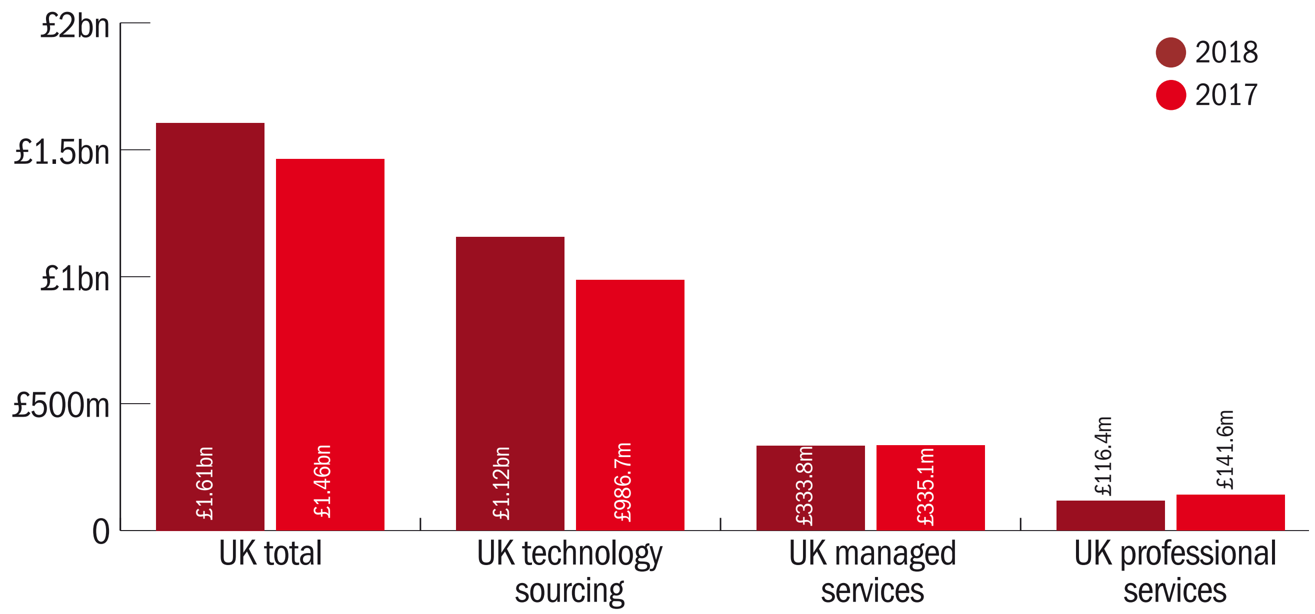
The vendor saw its revenue grow 17 per cent to \$335.4m, but weak guidance for its current year saw its share price plummet by over 30 per cent.

Nutanix expects sales to be between \$290m and \$300m, below the \$340m analysts were expecting.

CEO Dheeraj Pandey said "imbalances" in lead generation have had an effect on its sales pipeline.

"While we were pleased with our progress with moving toward recurring subscription business as well as with our large deals in EMEA performance, we were disappointed to miss our pipeline targets," he said.

Computacenter UK revenue breakdown



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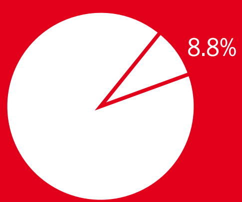


Tech Data's share price drop after missing revenue estimates

The birthday celebrated by the World Wide Web earlier this month

1/3

The fraction of police forces that are storing data in the cloud, according to an FoI request by Citrix

Revenue reported by Dell for its first quarter back on the stock exchange

NOTABLE AND QUOTABLE

"Everybody in the marketplace will call themselves an MSP and that can mean little more than reselling one or two services to the client. An EPP is somebody who is focused on the upper mid-market and enterprise clients and is obsessed with driving outcomes."

CSI boss Simon Payne explaining why he has rebranded the business from an MSP to an "enterprise performance partner".

"What we have been focused on is making sure our vendors have given us particular stocking deals, allowing us to stock up. We have a substantial amount arriving in March to cover a substantial amount of time."

Westcoast MD Alex Tatham on Brexit no-deal plans.

Where does distribution fit into the cloud?

*Some of the biggest distributors in the channel reveal to **Marian McHugh** what their role in the cloud is and how it is affecting the traditional hardware distribution model*

If you were to view the channel as a soap opera, a few short years ago the long-running relationship between reseller and distributor looked to be in danger of becoming fractured by the appearance of slick cloud software vendors, such as Microsoft Azure and Amazon Web Services (AWS).

Concerns mounted that traditional hardware distribution would be the losers in this love triangle, forlornly looking on as a direct relationship between vendor and reseller developed, cutting out the need for it entirely.

Was its relationship with the reseller over? How could it redesign its hardware model to compete with the cloud vendors that its reseller partner was goggle-eyed over?

Many expected distribution to play the role of Grant Mitchell in this scenario, cast aside by Sharon for his brother Phil. Like that famous soapy trio, the channel has endeavoured to make its respective relationships work, with distribution now playing a crucial role in the functioning of the cloud channel.

Many traditional hardware distributors are seeing their cloud businesses become a growing contributor to their overall revenue. In fact, Westcoast has seen such success that it has spun off its cloud division into a separate entity within the overall group.

Westcoast Cloud is housed in a separate office, has a different brand to its parent company and is "self-sufficient", according to MD Mark Davies.

He claimed that 60 per cent of its partners have never transacted with Westcoast, and it isn't dependent on opportunities being passed to it from the parent company.

But what exactly does its role in the cloud entail?

"We act as an enabler of cloud services to the reseller themselves," Davies explained.

"So if the reseller doesn't know how to deliver the services on-site to the customer, we can support them in that; or if they don't know the right licence type for the customer then we can help them with that.

"We see ourselves as an enablement partner around the services that we are providing; anything that is complex around services or billing we make it easier for the partner to transact with the customer."

Jason Hill, sales director of security and wireless at Exertis, added that the distributor's role in cloud remains the same as for hardware distribution.

"We still play the part we've always played: taking the vendor to market, providing credit terms to the reseller base, training, support and professional services to help out the reseller," he said.

David Newbould, EMEA director of cloud strategy at Tech Data, agrees with this description, but highlighted the different thought processes that cloud distribution requires.

"In the old world it was straightforward, the partner had a credit limit, they spend it, then pay it back," he explained.

"But with cloud you are essentially extending unlimited credit to a partner – though the risk profile isn't as bad as that makes it sound.

"It also needs a new sales approach. We are increasingly seeing that we are selling business outcomes rather than products."

The love triangle

In a soapy twist, the angst-ridden love triangle that was mooted between the vendor, distributor and reseller several years ago has become a healthy channel relationship between the three parties, with distribution cementing its position at its heart.

The general consensus among the disties we spoke to was that the advantages of cloud distribution for both vendors and resellers are similar to those offered by hardware distribution.

For resellers, the only alternative to distribution is working with a cloud vendor directly and developing their own solutions and services around that platform.

This, however, can be extremely costly and complex, especially if dealing with a number of cloud providers directly.

Scott Murphy, director of cloud development at Ingram Micro, said this was more common five years ago, but as large cloud providers such as AWS and Microsoft Azure started to dominate the market, it became harder for those resellers to keep up.

"A lot of those partners couldn't get the scale to compete at a similar price point to those vendors," he explained. "I haven't come across any resellers of note recently that have even considered building their own."

Cloud distribution takes this pain point away by offering not just the cloud platform, but numerous services and tools from other vendors that can be wrapped around it, added Chris Alton, business section manager for cloud at Arrow.

"Unless you have a very large-scale cloud resell business, it is very difficult to remain direct," he said.

"You need a huge amount of investment in operational platforms, so big challenges include metering, fulfilment and billing.

"The partner of the future has to have an opinion on multicloud platforms and they need to come to a distie that has the scale and partner base to have developed a capable delivery platform."

Cloud vendors too see the benefit of utilising a two-tier model, especially start-ups that see distribution as a good way of getting their names out to potential partners.

"We can help vendors get their solutions to tens of thousands of people very quickly," Exertis' Hill stated. "We provide the sales function and have the technical resources in pre and post sales.

"We have hundreds of resellers using our portals on a weekly basis and adding a vendor to that is quite simple. So while resellers are procuring a solution, they can come across a new vendor – it's a great mechanism to cross-sell solutions."

"We see ourselves as an enablement partner around the services we are providing; anything that is complex around services or billing we make it easier for the partner to transact with the customer"
Mark Davies, Westcoast Cloud

Cloudy future?

Far from heralding the end of legacy hardware distribution, many disties believe that the future will be hybrid environments, where customers will continue to demand physical products along with their cloud services.

Craig Joseph, CEO of cloud VAD IntY, said the shift from hardware to cloud services is relentless, and this is why larger legacy distributors are investing more into their cloud businesses.

He attributed this shift to the younger generation entering the workforce.

"The decision makers have grown up with subscription services," he explained.

"Cloud services are here to stay solely because of how we consume services. Distribution was revolutionised when you got next-day delivery, but the decision makers now expect next-minute delivery."

Ingram Micro's Murphy agrees with Joseph that the cloud will eventually become the dominating force in distribution, but that demand for hardware will remain resolutely strong in the channel.

"Three years ago, many people thought cloud would be the end of distribution and hardware itself," he stated.

"The reality is that hardware will continue to grow and be important alongside cloud. I think it becomes less of a 'hardware or cloud' situation and more about hybrid cloud."

However, one of the main public cloud providers recently made an announcement that could spell trouble for the cloud love-in. In January, Microsoft announced it would be offering its Azure platform direct to end users.

Such a move could be considered a betrayal, but distie partners were relatively unfazed by the news, and do not see it affecting how they have positioned themselves in the cloud channel.

Arrow's Alton views it as a poke from Microsoft to those partners that are just selling the platform, and not making an effort to add value solutions to it.

"There is a lot of fear-mongering in the channel about it," he said.

"Microsoft is saying 'if you are a reseller just selling the Azure platform and not adding value, why should a customer come to you as a partner?'

"Their expectation from their channel is to add value at every stage of the cycle, as well as ongoing support.

"Microsoft is the most mature cloud company and therefore bringing these announcements out first, if you are a partner of it or another cloud provider, you need to be putting a strategy in place to remain in that chain – without value it's hard to justify your existence."

Bruce Hockin, partner development director at born-in-the-cloud VAD Cloud Distribution, is more circumspect on how this move by Microsoft will affect the channel as a whole.

"I'd like to see the money kept in the channel," he said. "But cloud is commoditising and when that happens, the price comes down so there will be less margin for everyone. I hope new vendors entering the market will continue to view the channel as an advantageous way of getting into the UK market.

"We'll see commoditisation and reduced margins in places, of course. We need to transform our understanding of what the cloud opportunity is and cater to it."

Swim when you're winning

ConnectWise's founder and former chief executive talks ***Tom Wright*** *through the rationale behind selling up*

"I swam the English Channel in 2013 and I said that will be the last big physical challenge I'll put myself through, and then I'll put myself through the biggest business challenge. So I have been on a five-year mission now to take ConnectWise to the next level."

These might seem like an odd couple of objectives to group together, but ConnectWise founder and former CEO Arnie Bellini can now say that he has achieved his two biggest goals.

At the end of last month, Bellini sold the business he co-founded with his brother in 1982 to Thoma Bravo. The private equity firm has taken a majority position in the business, with Bellini holding on to what he says is a "significant stake".

The move was a shock for many partners, some of whom saw ConnectWise as one of the least likely vendors in the channel to sell up.

But ConnectWise has never taken on any external funding and doesn't even have any debt, Bellini told *CRN*, explaining that the vendor needed more cash to take the next step.

"We've grown 100 per cent organically," he said. "But we wanted to accelerate our strategy and we knew we needed to find a financial partner, whether that would be a public offering in the company, venture capital, private equity or a strategic investment.

"I have been researching all those options for five years. We spent two years preparing for an IPO. We created our syndicate, Goldman Sachs was going to lead it in 2015, but as we got close to it we decided it probably wouldn't be the right thing for the company.

"We want to take advantage of all the opportunity we see out there, and we can't do that organically. We have grown to a very large size taking no debt or investment and it is time to accelerate our plan and take advantage of those opportunities."

Thoma Bravo did not endure an easy ride before being given the privilege of acquiring ConnectWise.

Bellini said he and his team "interviewed" a number of private equity firms with a view to selling the business.

"We interviewed eight private equity firms to find a good match for us from a cultural standpoint, but specifically we were looking for a partner that has the same passion for our partners' success as we do," Bellini explained.

"We evaluated them based on their track record, how successful they are, where they focus and how they pair with us. Thoma Bravo was the clear and obvious choice."

Passing the baton

Bellini has now stepped aside as ConnectWise's CEO, a position he has held since the vendor's inception. He has been replaced by COO Jason Magee, who joined the firm in 2011.

However, the founder

will still have an active involvement in the vendor, he said, under his new title of strategic adviser.

He explained that his ambition has always been to build a vendor that will continue to grow once he has stepped aside.

"I have been working myself out of a job," he said. "I feel like the most successful entrepreneurs are builders and innovators, but the best ones know that at the end they have to replace themselves and mentor those who will carry the vision and mission forward.

"I'm still here, I'm on the board of directors, and my passion and heart are still here, so I get to slow down a little. My greatest hope was to do that and I feel as though I have achieved that, so I feel wonderful"

"I'm still here, I'm on the board of directors, and my passion and heart are still here, so I get to slow down a little. Jason is in the hotseat but I am there with him. My greatest hope was to do that and I feel as though I have achieved that, so I feel wonderful."

It is not all rosy, however. As expected with most private equity buyouts, Thoma Bravo expects operations to be streamlined and Bellini revealed that the vendor has cut around 110 jobs this year, mostly from its domestic US business.

"We're almost a 40-year-old company and we've never had a restructure so as we sat down and co-created a five-year plan, in order to hit the goals we want to, we needed to readjust the company," he explained.

"Some skillsets were just not needed and we know what ones we need to get in, so it is really that simple."

The vendor however plans to add around 300 jobs over the next five years, many of which will be aimed at boosting ConnectWise's international presence, according to new CEO Magee.

"The realignment will not really hit our international efforts at all, because international expansion is in our growth plan," he said.

"I have been here eight years. I have been working very closely with Arnie for the last five years. We have done many acquisitions putting the pieces in place, trying to mature the company, including international expansions in the UK, Europe and Australia.

"We will continue to look at expansion both geographically and technically, and this will allow us to do it at an accelerated pace."

The UK will also help formulate these expansion plans.

"We have outgrown our UK office and we are looking for new space at the moment. Greg Lalle and his team will continue to grow that office," Magee added.

"Greg was promoted to VP of international sales last year and he will continue to expand internationally."

The challenges

Bellini said MSPs need to clear a number of obstacles to provide a smooth service to customers, primarily that they are currently using a Frankenstein's monster-like system of various solutions all taped together.

He said that ConnectWise's aim is to bring all of these into one platform.

"The biggest challenge they have is that so many of the applications they use are disconnected, and our mission is to connect them all to the ConnectWise platform," he said. "We are busy doing that.

"How frustrating is it to do your job and have to walk to 30 different stations to get it done? What if it were connected?

"Our vision is to bring all the solutions that MSPs need to do their job into one pane of glass. That is the challenge they face and they need it brought together.

"One of the other challenges is that all managed service providers are on the hook for cybersecurity and they are not really providing it and that is dangerous.

"Imagine if their client is breached – what are they going to say? A client expects them to deal with it, so cybersecurity is the next frontier for us."

Yes, master?

ConnectWise's acquisition by the same private equity firm that owns Continuum has poured fuel on the debate of whether managed service providers should offload certain areas of their business to a master MSP.

Supporters of the model claim that it makes commercial sense for smaller MSPs to back off helpdesk support to a larger firm with economies of scale.

Consultancy firm Service Leadership recently claimed that MSPs that adopt this strategy will see gross margins of eight per cent higher than their peers.

Ray Stasieczko, CEO of US reseller alliance TEASRA, said that MSPs utilising this strategy – particularly with Continuum, which he said is the largest master MSP in the world – could be deterred by the fact that Thoma Bravo now seemingly has a stronghold on the MSP-focused space.

Thoma Bravo owns Continuum, ConnectWise and its competitor SolarWinds. He estimated that Continuum's platform is used by 5,000 MSPs.

"It must be evident that the return on investment would be a higher return if the same buyer bought both Continuum and ConnectWise," said Stasieczko.

"This buyer would then be in the position to deliver managed IT services to the SMB space globally. They would also be in a position to filter out or expand the current partners on these platforms.

"So the thousands of MSPs that outsource to these organisations may indeed find themselves outsourcing service to a competitive threat."

Stasieczko added that he expects more MSPs to bring services in-house as a result of ConnectWise's acquisition.

He explained: "I expect that many MSPs will seriously consider bringing their helpdesk in-house and look for alternative back-end solutions.

"MSPs joining forces will allow for shared resources. So, over the next couple of years we should expect MSP roll-ups to gain in momentum."

How to become a Microsoft Azure Expert MSP

*ANS CTO **Andy Barrow** takes us through the process of how the firm joined a limited list of partners to garner the exclusive label*

ANS has added its name to a limited list of companies worldwide that have been named a Microsoft Azure Expert MSP.

The Manchester-based firm joins the likes of Claranet, Cloud Direct and Rackspace on the list of 45 partners on the Microsoft website.

CTO Andy Barrow explained that it took significant time and investment to become accredited, and that it is best explained as an accreditation that brings partners into a programme. He walked *CRN* through the steps involved in the process.

The prerequisites

To be eligible for the scheme, a partner needs to have covered a set of prerequisites before progressing to the auditing stage.

A partner needs to be an active Gold cloud competency partner, generate at least $100,000 (£76,000) in Azure revenue a month, have a cloud solution provider contract in place, have at least 15 employees who are Microsoft cloud certified, as well as customer references regarding the service they receive from the partner.

Barrow said the customer references and the evidence that has to be provided to support the application are what distinguish the Expert accreditation from Microsoft's other cloud competencies.

"You've got to have a particular way of demonstrating the number of customers that you've built up, so you can't do this unless you have customers that are doing sizeable managed services with you on Azure," he explained.

The audit

Once partners have passed the prerequisites, they undergo the auditing process.

Barrow said ANS had a core team of four to six people working on the accreditation full-time over six months, but that most departments in the company gave input on the project, from the service management division to solution architecture to its security and governance units.

"During the on-site audit you work through a rigorous process where you prove to the Microsoft auditor that you have met all the requirements," Barrow stated.

He said ANS' audit took two days and involved about 16 hours' worth of presentations, which included a "paper trail" of documents outlining how it deployed, managed and built solutions for customers, along with how it handled technical escalations.

The hurdles

Barrow admitted that Microsoft has a number of hoops to jump through in order to become an Azure Expert MSP, and that ANS invested significantly in the process.

Partners require bespoke digital management portals, as well as their own cloud management platform to take part in the process. ANS already had these in place, so it wasn't too much of an extra burden, according to Barrow.

"We put significant investment into doing this," he said.

"You can't just do this in your spare time; you're investing in a business function, so you have to take people out of their day job and build a team to make sure you are doing the processes according to the guidelines.

"Microsoft expects an incredibly high standard – which may be higher than you are currently undertaking.

"You might have to redesign the process you have, or if you're already doing it to the standard that Microsoft wants, you have to show them in the way that it wants."

Differentiation is key

The advantage of being named a Microsoft Azure Expert MSP is the distinction it provides, according to Barrow.

"In the Microsoft ecosystem it is incredibly difficult to differentiate because there are so many thousands of partners in the UK, which makes it hard to go into customers and stand out because you all have the same qualification," the CTO explained.

"The Expert MSP programme highlights the elite, so you can go to a customer and show them that you are building and managing Azure environments to the highest standard, which have been audited individually on-site by Microsoft.

"The differentiation is around being able to articulate to the customer that you are at the industry's highest possible standard."

The accreditation plays into ANS' continued move away from hardware into cloud services and Barrow hopes that the Azure Expert MSP accreditation will maximise its ability to win more deals in the cloud space.

"When working strategically with a vendor, we always want to operate at the highest possible level with them," he explained.

"We want to work with Microsoft in this space to get to the highest level possible, at any cost. We want to demonstrate that we don't want to be in the cloud market half and half, we wanted something that would put us at the top."

Going global

***Tom Wright** speaks to former Computacenter Germany CEO Oliver Tuszik, who was appointed Cisco's global channel boss last year*

What is it about your skillset that you think made you the best candidate for the role?

On the Cisco side the reason they picked me is very simple: I know a big chunk of the market and I know the US market to a certain extent. I have long-term experience of how it feels to be a partner, which makes it much easier to understand some of the struggles.

I have been working for a very long time as a Cisco partner, mainly for Computacenter and for the last five years I was running its biggest entity which was Germany at the end. When I started, the UK was bigger.

I then ran Cisco's German business for five years, which is the largest outside the US. In this role it more or less combines all the stuff I have done in the past and I am enjoying it a lot. The other thing I have is a technical background.

Have you made any changes to the Cisco partner organisation since starting in the position?

Being a partner for a long time, I know that it is just not about the future, it is about your weekly numbers and quarterly numbers.

I have changed my team now and I am building a team that is focused only on the day-to-day performance, making sure that our partners can do business with us to secure the profits, which enables them to invest in the future.

On the future side, there will be a separate team with separate targets, thinking about how we should service partners to enable them to gain new market share, secure higher margins and secure the Cisco partner ecosystem.

We have a full partner-focused approach – when I was running Germany it was 95 per cent partner. This is the model that allows us to scale and this is the model that allows us to deliver the highest value to our customers – if we can satisfy our customers, it is good for our partners.

How have you spent your time during the first few months of your tenure?

I have spent most of the time listening to partners and meeting a lot of them. I am meeting more partners focused on the US and APAC because I already know a lot in EMEA.

I have been all across the world and now I'm aligning the activities, taking their key needs and ensuring we deliver a completely new experience to them.

We want to improve the qualities of our processes and the way we interact with them. One of the key elements is focusing all the activities. I am currently having about four bigger partner meetings a week in San Jose, which is where our partner briefing suite is.

What have you enjoyed most about the role so far?

It is great fun working in the headquarters. You execute faster, you have the direct links and you see all the dynamics of the company.

The other thing is the opposite. I am seeing what is happening around the world. It is so impressive to see what is happening in Brazil, in Korea, in EMEA… you get down to all the different companies and you see how much creativity and imagination is in the partner network, and also the huge opportunity.

If I take the learnings we have in New Zealand, for example, and let our partners in the world utilise it, we will become much faster, productive and profitable. The most fun has been acting really global.

As a European I am used to having a huge diversity. I worked for a long time for a UK company and I really enjoyed this more global spirit that the British people already have. To see this power on the global level is great and I really enjoy it.

How important is it to Cisco that partners start to develop their own intellectual property?

One of the biggest growth opportunities is enabling our partners and software developers to develop apps based on the Cisco platform.

We have released a huge number of APIs and training to build on our products and solutions, which is about delivering platform-based outcomes.

With this we can increase the value that we are

delivering to our partners – a strong infrastructure solution with a small application might become a completely new product in the eyes of the customer.

This value comes from our partners – huge partners, but also small, new partners that have never been a Cisco reseller or systems integrator. They see the ability to build apps that scale on this standard infrastructure.

Do you still see a future for traditional reselling with Cisco?

The way we talk about traditional partners, systems integrators, and VARs – we will not continue with this logic. We accept that these partners start to have different capabilities. You might be a long-term and successful Cisco partner but you can still develop software solutions or managed services.

There is not one style of partner – everyone has their own DNA and they utilise their existing assets and ask us to help them develop.

No-one asks us to give up in this market where digitisation is booming, even in traditional business, because it is still a good business if you have a decent cost structure and customer relationships. This is a strong business if you bundle it with services.

Some partners are far ahead of us – they saw this new market coming, but we also see that the type of partners start to look different.

What changes does Cisco have to make to cater for the changes in your partner ecosystem?

We need to adapt our programmes to these new needs. There is not one standard partner so we need a more adaptable programme so somebody can pick the incentive and support for the capabilities they are focused on and this allows us to get into new markets through different routes.

We are starting this change now and we have about a year to deliver the new programmes and offerings to enable partners. Most companies say 'here is a new programme, take it' – we said we'll develop it together and this is where we are right now. We are designing them with a couple of global players.

It is very clear that this new way around customer experience will only succeed if we work hand in hand.

Would you say that Cisco's focus on the channel is greater now than it has been in the past?

It has never changed that Cisco is a 100 per cent partner-focused company but the way we communicate and orchestrate it maybe wasn't as good in the past.

Now it is becoming much better. I would say that for the last year we have started to be even more outspoken, and we have been clearer in certain areas.

Cisco has been on a big transformation, which [CEO] Chuck Robbins has driven, and it is about the move to software. We have changed the entire way in which we develop our programmes, our internal people and our partners – this will continue.

What messages can we expect to see you send out to partners this year?

The key message is that there is nothing without security. If you don't integrate security right from the beginning, we will fail on the digitalisation. It is a risk that we can manage if we don't add security like icing on the cake, but include it right from the start.

When we design a new product with a blank piece of paper, we think about security. It is a built-in function, not a feature we add at the end.

When you want to make a car secure, you have to start thinking about that when you build the frame. You can't build a secure car if you just add a couple of airbags. This is what we are focusing on.

We will focus more on software, which doesn't mean we are giving up on hardware, but software allows us to be more flexible.

Do you think partners miss out on an opportunity to earn more from their customers with security?

Some do, 100 per cent. More importantly, some might not be able to deliver the solution that some customers expected without it. Selling a single switch without thinking about security is not just a missed opportunity, it is a huge risk that we need to help partners manage.

We see partners that are adding security as having a huge win chance and having higher profitability, but it is more complex to sell than just infrastructure. You have to understand how the technology works and that it is an ongoing process. It needs to be end to end, so just buying a better firewall doesn't fix the problem.

What plans have you put in place to help partners deal with any disruption caused by Brexit?

We have plans [to increase stock], especially around SLAs that we are jointly keeping for customers with partners. It depends on the scenario and I'm hoping that the EU and UK find a meaningful solution to think about the people and businesses.

Our commitment to the UK has not changed. It is the same as before. The UK is one of biggest, strongest, fastest-moving and mature markets. Being European, I believe that things won't radically change.

We see that some [partners] are building up alternatives, especially on the logistics side, which might cause us some challenges, but we are prepared. The most important thing is getting clarification on how it looks, but the message is clear. We will not let UK partners down.

> **"You might be a long-term and successful Cisco partner but you can still develop software solutions or managed services. There is not one style of partner – everyone has their own DNA and they utilise their existing assets and ask us to help them develop"**

Female channel bosses discuss why there aren't more of them

In the same week as International Women's Day, top female executives from firms including Computacenter, Capita and CDW came together to talk about how to move the needle on the industry's gender deficit

Ahead of International Women's Day on 8 March, 10 of the channel's top female leaders came together to discuss how to address the industry's gender deficit.

According to *CRN* research conducted last year, just 14 per cent of top executive roles at the UK's 50 largest resellers are occupied by females.

This compares unfavourably with the 25 per cent of board roles that are occupied by women among FTSE100 companies.

During a *CRN* dinner, held in partnership with Lenovo, 10 top female channel bosses shared best practices on how to make the industry more female-friendly and grow more women into the kind of top-level posts they occupy.

The line-up comprised Jane Ashworth, director SMB and channel at Lenovo; Lisa Ergun, partner account manager, Lenovo; Columbus UK managing director Mary Hunter; Bamboo Technology group managing director Lorrin White; former SCC sales director Tracy Westall; CDW directors Penny Williams and Yvonne Matzk; Capita's purchasing services general manager Michelle Black; Naomi Hewitt, category manager for client at Computacenter; and Distology CEO Hayley Roberts.

One issue immediately flagged up was that job specifications for roles in the industry aren't always geared towards female candidates. This could be because flexible hours aren't offered, or even because the language employed plays to what are regarded as traditionally 'male' characteristics, those present commented.

"Sometimes it's about the tone of the job description for the advert," said Distology's Roberts.

"When I look at some of [Distology's] job descriptions, I ask myself whether masculine words are being used. Am I asking for aggression rather than compassion? Some of the emotional intelligence comes more readily, biologically, from women and I've found that most of the really good people for commercial stuff in tech are women. As employers, I think we should encourage those skills.

"I'm not suggesting that women come into a male industry and act like men – that's really not what we want to encourage."

On a similar note, CDW's Matzk added: "Until I had my daughter I felt like I had to behave like a man to succeed. The ironic thing is when I had my daughter and

Tracy Westall (l), Jane Ashworth (r)


Penny Williams (l), Lisa Ergun (r)

I was more authentic and nurturing, my career flew."

Westall, who now works in a variety of non-executive roles after leaving SCC two years ago, claimed that heightened rhetoric over improving the industry's gender imbalance hadn't been matched by action over the last two years. She called for employers to take "real, meaningful action".

"Those numbers shame us," she said, referring to the lack of top female bosses in the industry.

"We're not a sector that has been around for hundreds of years. We've been around for more than 30 years, so those numbers are a real problem. Are we seeing change? The answer is actually, no.

"I'm not convinced that changing the tone of job adverts will change anything, although it is something we can do. We need to actively encourage women to apply for jobs. If you'd asked me two or three years ago whether I believed in quotas for shortlists, I would have said no. I would have said that was tokenism. Two years on, I think we need to make some positive, aggressive change to some of the behaviour."

Westall was one of several attendees to admit she had at certain points in her career suffered from 'imposter syndrome', and said employers often underestimate how much of a barrier confidence can be for women rising into senior roles.

Columbus' Hunter also admitted she'd suffered from imposter syndrome upon returning from her first maternity leave.

"When I came back I found that my confidence had hit rock bottom," she said.

"It took me almost three months to get back in the saddle before I thought 'wow, I'm back'. I was a total imposter in my own role.

"And so I have a focus now on my female staff who are coming back from maternity leave. I bring them in before they come back and make sure they feel that they're OK and that it's going to be balanced."

Matzk at CDW, a $16bn-revenue global solutions provider headquartered in Illinois, admitted that tech firms in the US are often ahead of their UK counterparts when it comes to diversity.

"I think it's also a cultural thing because if I take our organisation in the US, they're a hugely positive example. We have just announced a female CEO in addition to a female COO. We have female executives running the world's largest IT solution provider – that's phenomenal, and it's because they've made a positive impact," she said.

"They have not just focused on gender, but diversity more broadly and I think in the UK we're a bit shy about stepping forward and making those commitments. Maybe because we're worried about what people are going to think or whether it's going to have an adverse effect, as culturally we are quite different."

Several of those present lamented the lack of females applying for apprentices within their business.

They also agreed on the importance of selling a career in technology to girls at a young age, particularly considering that 90 per cent of those who take A-level computer science are boys.

Hunter said that Columbus donates its old laptops to schools every year.

"I say to my team that anyone who wants to go into schools to run coding clubs, or showcase technology to children – particularly if it's girl-focused – let's do it," she said.

Lenovo's Ashworth said: "Computer science is seen as a boys' subject. It's about nurturing and trying to open their minds as to what the possibilities [in tech] are.

"I was the UK managing director of Smart Technology and did a lot of work with schools. We sponsored a lot of girls' schools around STEM and hooked up secondary schools with universities like Brunel University that have a particular STEM centre to give girls real inspiration of what it could be like.

"I'm absolutely positive that is transferable to the IT sector and there's a huge amount all of us around this table can do in that one area to stimulate and nurture the talent we have in the UK."

The dinner, held on the 38th floor of the Gherkin on Wednesday, came two days ahead of International Women's Day, which aims to advance women's rights.

It also comes on the heels of *CRN*'s inaugural Women in Channel Awards and ahead of the publication of the inaugural *Women in Channel A-list*. Stay tuned for further announcements.


Hayley Roberts

Climbing the ranks

*GBM Digital boss Michelle Atkinson tells **Marian McHugh** about her journey from teenage office junior to heading the firm and reveals what the VAR's next moves are*

Not many can say they have worked their way up from an entry position to heading up an organisation, but that is exactly the route GBM Digital's director Michelle Atkinson took.

Atkinson joined the Manchester-based Apple reseller as an office junior when she was 17 years old at the behest of her father, admitting that she initially had no interest in the job.

"I didn't know what I wanted to do or where I wanted to go, so my dad pushed me to take it and I never looked back," she explained.

"In my early days I was mentored by quite a lot of people who helped me make the right decisions to move into different departments as I grew up.

"In those days, you didn't know what you wanted to do or what direction you wanted to go in; educational opportunities make it more streamlined for children now.

"You do need people around you to help you get where you are. I had a lot of mentoring in the early years, but as time has gone on, I've found my own destiny."

She has now been with the education specialist for 33 years, and was appointed a director in 1999, leading the company with fellow directors Chris Costello and Alan Betts.

Moving with the times

Her 30 years in the channel have allowed Atkinson to observe how the gender divide has shifted in that period.

She has observed an increasing number of women going for roles they would probably not have applied for in the past.

Though there are still far fewer women in channel roles compared with their male counterparts, Atkinson said that today's education has built up girls' confidence and

made STEM careers an attractive prospect for them.

"Education opportunities over the years have changed for children," she said.

"There is now more of a push for them to stay in education longer than when I was their age and they have an understanding of what they want to do and where they want to go.

"Years ago, when you mentioned science or engineering, those areas in particular were seen as just for men and girls tended to shy away – but not now.

"There's more to IT and tech and it's not just coding, it has a broad range of skills that anybody can utilise."

GBM currently has 10 women among its headcount of 53, and Atkinson acknowledged that none are in technical roles.

However, she added that she will be interviewing a mixture of male and female candidates for an upcoming technical administrator role and this signifies how much the industry has changed since she first joined as a teenager.

"More women are coming forward for these types of roles," she stated. "Girls have grown more confident over the years and aren't shying away from opportunities."

This confidence is key for any women considering a move into a male-dominated industry, like the channel, according to Atkinson.

"It's all about learning, having a voice and putting yourself forward to take on any challenge," she advised.

"Don't be afraid and have the confidence to do it, I've always done that – it's got me where I am."

"GBM has always been up for any challenge that comes to us and we never say no, we'll always try everything"

Working in Sync

Being with the one company for over three decades puts Atkinson in the unique position of remembering what has and hasn't worked over the years.

GBM Digital is approaching the first anniversary of Sync, its shopfront in Manchester city centre that also offers services to customers.

The reseller's decision to move into the consumer space was prompted by an opportunity from Apple to broaden its services arm, but in order to take advantage of this it needed to establish a high street presence.

"We've been servicing Manchester and the North West for 25 years; we took the plunge because we didn't want somebody coming in on our patch," Atkinson explained.

Unlike Apple's own-brand shops, a punter can walk into Sync off the street without an appointment and have their device serviced to the same level they would get at an Apple Store, Atkinson said.

The reseller attempted a similar consumer move 10 years ago which ultimately failed, but Atkinson said her experience of that experiment makes her confident that the same mistakes won't be repeated.

The biggest challenge with the move was adjusting to the trends that accompany consumerism, and though it is still early days she is quietly confident about GBM's second assault on the retail space.

"There is a lot to learn about the retail market, for example Christmas is a peak period, but January nose dives," she explained.

"Understanding those patterns is new to us, but having the service arm in the property has helped because you aren't solely reliant on those trends – otherwise I don't think we'd be there."

Framing it right

Apple has been making noise in recent years about expanding its presence in the enterprise space, but Atkinson has observed a noticeable push from it this year. This may well play into GBM's plans to get itself onto a few public sector frameworks.

She acknowledged that frameworks had not really been a focus for the reseller in the past, but this year will see a renewed concentration on the schemes.

"We've tried going for a couple in the past, but we've not been big enough in the industry to achieve the right results, to be honest," she said.

"It's about making sure your business is in the right place at the right time and making sure your staff are there to support everything that is necessary.

"We are a small company, and we will always try anything that is thrown at us, but if it's not the right time for the business then we would defer it until we could overcome whatever hurdles are in our way.

"Frameworks are something we now feel we are in a better position to be able to support, manage and fulfil moving forward."

This improved positioning may have something to do with the huge revenue haul the reseller has had in the last couple of years. In 2016, turnover rocketed from £35m to £250m in the span of 12 months.

This massive increase was due to a combination of being in the right place at the right time when it came to closing large deals, Atkinson said.

"It was just capturing the opportunity at the time when things were going good for us," she explained.

"We have massive customer retention, and a lot of our business comes from customer referrals and word of mouth. Business is a roller coaster; there's always something around the corner that will take it up or take it down."

It is difficult to say whether the enthusiasm to embrace a challenge is originally part of GBM's own ethos or whether it is a reflection of Atkinson's own attitude.

"GBM has always been up for any challenge that comes to us and we never say no; we'll always try everything," she said.

"If it doesn't work, you either park it or adapt it to make it work. You can't stand still in this business – you've got to look at all the options that are out there."

Infinigate CEO on growth, Brexit and €500m revenue

*Klaus Schlichtherle talks to **Josh Budd** about Infinigate's growth hotspots, and the plans for its acquired acmeo business*

You're about to close out your financial year. What kind of growth are you expecting?
Revenue wise we will be well above €500m (£430m). We've had really good development over the last 12 months. The year before we did €420m roughly and now we are well above €500m, probably north of €520m, I would say.

The overall market is still growing quite nicely, which is the basis of our growth. Then obviously we had an acquisition a year ago for a company in Holland which is contributing quite nicely and France and the UK are also developing well, which are the markets where we are underdeveloped. We're actually growing faster in those markets than we are in our core markets in DACH.

You acquired MSP and cloud distributor acmeo towards the end of last year. What was the rationale behind the acquisition?
We did some business in the MSP space, but we realised that if we wanted to really make a jump forwards – a real jump – we would need to acquire a company with the expertise. To do it ourselves would have taken three or four years to really develop it. We started talking to acmeo and found out it would just be better to acquire a company. They have the expertise; skip the four years of development and take that expertise, the processes, systems and platform behind it and roll it out in Europe and offer it to other vendors as well.

Talk us through the integration road map for the business
We are combining the best of the acmeo and Infinigate worlds and accelerating our growth to roll out in Europe with that acmeo model. The other leverage is to work with our current vendors in the Infinigate world and develop the cloud business together with them.

How long will it take to roll out acmeo's MSP offering across Infinigate?
There will be a step-by-step approach on the country side as well as a vendor side. It will take us two years to roll it out across Europe with all the vendors. We want to keep our special focus, so we want to start with a handful of vendors in two countries. Then we can start the next wave in the next two quarters in the next countries.

I think it will take 18 months to really get every country on board. And it is the same with vendors. I don't think every vendor is ready for the MSP cloud business; some are thinking about it, some have similar products already. You don't find a lot of consumption-based products; a lot of vendors just put it down as a monthly payment. There's also a lot of development in the marketplace where we need to be partnering up with those vendors to get the model right.

We want to be doing business as well. We will start building the processes and teams in the countries, and I expect we will be doing tangible business in those countries in 2019. It will take a bit of time, but I am confident we will have a substantial contribution from the acmeo model in 2019.

Will the acmeo business and branding change in the coming months?
Acmeo stays as its own company. In Germany we more or less have two brands now – acmeo and Infinigate – but we will develop the acmeo MSP cloud business which is basically a second brand in that sense.

We very likely will not use the second brand in other countries because there's no brand value. In the UK and France we don't need to build up a second brand; we will do that under the Infinigate roof. But we will give it a cloud and MSP flavour.

"We are combining the best of the acmeo and Infinigate worlds and accelerating our growth to roll out in Europe with that acmeo model. The other leverage is to work with our current vendors in the Infinigate world and develop the cloud business together with them"

I like the acmeo marketing, I like the colour, I like what they have done with the branding. At the end there will be some kind of mixture in other countries outside Germany, which will reflect that we are an MSP and cloud distributor on top of a focused cybersecurity distributor.

You named France and the UK as 'underdeveloped' countries for Infinigate. What are your plans to change that?

By acquiring new customers and signing up new vendors. I cannot disclose everything, but we have a couple of vendors that will join us in the UK and France.

We are also growing the teams. I would say in the UK and France we will have north of 10 more people in each subsidiary to grow the business. Then we will bring the MSP and cloud business into those countries in 2019. Those are the main drivers of growth.

When you look at our portfolio in Germany, for example, we have 25 vendors. Those are vendors we can focus on in a couple of technology areas. In France, we have eight vendors, but we have five or six in the pipeline. By adding five or six in the portfolio we can grow the business. But we will not add more because then we lose focus, so we are doing it step by step to get the same balance as we have in Switzerland and in Germany.

So in the UK and France we need a better portfolio, but just keeping the focus on cybersecurity and on certain technologies with certain vendors. That will give us a very nice business in a couple of years in the UK, I'm convinced.

What kind of growth rates can we expect from the UK and France this year?

I would expect in the UK and France we should easily grow by 30-plus per cent, more in the 40 per cent range. It is really up to us signing up vendors. If we sign a vendor with a bigger volume, that has an impact.

I have a line-up of vendors I would like to have. If all of them agreed, we would probably triple the business. But realistically 30 to 40 per cent is the maximum because of the focus aspect. More than that and you're getting really diluted, which doesn't help. It will be a case of carefully looking at what we can achieve and not having growth for the sake of growth.

To be an important player in a market you need to have a certain revenue, and we need to achieve this in the next two or three years to be a tangible player.

Some UK distributors are planning to stockpile inventory in the event of a no-deal Brexit. Does Infinigate have a contingency plan?

We almost have no hardware. Eighty-five to 90 per cent of our sales are actually software and software licences, so we're not really worried. And most of the product comes from the US. I don't think there will be a huge change in buying product from the US today and after Brexit. I don't think we have a risk in our business in the sense of not being able to deliver any product anymore.

You do see that some projects are getting delayed, but it's actually not a lot. You need to buy cybersecurity regardless of microeconomic situations. In that sense, we're better off than other industries and we should be vigilant and mitigate ourselves, but I don't think we will have a big problem.

Are you worried that Brexit will hinder your UK growth plans?

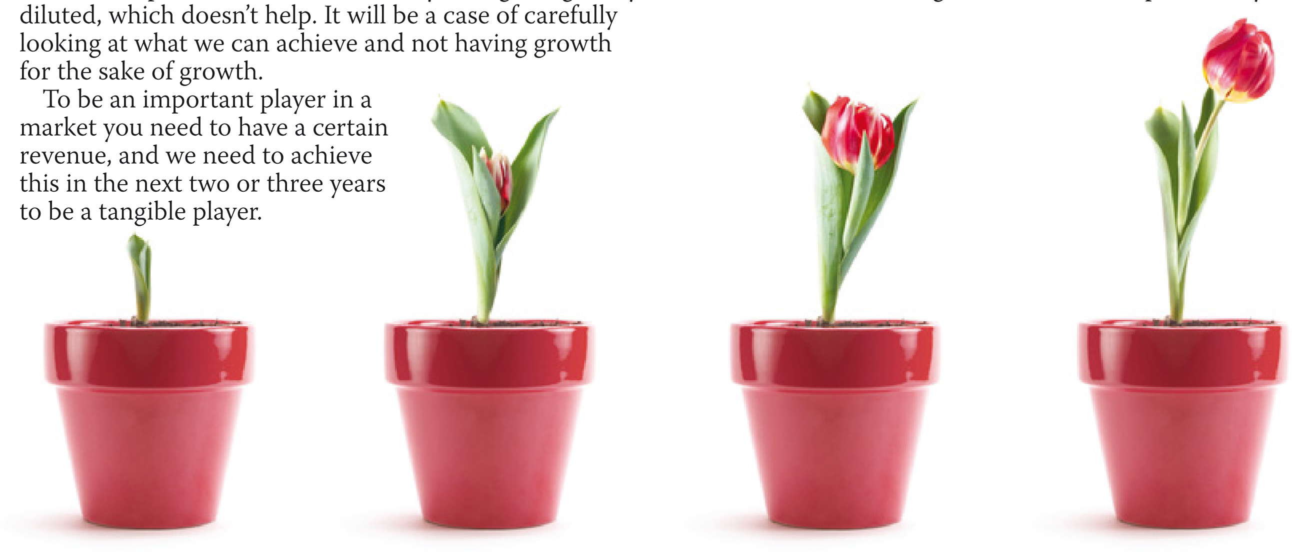
I have no worries. We are a relatively small fish in the pond right now in the UK. There will be an overall effect on the country because of Brexit, but it is down to our own execution. If you execute properly, you can get a bigger share of a potentially shrinking market, so it should still be growing for us.

I am Swiss and in Switzerland we are used to working outside those systems. I wish the UK would stay in the EU, but I think leaving would be a good exercise for the country to become fit. For us, it means execution is king. If we do the right things, we won't be affected by it.

Is more M&A on the cards for Infinigate this year?

We have acquisitions in the pipeline. We have 10 countries, but Spain and Italy are missing, Belgium is a bit missing, Poland is missing; then if you look outside Europe you have the Middle East first or maybe some technology centres in Asia such as Singapore or Hong Kong. We are looking around, we have a pipeline and we are having a lot of discussions right now.

I'm confident the pipeline is full enough that there will be a couple more acquisitions in 2019. We want to make sure we are covering the whole of Europe in two years.



Top 10 cybersecurity acquisitions of 2018

*The value of M&A deals fell year on year in 2018, while the volume of deals increased, reports **Tom Wright***

The value of M&A activity in the cybersecurity space fell last year, according to investment firm Momentum Cyber. It stated that, in total, the M&A deals seen in 2018 equated to $15.5bn (£11.7bn) in enterprise value, down 23.6 per cent on the $20.3bn seen in 2017. The second half of 2018 saw the value of the acquisitions made hit $10.4bn – double the $5.2bn seen in H1. The number of deals, however, increased from 178 to 183.

Momentum claimed that the largest number of deals came in the identity and access management space (32), followed by consultancy services (29) and incident response (23).

We have ranked the top 10 acquisitions below, based on Momentum's annual report.

10. LogRhythm acquired by Thoma Bravo

Security information and event management (SIEM) player LogRhythm was snapped up by serial tech acquirer Thoma Bravo, in a deal that Momentum pegs at a value of $525m.

At the time, LogRhythm CEO Andy Grolnick said the vendor sought an acquisition to take it "to the next level", citing Thoma Bravo's credentials in the cybersecurity space as key to the deal.

LogRhythm claims to be the pioneer of SIEM technology, with over 2,500 enterprise customers.

Thoma Bravo highlighted LogRhythm's "impressive track record of growth" when announcing the acquisition.

9. InfoArmor acquired by Allstate

Arizona-based InfoArmor was acquired by $40bn-revenue Allstate, one of the largest insurance firms in the US, for $525m.

InfoArmor provides employee identification protection, which helps prevent identity fraud.

The vendor claims to see its flagship product PrivacyArmor offered to employees of 100 Fortune 500 companies. It says the product "alerts users at the first sign of fraud and restores the individual's identity".

On its website, InfoArmor says the product scours the dark web searching for compromised credentials, and alerts the user if they are at risk. It also says it will reimburse bank accounts that have been attacked.

8. AlienVault acquired by AT&T

Security giant AlienVault was snapped up by US telecoms giant AT&T in July. Terms of the deal were not disclosed, but the fee was reported to be $600m.

AlienVault's flagship product is its unified security management platform, which offers solutions around threat detection, hunting, response and compliance. It claims this platform can boost detection speeds by 80 per cent.

The vendor has been rolled into AT&T Cybersecurity, although its branding is still in use.

AT&T said it plans to utilise AlienVault's capabilities to boost cybersecurity offerings to SMBs.

AlienVault CEO Barmak Meftah said: "Together we have the opportunity to simplify a complex problem and automate how customers tackle their cybersecurity needs.

"We will combine our phenomenal threat detection, incident response, and compliance security platform with AT&T's managed security capabilities, making near real-time threat information actionable and achievable."

7. BeyondTrust acquired by Bomgar

Bomgar announced the acquisition of privileged access management (PAM) vendor BeyondTrust in September, with the combined business taking the latter's name.

The deal created the "most comprehensive" PAM vendor in the space, the vendor said, after Bomgar had itself been acquired by Francisco Partners earlier in the year (*see below*).

BeyondTrust CEO Kevin Hicky said: "The BeyondTrust family is excited to join the dynamic Bomgar and Francisco Partners teams.

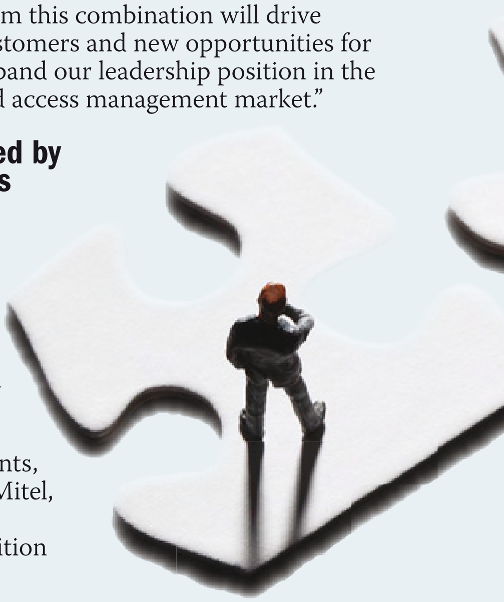
"I am confident that the additional investment and scale resulting from this combination will drive innovation for our customers and new opportunities for our partners as we expand our leadership position in the fast-moving privileged access management market."

6. Bomgar acquired by Francisco Partners

Private equity firm Francisco Partners bolstered its portfolio with the acquisition of Bomgar (later to merge with BeyondTrust) in April last year.

Francisco holds various tech investments, including Blue Coat, Mitel, Quest and SonicWall.

Terms of the acquisition



were not disclosed, but Momentum reported that the deal valued Bomgar at $800m.

Francisco CEO Dipanjan Deb said: "Bomgar has become a key competitor in the secure remote and privileged access management markets, driven by its innovative platform of secure access solutions and steadfast commitment to customer service excellence."

Founded in 2003, PAM player Bomgar also has a remote support product, claiming to have over 13,000 customers worldwide.

Bomgar itself made an acquisition in February last year, snapping fellow access management player Lieberman Software.

5. ThreatMetrix acquired by LexisNexis

LexisNexis Risk Solutions shelled out $830m for vendor ThreatMetrix in January.

ThreatMetrix provides cloud-based security, focusing on fraud prevention and identity solutions.

The vendor was founded in 2005 and claims to have "pioneered" the digital identity space. It has had a partnership with LexisNexis Risk Solutions for the last two years.

The risk arm of legal giant LexisNexis uses technology to give its customers the tools to evaluate business decisions and foresee potential hazards.

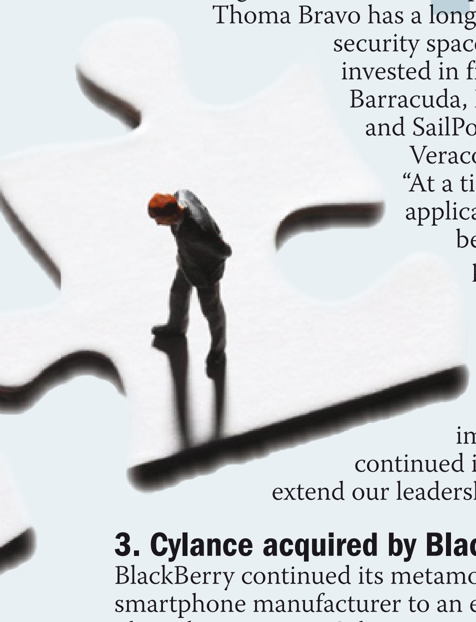
4. Veracode acquired by Thoma Bravo

Thoma Bravo announced its deal for Veracode in November, spending a mammoth $950m in cash on the application security testing vendor.

The acquisition was part of a domino effect that saw CA acquire Broadcom (which acquired Veracode in 2017), before Broadcom in turn sold Veracode.

Veracode's platform aids developers in fixing security flaws during the software development cycle.

Thoma Bravo has a long track record in the security space, having previously invested in firms including Barracuda, LogRhythm, Bomgar and SailPoint.



Veracode CEO Sam King said: "At a time when the need for application security could not be any greater, we are pleased to be partnering with Thoma Bravo, an investment firm that has a strong track record in security and that recognises the importance of fuelling continued innovation to further extend our leadership position."

3. Cylance acquired by BlackBerry

BlackBerry continued its metamorphosis from a smartphone manufacturer to an enterprise security player by acquiring Cylance – one of end-point security's hottest market entrants just a few years ago.

Cylance had been expected to IPO at some stage, following fellow next-gen players CrowdStrike and Carbon Black, and was valued at $1bn in 2016 – making its $1.4bn price seem relatively low.

CrowdStrike claims to be worth $3bn.

BlackBerry CEO John Chen said: "Cylance's leadership in artificial intelligence and cybersecurity will immediately complement our entire portfolio.

"We believe adding Cylance's capabilities to our trusted advantages in privacy, secure mobility, and embedded systems will make BlackBerry Spark indispensable to realising the enterprise of things."

2. Imperva acquired by Thoma Bravo

Thoma Bravo's third and final contribution to this list came in its monster $2.1bn acquisition of Imperva, taking the database security vendor off the Nasdaq market.

Imperva provides a range of security offerings including web application firewalls, DDoS protection and threat intelligence.

The Imperva management team has stayed in place since the deal closed.

CEO Chris Hylen said: "Thoma Bravo has an excellent track record of supporting and adding value to leading cybersecurity companies, and we are delighted to bring on a partner with their calibre of strategic expertise."

"This transaction will provide immediate and substantial value to Imperva stockholders. The company will have greater flexibility to focus on executing our long-term strategy. We are excited to begin our partnership with Thoma Bravo."

1. Duo Security acquired by Cisco

Networking giant Cisco announced its third multibillion-dollar acquisition in two years in August, snapping up two-factor authentication vendor Duo Security for $2.35bn in August.

The deal came less than a year after Cisco acquired BroadSoft for $1.9bn, and under two years after it moved for AppDynamics in a $3.7bn deal.

David Goeckeler, general manager of Cisco's networking and security business, said: "In today's multi-cloud world, the modern workforce is connecting to critical business applications both on- and off-premise.

"IT teams are responsible for protecting hundreds of different perimeters that span anywhere a user makes an access decision.

"Duo's zero-trust authentication and access products integrated with our network, device and cloud security platforms will enable our customers to address the complexity and challenges that stem from multi- and hybrid-cloud environments."

Duo CEO Dug Song has remained at the helm.

When the acquisition was announced he said: "Cisco is not only the world's largest networking company, but also the world's leading enterprise security business.

"They agree with us on the past state of security, and we're going to fix it together. They have a long and successful history of acquiring companies to support and accelerate their strategic initiatives."

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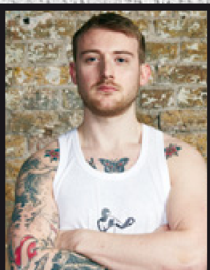
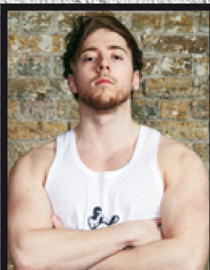

Lewis Fox, Trustmarque Solutions


Andrew Williamson, CDW Ltd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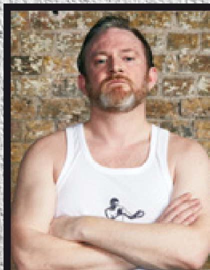
Keith Poyser, Palo Alto Networks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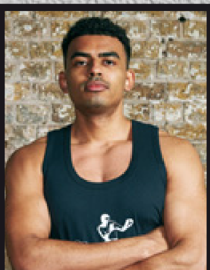
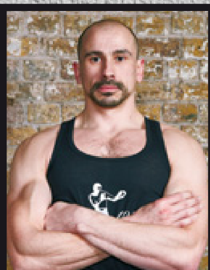

Aaron Smith, Westcoast


Sidney Ratcliff, Bytes Software Services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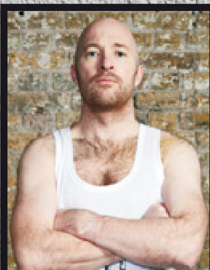
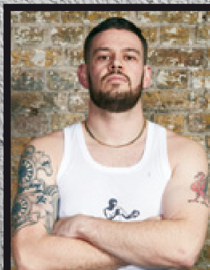

Paul Neary, Trustmarque Solutions Ltd


Micheal Reynolds, HPE Aruba


David Martin, Fujitsu UK

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Alive and kicking

*Tech Data's European boss Patrick Zammit looks to the future, and reveals to **Josh Budd** that the distributor has moved its UK inventory to mainland Europe ahead of Brexit*

It took Tech Data almost 18 months to finally integrate Avnet Technology Solution's (TS) business in Europe since the acquisition closed in February 2017.

Germany was the last of Avnet TS' businesses to fall under the distributor's blue-and-white banner, several months after it merged entities in the UK, France, Belgium and Italy.

What exists today is a $20bn (€17.81bn)-revenue behemoth in Europe. The addition of Avnet TS brings Tech Data into eastern Europe and has secured critical mass in Belgium, Italy, Spain, the UK and Germany.

Tech Data's European boss, Patrick Zammit, has been leading a fully integrated Tech Data Europe for the last six months.

Speaking to *CPI*, he said that, overall, the integration "met expectations" and is widely considered a success despite Tech Data losing some market share during the 18-month process.

"We've done pretty well. We haven't lost much market share, that's important to note, because there was some speculation that we would," he said.

"All in all, now the integration is complete, we are back fully focused on our partners. This is very important. When you look at it from a vendor standpoint, all in all we maintained our market share very well… We came out of this integration with a strong position which we could maintain, and that was really fantastic."

Tech Data's financial figures after closing the Avnet deal in February 2017 did little to convince investors that the new, larger Tech Data was a safe bet. Its shares fell by as much as 19 per cent overnight after missing gross margins and earnings targets in its Q2 figures.

But the distributor has been mounting something of a comeback since – its Q3 ending 31 October sent its stock price up 15 per cent after reporting an 11 per cent revenue increase to $9.3bn.

Tech Data closed the year ending 31 January 2019 with a sales increase of 11 per cent to $37.2bn, with European revenues growing by 10 per cent. Its fourth quarter, however, painted a different picture. Europe posted flat year-on-year revenues, lagging behind its US and APAC counterparts.

Unlike the US market, Europe's distribution landscape is still undergoing significant change, said Zammit. Regional distributors are following Tech Data's example by expanding into new regions and consolidating the market.

ALSO's tender offer for €1bn-turnover Polish distributor ABC Data is evidence that even Europe's biggest fish aren't impervious to market consolidation.

"I believe that, going forward, there will be further consolidation in the market. If you compare the European market with the US market, for example, there's still some room and a lot of local and regional players. So I am expecting that. You see that ALSO continues to make acquisitions in eastern Europe to consolidate the market, so that's one example," he said.

"For us it is interesting because [Avnet TS] is historically strong in eastern Europe, but we decided to be more specialised in infrastructure or the Advanced Solutions business. We are seeing that expansion as probably a good thing because ALSO is a reputable and very compliant distributor so we think it is a good thing that this consolidation is happening."

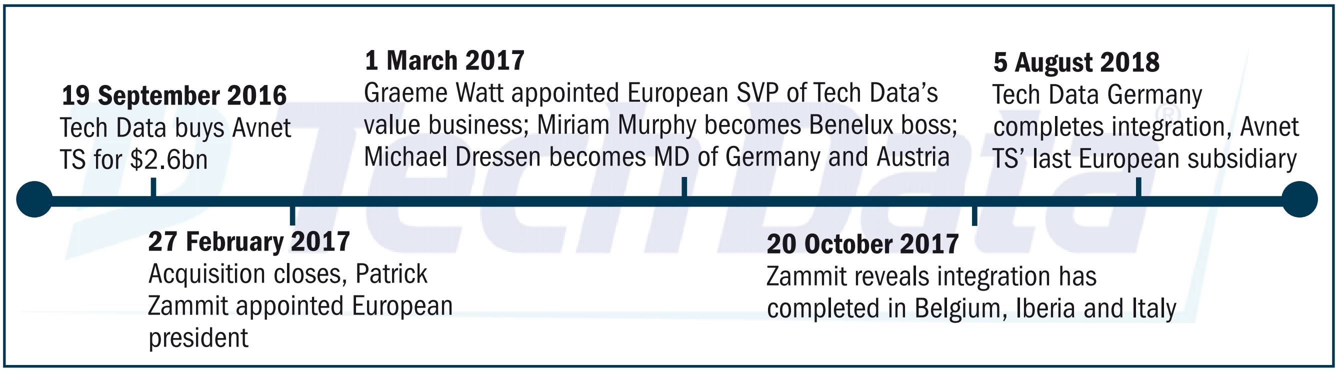
Back in the M&A game?

But Zammit said that although Tech Data could acquire niche European players around specific technology areas, the distributor will not participate in M&A to build critical mass, especially for its end-point business.

"As far as I am concerned, for Tech Data, acquisition continues to be part of our strategy but I don't think we will make major acquisitions," he said.

"The European market, contrary to the US market, is not doing so well. As you know we have a big slowdown in the economy, we have Brexit as a main threat, and some political issues in countries are having an impact on the morale of the investors"

Patrick Zammit, Tech Data



"Generally speaking, we don't think we are lacking critical mass in any of the markets where we are placed. But we may have to make some acquisitions around the specialities in some countries where we don't have the critical mass. We are going to be focused in particular on next-generation technologies and security. In those areas, if we see we can strengthen our position by making a local acquisition, we will go for it."

Planning for Brexit

Several distributors, including Tech Data, Esprinet and ALSO, have warned that intense competition in Europe is forcing down prices and putting pressure on profit margins, which is encouraging distributors to add scale through M&A.

This, coupled with gloomy outlooks for Europe's economy, has prompted Zammit to sound a note of caution that business on the continent will continue to be difficult.

Echoing the warnings of several reseller CEOs including Softcat's Graeme Watt and WWT's Jim Kavanaugh, the Tech Data boss also cited the negative impact of macroeconomic uncertainty in Europe.

"The European market, contrary to the US market, is not doing so well. As you know we have a big slowdown in the economy, we have Brexit as a main threat, and some political issues in countries are having an impact on the morale of the investors," he said.

"And we continue to see a highly competitive environment in Europe affecting in particular our End-point Solution division – the PCs, printers and so on. Competition remains very fierce, but in distribution, when you look at the macro trends, it is not a surprise. That's the reason why scale is so important, so you can continue to adjust in that environment."

Over the last few months, Exertis and Westcoast have revealed that they've set out plans to stockpile inventory ahead of the 29 March Brexit deadline. Exertis has set up an extra warehouse in Basingstoke to store technology from vendor Sonicwall, while Westcoast has bought extra space across two warehouses to stockpile a "large amount" of stock.

Tech Data, meanwhile, has in fact moved a small percentage of its UK inventory to mainland Europe ahead of the Brexit vote, according to Zammit.

The distributor has shifted some networking, unified comms and components inventory to an existing warehouse in Bor, in the Czech Republic.

Tech Data's UK facilities were previously used to keep a small amount of inventory for customers in mainland Europe, which will no longer be the case, according to Zammit.

He said the inventory that has been moved to the Czech Republic represents "less than five per cent" of Tech Data UK's total inventory.

"We are talking about a limited number of vendors and some inventory which we will move back to continental Europe to serve Europe. The UK will remain completely independent so we can serve the UK after Brexit," he said.

"[The Bor warehouse] is a key warehouse for Tech Data historically, so that's where we're going to move the goods. Again, only to serve continental Europe.

"Keep in mind that the Tech Data structure is decentralised, which explains why the impact is very limited. The countries buy and sell locally, so that's the reason the impact is going to be minimal."

Going digital

Aside from navigating the huge consolidation efforts of its regional competitors as well as macroeconomic pressures, Zammit outlined some key growth initiatives for Tech Data for this year.

The European boss said he will prioritise growing Tech Data's footprint in the SMB space through offering tailored digital marketing tools for this strand of the market. The push follows its "Credit Elevator" scheme launched in the UK last year which trebled credit available for SMBs to £1m.

UK and Ireland boss Andy Gass took on a new European role last year as SVP of digital, and is leading a 25-strong team to develop these tools for SMB customers.

"The main reason is that all our vendors today are increasing the rewards for recruiting and enabling the SMB customer base," he said.

"Today, I would say we are probably too general in how we approach them. But now we are leveraging the data insights we have to make them the right offers from a product and pricing standpoint," said Zammit.

Elsewhere, he said managed print services will be Tech Data's main investment on the end-point side of its business, while security, cloud and analytics will be the key growth areas for its Advanced Solutions division.

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Crashing the wedding

*Flower girl Oracle tells **Marian McHugh** how it plans to steal the limelight from AWS and Microsoft Azure*

When it comes to dominating the public cloud sector, Amazon Web Services (AWS) is the bride, with Microsoft Azure and Google following it down the aisle as bridesmaids.

In this scenario, Oracle would probably be the flower girl: still in the party, but not the centre of attention.

However, despite its lagging in the public cloud space, the vendor remains dominant in its traditional database market, with founder Larry Ellison claiming that its share of the market far outstrips that of its public cloud rivals.

During a Q2 earnings call with investors in December, Ellison declared that Oracle plans to move its 50 per cent share of the database market to its public cloud, which in turn will quickly scale its share in IaaS.

Javier Torres, VP of EMEA channels, told *CRN* this switch to cloud-based services will eventually result in "fewer and better" partners specialising in Oracle's cloud.

Although it may look like a threat to partners' current business models, they should view it as an opening to win more business, according to the channel boss.

"This is a disruption for the business model of the partners – their core business model is at risk," he said.

"But it is also an opportunity for partners to capture more market share.

"We are acknowledging two things: one is that the model will go into fewer and better partners, focusing on the ones that are really making a difference.

"But on the other side, we are also supporting partners to bridge that gap. We have a couple of programmes to support them in doing that."

In that same second-quarter earnings call, Oracle co-CEO Mark Hurd revealed that the company would be looking to expand its leadership in enterprise resource planning (ERP).

He told investors that ERP has always been the largest segment of the vendor's enterprise applications business, and that it will continue to grow as customers migrate from their traditional on-premise ERP to the Oracle Fusion ERP cloud.

"When we combine ERP and autonomous database…we can get into close to $1bn worth of growth next year out of those two solutions," he said.

Backing up Hurd's words, Torres stated that its three-pronged strategy to expand in the ERP space is seeing it lure customers away from competitors.

"We have a big focus on migrating our own customers to the cloud," he explained.

"We also have a good number of net new customers from different segments of the market.

"Thirdly, we are starting to see cases where we are taking customers from competition. We are focusing on those three areas to continue expanding our ERP."

The channel boss said that although the number of customers moving to the vendor from its competitors is still relatively small, he foresees it growing despite how complex moving ERP can be.

"In the last year, our focus has been to position how ERP operates. We are making it simpler for customers to move to the install base with an ERP cloud," he said.

He also emphasised how Oracle is capturing the ERP market for both the enterprise and SMB spaces through its own-brand Fusion ERP and NetSuite offerings.

"In the partner quadrant, the number one solution is Fusion ERP, and the number three solution is NetSuite, which is a specific solution for the mid-market," he said.

"We are combining a high-end car with a utility car, so we have the best of both models on the market."

The overall message that Oracle wants to convey to partners is that now is the time to act to capture the cloud opportunity, according to Torres.

Alberto Guzzi, CEO of Italian partner Red Reply, said that it has seen success – including winning Oracle's Autonomous Database Partner of the Year recently – since implementing the vendor's autonomous database into its own offering.

"A lot of customers use the public cloud service but the workload stays on-premise because there is no technology to run it," he explained.

"We can move these workloads from one place to cloud now we have the infrastructure performance to do that.

"Autonomous database is the same as the Oracle database but with all the capabilities automated, so you can spend your time building the solution, not doing administrative tasks, tuning the performance, or security patching."

The opportunities that cloud provides partners are ripe for the picking, according to Torres.

"[Partners] have to continue investing and developing their enablement and solutions that will bring customers faster to the cloud," he said.

"The time is now, the market is really deep in cloud and customers are talking about this. Even if it is something that will happen in two to three years, they have to act now."