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Top VARs 2016

In association with



Welcome to Top VARs 2016

It has been another eventful year for the channel and with that in mind, Doug Woodburn explains the changes to CRN's Top VARs

Top VARs is back, and this year — like many of the firms operating in our sector — it's had a makeover.

Before researching this year's supplement, we consulted a range of vendors, distributors and resellers to gather feedback on who was missing from the list. Consequently, the revenue threshold for the top 100 has risen substantially, from £21m to £27m, with 17 new faces making their debut.

In response to calls for more emphasis on the bottom line, we have also for the first time displayed an operating margin for each entrant, and have carried out an analysis of margins across the sector and how they are changing (see p10 for more).

In addition, we now have data on those firms occupying positions 101 to 200, which we will share soon.

This year's hot 100 are a diverse bunch, ranging from volume e-tailers who stack kit high and sell it cheap, all the way up to specialist business applications consultancies. They variously brand themselves as resellers, VARs, integrators, IT solutions providers, MSPs, IT suppliers and consultancies (see p8).

Every year we get questions about why some firms are included and others aren't, and what they all have in common.

Really we are talking about all IT suppliers that sell, service and support technology from the main hardware, software and cloud vendors. This includes not only mainstream IT vendors such as HP, Microsoft and Cisco, but also telecoms print, audiovisual and

high-end software vendors, as well as cloud infrastructure providers such as Google and AWS.

You could have a good debate about whether the likes of Capita or Telent should feature in this list. But having each made a spate of acquisitions in our market, this generalist tech services duo now fulfil the definition above, even if such activities remain a minority of what they do. Where possible, we have tried to split out the unit, or units, of these larger players that we feel is relevant to the channel.

This list is also limited to B2B suppliers. Only retailers with B2B activities, such as eBuyer and Buy IT Direct, were considered.

The profiles in this report were compiled largely using publicly available information in Companies House and our own archives. The revenue number that forms the basis of the rankings has in the majority of cases been drawn from each firm's latest set of annual accounts (as of early November 2016).

The numbers go north

Analysing the data across the 100 at a macro level enables us to draw a number of tentative conclusions.

Firstly, margins across our industry are healthier than some would believe, and are actually rising, with average operating margins improving from 3.4 to 4.2 per cent year on year (see p10).

A second and related trend — that may partly explain the first — is that countless firms in the top 100, and indeed outside it, referenced their efforts to embrace



Doug Woodburn is managing editor of CRN

higher-margin services and shun empty product sales in their results commentary. Fourth-placed SCC was a typical example, saying it had snubbed £35m of low-margin product sales in its fiscal 2016 as it pushed deeper into services.

Finally, it is clear from this research that this is an industry that is expanding. The top 100 boast combined revenues of £12.72bn, compared with £11.08bn for last year's crop (see p9). And of the 86 firms for which we have revenues for the last two years — and whose figures were not artificially buoyed by a transformational acquisition — 71 grew, and only 15 shrank. The average growth of these 86 firms was 11.8 per cent.

Although many VARs who filed accounts in the run-up to this report's publication referenced unease over the Brexit vote, who would bet against this industry's top players proving the naysayers wrong and growing again over the next 12 months?



Comprehensive service portfolio encompassing:

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calls cost 7 pence per minute plus your phone company's access charge

Looking ahead

Top VARs sponsor Comms-care's Rob Darby explains how the channel services firm plans to tackle the ever-changing market

Comms-care is delighted to sponsor this report after another successful year for us and our partners.

2016 will be remembered for many things, including some seismic socio-economic and political events that will affect the world for many years to come.

But for the technology industry, it's the sheer pace of change to which we and our partners now need to respond constantly. Digital transformation, cloud and mobile technologies are all having a huge impact on the way businesses manage processes and interact with their customers — and as an industry we need to ensure that we can help organisations adapt.

We've already taken steps to respond to these big changes in the industry, which mean our channel partners have access to a broader range of professional and managed services to sell to their customers.

We're finding that our partners want us to become much more ingrained in their businesses, so rather than just ask us for a quote, they want us to be involved in the whole end-to-end sales process from beginning to end.

Meeting new demands for professional and managed services will help us deliver on our plan to remain the leading channel-only IT services provider. Today we manage all aspects of the support services spectrum, from design, consultancy and installations to maintenance services and complete managed services, covering technologies such as voice and unified communications, security and wireless with support on devices including servers, desktops, routers and switches among many others.

One of the reasons our reseller partners (as well as our parent company Ingram Micro) trust Comms-care to provide services is because we have demonstrable experience and expertise through our accreditation programme.

Not only are we accredited to the highest levels by our technology partners including Microsoft, Cisco, Citrix, and VMware, but we work extremely hard to maintain our ISO accreditations, notably ISO 27001 — Information Security Management and ISO 20000 — IT Service Management, both of which deliver an immediate competitive edge when bidding for contracts, and build confidence in the services we deliver on behalf of partners.

In 2017, we aim to continue our strategy to offer a much broader set of professional and managed services to our clients' customers as part of their own propositions.

We expect to see the emergence of multiple 'born in the cloud' start-ups that will offer cloud-based propositions to end-user organisations. We believe this new generation of channel partners will require support, managed and professional services to help integrate their propositions with on-site 'traditional' IT.

We will also continue to help partners more used to providing traditional 'on-site' IT solutions who are looking for help supplying the cloud-based systems that end-user firms are increasingly demanding for reasons of cost and flexibility.

These systems increasingly encompass mobile channels, which will continue to see uptake and will become the norm for accessing services. Sectors including retail,



Rob Darby is sales director at Comms-care

financial services and government are going through a period of massive transformation driven by the need to satisfy customer demand for 'consumerised' services. Customers want to interact with suppliers in the way that suits them, not the way in which suppliers dictate — and brands that do not understand this will fail to thrive.

Mobile apps are becoming more important in the business world too now that people are happy to use their mobile devices almost without thinking about it.

We believe organisations will increasingly look for providers that can offer complete mobile solutions within a wrapper, rather than just software (apps) or hardware (phones or tablets) so our reseller partners can look forward to some innovative new propositions from Comms-care in the year ahead.

The role of a smart reseller in 2017 will be to stay close to their customers and understand their needs from the ever-changing technology solutions on offer. By partnering with Comms-care they will have everything they need to stay the pace.

TOP 100

Which channel companies have made it onto this year's top 100 list? The countdown starts here...

100 Ampito Group

Revenue: £27.5m

Profit margin: 11.5%

This Crawley-based group is one of the faster-growing and more profitable firms this year. Founded in 2005 by Manny Pinon, Ampito delivers IT, networking and telecoms solutions through seven business units: Nubeon, Vanix, Matelco, Matec Global, Object Source, Appcelerate and Mavoda. Revenues for the year to 31 December 2015 rose by a fifth, with operating profits up £300,000 to £3m.

99 Q Associates

Revenue: £27.6m

Profit margin: 2.0%

This server, storage and cloud specialist hasn't reported any new numbers since we compiled *Top VARs 2015*. For the year ending 31 March 2015, revenues fell five per cent and an operating loss of £723,000 was reversed to a profit of £539,000.

98 Civica Services

Revenue: £27.8m

Profit margin: 3.4%

Revenues for public sector software giant Civica's volume licensing arm, Civica Services, fell from £30.3m to £27.8m year on year in its fiscal year to 30 September 2015. Operating profit also fell fractionally, from £975,000 to £933,000. Holding vendor partnerships with the likes of Microsoft and Snow Software, the

Putney-based outfit specialises in software advisory and fulfilment, professional services and managed services.

97 Red Stack Tech

Revenue: £28.1m

Profit margin: 6.7%

This Oracle Platinum partner now calls itself Red Stack Tech 'a Data Intensity Company' to reflect its acquisition by a US peer in September. For its year ending 31 December 2015, the Chelmsford-based firm added £9m in revenues and saw operating profit bulk up from £324,000 to £1.9m. Starting as e-DBA in 1998, Red Stack assumed its current identity last January when it merged with business analytics specialist 3sixty-analytics.

96 Intrinsic
Revenue: £28.1m

Profit margin: 2.2%

We have had to recycle last year's figures for this Merseyside-based Cisco and Avaya partner due to a change in its financial year. Its trading arm posted a £625,000 operating profit on revenues that fell 17 per cent.

95 eBECS
Revenue: £28.4m

Profit margin: 7.3%

A new entrant to the *Top VARs* arena, this Chesterfield-based CRM, ERP and BI specialist operates in the UK, North America and the Middle East. Strong global demand for the Microsoft Dynamics product stack underpinned a 36 per cent rise in revenues for the year ending 31 March 2015. In November 2016, it sealed a pact with global services giant CSC to be a channel delivery partner around Microsoft Dynamics. Operating profit rose from £370,000 to £2.1m.

94 Midshire
Revenue: £28.5m

Profit margin: 6.8%

Founded in 1990, this West Bromwich-based print, telecoms and IT reseller has been enjoying a period of solid growth. Its four constituent companies posted a combined operating profit of £1.93m on revenues of £28.5m in the year to 31 August 2015. 2016 numbers that the company shared with us show its revenues rising again to more than £30m. Partnering with the likes of Samsung and HP, Midshire claims to have 12,000 installations across the country.

The dearly departed

Consolidation has continued apace in 2016, leading to the biggest shake-up in the *Top VARs* running order for years.

Trustmarque, Kelway, Azzurri, Selection Services, Lanway and Richardson Eyres are among the *Top VARs* alumni to have been gobbled up since the last edition.

This sextet's new owners, Capita, CDW, Maintel, Coretx, Chess and Telent, respectively, all either make their debut in *Top VARs* (in the case of CDW, Coretx, Chess and Telent), or move dramatically up through the rankings this year (Capita from sixth to second and Maintel from 47th to 20th).

In fact, there are 17 new faces in *Top VARs* 2016, the biggest injection of new blood since the first edition in 2011. This is due partly to the market consolidation, as well as dramatic growth posted by some just below the cut-off point last year.

But we also conducted market research that identified several sizeable players we had — fairly or unfairly — overlooked in the past, with comms giant Daisy, global Cisco reseller WWT, Microsoft reseller Avanade, e-tailer eBuyer and Microsoft partner GCI being key examples.

All this means that most companies have seen their ranking in *Top VARs* fall, with only 17 improving their position on *Top VARs* 2015.

93 Olive Communications
Revenue: £28.7m

Profit margin: 7.0%

Claiming to be the UK's fastest-growing comms provider, acquisitive Olive grew revenues 63 per cent to £28.7m in its


Number of new faces in Top VARs 2017

2015 Top VARs alumni that have since been acquired (Kelway, Trustmarque, Azzurri, Selection, Onyx)

Number of firms that have improved their position on last year

Places Maintel has climbed in rankings due to Azzurri acquisition

year ending 31 January 2015, although operating profit slipped three per cent to £2m. The High Wycombe-based unified comms specialist claims to be Vodafone's second-largest Platinum partner by connection volumes and also works with Mitel, Microsoft and BlackBerry.

TOP VARs

Q&A: Ben Boswell, WWT

World Wide Technology (WWT) is Cisco's largest partner globally. Its regional director for Europe discusses the firm's expansion plans for the UK and Europe

WWT is a big player in the US, but a new face for Top VARs. Can you tell us about your business model for the UK and European market?

We focus on Fortune 100 and FTSE 100 organisations and build our teams to support those accounts globally. Our customer base continues to grow within Europe, and our go-to-market is focused on servicing large regional and global customers.

From a global perspective, we have offices in London, Amsterdam and a couple of remote satellite offices depending on where our customers are across Europe, and across Singapore, Hong Kong, Tokyo, São Paulo and India.

How large is your UK business?

The UK office launched at the start of 2012. We currently have a headcount of about 42 there and 65 in Amsterdam, so in all about 100 full-time employees for Europe. But we have a fairly sizeable contingency workforce for delivering services. We first started off with large US nationals [customers], but we are beginning to win sizable

European accounts because our size and scale here locally has grown.

What is WWT's core business?

Our business is centred firmly upon assisting our clients with both software and technology integration programmes, encompassing agile software development, data analytics, cybersecurity, IoT and core infrastructure consulting underpinned by our lab services, advanced technology centre and global integration technology centres.

What are your growth plans?

We have grown our European business by over 50 per cent this year.

We plan to launch WWT Asynchrony Labs [in the UK] on 1 January 2017, enhancing our regional capability to deliver IoT and data analytics solutions.

I would expect from a top-line perspective to grow the European business by 25 to 30 per cent as a minimum next year. Our aspirational goal is to grow by 50 to 60 per cent again.



92 Adept Telecom

Revenue: £28.9m

Profit margin: 11.3%

Last year saw AIM-listed Adept plough on with its transition from a traditional fixed-line services provider towards a managed services provider. Thanks in part to its acquisition of Avaya partner Centrix, managed services rose to from 27 to 44 per cent of its total revenues, which were up 31 per cent in the year to 31 March 2016. It highlighted its success in the public sector, revealing it now supplies 38 councils, up from 25 a year earlier. Operating profit rose 42 per cent to £3.4m.

91 Edenhouse Solutions

Revenue: £30.3m

Profit margin: 18.5%

Founded in 2008, this SAP consultancy makes its first appearance in Top VARs after growing sales by 36 per cent in its fiscal year ending 31 March 2016. It held up its "significant investment" in SAP's S/4 HANA suite as evidence of its early-adopter approach, which it sees as a key differentiator. Operating profits beefed up by over £2m to £5.6m, giving it an operating margin of 18.5 per cent – among the highest here.

90 Zensar

Revenue: £30.4m

Profit margin: 11.0%

The UK subsidiary of this Indian software and services outfit grew nine per cent in its fiscal year ending 31 December 2015, with operating profit rising slightly to £3.3m. The Oracle, SAP and Salesforce partner said it secured nine new orders from the UK and Europe during the period.

89 IT Lab
Revenue: £31.1m

Profit margin: 8.9%

Following its merger with Mancunian Microsoft partner JMC IT last May, this London-based MSP has become a £30m-revenue player, with 300 staff and 750 customers. The figure above is taken from the 2016 *Sunday Times Fast Track* list, in which it ranked 80th. IT Labs' most recent audited accounts, for the period to 30 September 2014, show operating profit hitting £1.2m on revenues of £13.6m.

88 Excitech
Revenue: £31.7m

Profit margin: 10.4%

Having recently celebrated 30 years in business, CAD specialist Excitech claims to be the UK's largest Autodesk Platinum partner. Revenues for the year to 31 May 2015 bounced 32 per cent, which the Enfield-based outfit put partly down to the continuing recovery in its core construction vertical. Operating profits of £3.3m, up from £1.8m in 2014, gave it a healthy margin of over 10 per cent.

87 Printerland
Revenue: £32.1m

Profit margin: 10.6%

Audited figures for the year ending 31 March 2015 show revenues rising six per cent and operating profit increasing by nearly £1m to £3.4m for this Cheshire-based print reseller. The recent roll out of a new CRM system will lead to a £4m revenue uplift in its current fiscal 2017, following a "steady 2016" (numbers for which are in the process of being audited) the firm told us. In September, Printerland

rekindled its sponsorship partnership with Sale Sharks after a five-year hiatus.

86 SecureData
Revenue: £32.8m

Profit margin: 3.5%

This managed security services provider posted a second year of double-digit growth as heightened awareness of data breaches boosted demand for its offerings. Revenues for the year to 31 July 2015 powered up 15 per cent, while operating profit rose by over £200,000 to £1.2m. Cloud services, via SecureData's Greater Intelligence platform, will be a focus for the year ahead, said CEO Etienne Greeff, who led an MBO of

the cybersecurity specialist in 2012.

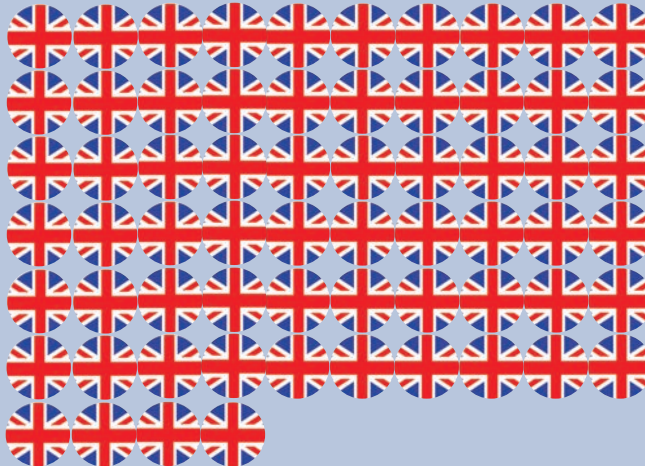
85 Spectrum Computer Supplies
Revenue: £33.8m

Profit margin: 4.2%

This Bradford-based firm said its 2015 financial performance reflected the "continued competitive nature" of the computer consumables market in which it operates. The firm's sales for the year to 31 October 2015 slid another 12 per cent following a 24 per cent fall in 2014. Operating profit also slipped, from £2.2m to £1.4m. A hybrid reseller and distributor, Spectrum says that it is able to provide next-day delivery of stock courtesy of its central warehouse.

Ownership status of the 100 firms
INTERNATIONAL

UK PUBLIC COMPANY

UK PRIVATE COMPANY


Analysis: ‘Don’t call us a reseller’

In September, one of the leading firms in our market published a blog about the “death” of the term ‘VAR’, saying they had banned it from their office.

They are not alone in believing the terminology we and others use to describe the ecosystem of companies that sell, service and support third-party IT hardware and software is becoming outmoded.

Many resellers are developing their own IP, or are moving deeper into services and cloud, and consequently see the vendor badges they carry as becoming less important.

There are others — Softcat, for example — which continue to embrace the term.

Some may point out that most firms in this report — no matter how they brand themselves — draw the majority of their revenue and even gross profit from reselling third-party hardware, software and services.

Nevertheless, how our readership refer to themselves, and how this is changing, provides a snapshot of where the IT channel is moving.

In light of this debate, this year we have looked at how the 100 firms in this research refer to themselves. We have taken the most succinct description each firm uses in its company literature, be that in its annual accounts, its Google search page summary, or on its website.

Ten of the 100 — SHI, Phoenix Software, Jigsaw24, Storm Technologies, CAE, Millgate, Grey Matter, Printerland, Midshire Business Systems and Probrand — employ the term ‘VAR’ or ‘reseller’.

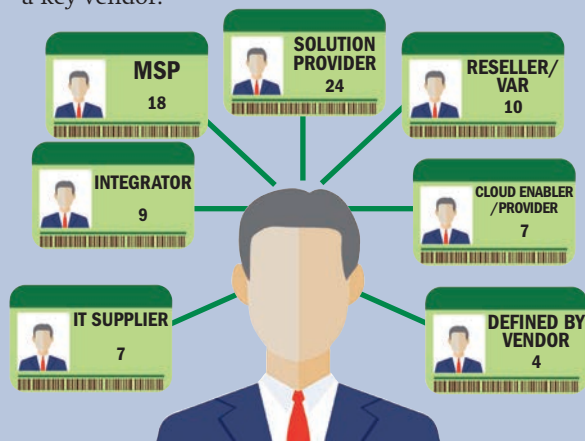
But two other terms — managed services provider (MSP) and solution provider — are more in vogue.

Some 18 firms — Logicalis, Alternative Networks, Maintel, Apogee, Redcentric, Avanade, K3,

Annodata, Timico, Coretx, GCI, Cisilion, CSI, Esteem, SecureData, The IT Lab, Adept Telecom and Olive Communications — described themselves as some flavour of MSP. Many of these firms come from a networking or comms background.

Meanwhile, some 24 use ‘solution provider’, or at least ‘solution’, in their description of what they do. This includes many larger players, including Capita IT Enterprise Services, SCC, CDW, Insight, XMA, Logicalis, Danwood and Chess.

Nine firms brand themselves as either integrators, systems integrators or network integrators, seven describe themselves as IT suppliers, or variations on that theme and another seven see themselves as cloud enablers or cloud providers of some sort. Just four, Apple partner Stormfront, SAP consultancy Edenhouse, Microsoft Dynamics specialist eBES, and Oracle ‘technology brand’ Red Stack Technology, define themselves in terms of their relationship with a key vendor.



84 Novatech

Revenue: £33.8m

Profit margin: 1.9%

A cull of unprofitable business customers led this Portsmouth-based system builder to record a fall in sales and rise in profits for its year ending 30 April 2016. In an effort to reduce its cost of sale, Novatech raised “significantly” the threshold for lower-spending customers it account manages during the year. As a result, revenues fell eight per cent

but operating profits rose from £193,000 to £640,000.

83 Trams

Revenue: £33.8m

Profit margin: 2.0%

This Apple specialist claims it successfully combated shrinking margins and the threat of direct-selling cloud providers in its fiscal 2015 by diversifying into niche areas such as storage, where it saw particular success in the broadcast

sector. That was reflected in its top and bottom line as revenue for the 12 months to 31 December 2015 rose five per cent and operating profit clambered from £449,000 to £685,000.

82 Esteem

Revenue: £34.2m

Profit margin: 3.1%

This Wetherby-based Citrix, Oracle and Dell partner says it exited its fiscal 2015 with a “solid platform

for further growth", despite reporting a decline in both its top and bottom lines. Turnover fell one per cent, while operating profits dropped by two thirds to £1.07m, which it attributed partly to reduced margin on vendor maintenance services. But a glut of managed services deals won in the final quarter, alongside its inclusion in some large public sector frameworks, gave it cause for optimism for fiscal 2016.

81 Bechtle

Revenue: £34.4m

Profit margin: 4.1%

One of Europe's largest resellers, Germany-headquartered Bechtle's UK business continues to expand, with revenues up 14 per cent in the year to 31 December 2015. Operating profits rose too, from £1.3m to £1.4m. In 2014, €2.8bn-revenue Bechtle formed GITA, a global reseller alliance that includes Atea in the Nordics and PC Connection in the US.

80 The Saville Group

Revenue: £34.9m

Profit margin: 2.8%

Longevity is a key selling point of this audiovisual VAR, which started as a pharmacy in its native York in 1876. Today, it claims to be the UK's largest specialist supplier for audiovisual, multimedia and videoconferencing technology, with 250 staff in 10 locations. Revenues for its financial year ending 31 December 2015 were flat, while operating profit rose by over £200,000 to £993,000.

79 Probrand

Revenue: £34.9m

Profit margin: 0.8%

Boom times

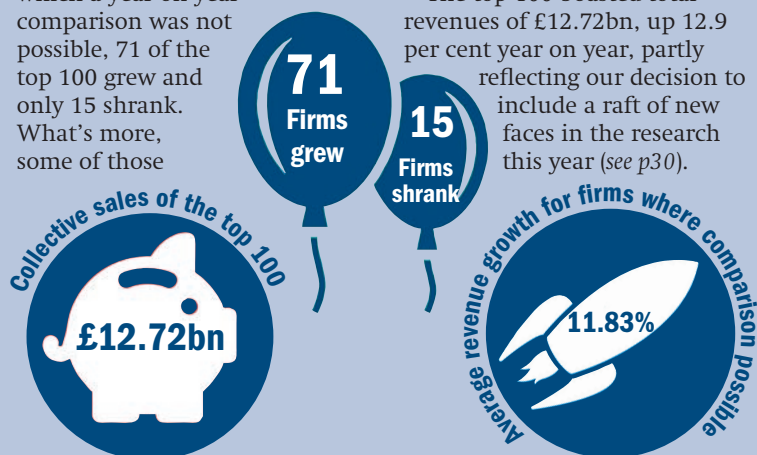
The global IT market may have contracted by five per cent in 2015, according to Gartner, but the vast majority of the UK's top resellers, SIs and MSPs managed to defy this and grow revenues in their most recent financial year.

Stripping out the firms whose revenues were artificially bolstered by transformational acquisitions (such as Maintel and Capita), and those for which a year-on-year comparison was not possible, 71 of the top 100 grew and only 15 shrank. What's more, some of those

whose sales dropped back (for instance SCC and TSG) said they had deliberately forsaken easy revenues as they transition towards higher-margin services.

The average percentage growth experienced by these 86 firms was 11.83 per cent. Cumulative revenue growth for this 86 was lower, at 6.2 per cent, partly reflecting the flat results at some of the larger players, such as Computacenter and SCC.

The top 100 boasted total revenues of £12.72bn, up 12.9 per cent year on year, partly reflecting our decision to include a raft of new faces in the research this year (see p30).



Revenue growth was not a priority for this Birmingham-based reseller in 2015 as it switched its focus to developing new digital technology. This, it said in its directors' report, has helped differentiate it from other VARs. Turnover for the year to 31 December 2015 fell 16 per cent, while operating profit more than halved to £271,000.

78 GBM Digital

Revenue: £34.9m

Profit margin: 1.9%

Specialising in Apple solutions for education and businesses, Manchester-based GBM has virtually doubled sales over the last two years. Case studies on its

website include helping specialist school Woodlands Centre with a 1:1 iPad deployment. For its year ending 31 December 2015, operating profits dipped eight per cent to £674,000 on revenues that rose 51 per cent.

77 TSG

Revenue: £36.3m

Profit margin: -3.4%

Sage co-founder Graham Wylie set up TSG in 2003 and invested a further £2m in the Microsoft, Sage, HP and Sophos partner in its fiscal 2015. A seven per cent fall in revenues for the year to 31 March 2015 was "not unexpected", its annual accounts said, and reflected

Fine margins

Since its inaugural edition in 2011, *Top VARs* has ranked the top 100 players in our industry by revenue, and that continues to be the case today.

But with more emphasis being placed in our industry on the bottom line than ever, we have for the first time listed the operating margin percentage for each of our hot 100, where possible. You can see this just below the revenue figure in each entry*.

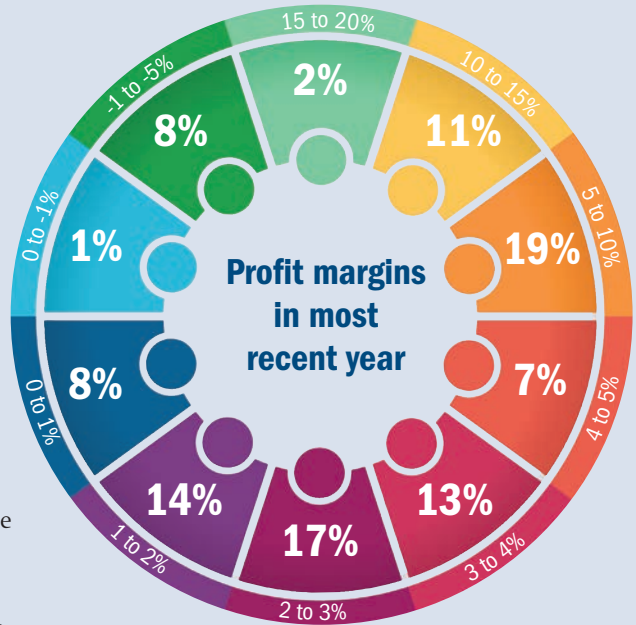
Some firms prefer other measures of profit, including net profit and EBITDA. We chose to standardise around operating profit (EBIT) because it is the only figure almost all of the entrants publicly list.

Countless top VARs referenced their efforts to walk away from low-margin tin deals and embrace higher-value services activities in their annual commentaries.

And that trend appears to be in evidence when analysing average operating margins across the 90 firms for which we obtained an operating margin figure for their most two recently reported years.

The average (mean) margin stands at 4.18 per cent for this year, up from 3.41 per cent a year previously.

That arithmetical average is, however, skewed by a number of niche, services-focused firms making margins of close to 20 per cent. The median figure is

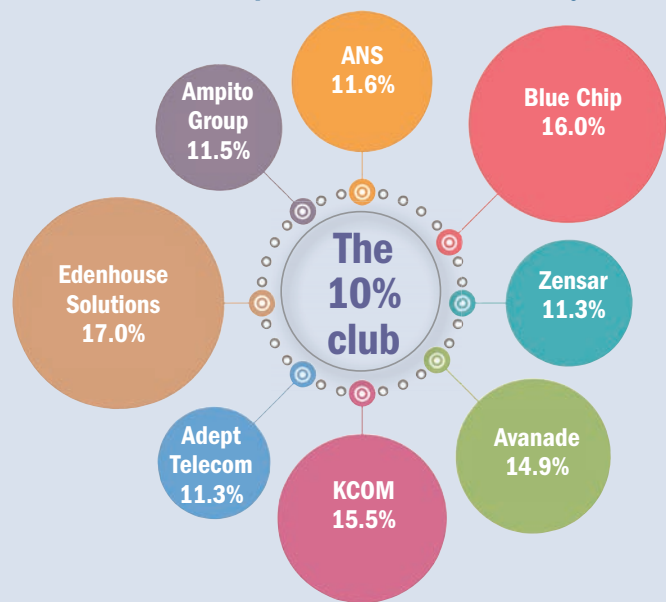


a shade lower for both years, at 3.2 per cent this year and 2.7 per cent last year.

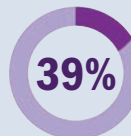
*In most, but not all, cases, the operating margin listed is for the same period as the revenue figure.

Although we have listed operating margin figures for RM, Capita and Computacenter, they are marked with an * because they are adjusted or underlying figures, and we have excluded them from this analysis.

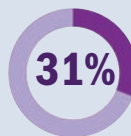
The eight firms with an average operating profit margin of more than 10 per cent over the last two years



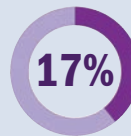
Percentage of firms with >10% operating margin



Percentage of firms with 3 to 10% operating margin



Percentage of firms with 1 to 3% operating margin



Percentage of firms with <1% operating margin

Q&A: Martin Hess, OCSL

OCSL's chairman says the HP partner has found that its competitive landscape is changing as it moves deeper into services

Many people will know you from your time at HP. What was your view of OCSL before you joined in March?

What I liked was that they were already embarking on the

transformation of the business from being hardware-centric to being services-centric. I've just helped to crystallise some of the thinking, particularly around cloud. The strategy is clear and now it's about making sure we can scale it.

What is the product versus services split for OCSL?

It's about 60-40 but next year I think it will be about 55 to 45. The percentage isn't changing as quickly as we thought it would because the hardware business is holding up slightly better than we expected.

What's in store for OCSL?

I think we are going to become a bigger player in cloud and will get a stronger reputation around Azure. There are customers starting on their journey to cloud so I would expect us to win a lot more business there. We are also going a bit more multi-vendor on the hardware, although HP will still be our bedrock.

Is your competitive landscape changing?

Yes, inevitably. In some areas we are starting to compete against the big boys in managed services but we will also be up against the Avanades of this world as we start competing more in the Microsoft space.

We have won some really chunky deals so we'll go into next year with a backlog that is twice the size of the business we booked this year.

Are you comfortable with being described as a 'VAR'?

I don't describe us as a VAR any more. Traditionally, OCSL was defined by its relationship with HP but we're beyond that, and we need to tell the world we stand for something different. If you need to call us a VAR because [the industry] hasn't come up with a better name, that doesn't bother me.

■ See p8 for more data on how resellers refer to themselves.



"failings" of the previous year and its conscious decision to focus on rebuilding recurring revenues. A 2014 operating loss of £4.3m was reduced to a £1.2m deficit this time around, reflecting the 400-employee firm's efforts to trim its fixed cost base.

76 Grey Matter

Revenue: £36.8m

Profit margin: 2.8%

This software reseller achieved sales and profit growth in its fiscal 2015 despite citing "demanding market conditions" in its annual accounts. Sales rose 12 per cent, while operating profit topped the £1m mark, up 15 per cent year on year.

During the year, it refurbished its Ashburton headquarters to "ensure the premises can meet the needs of the company going forward".

75 DTP

Revenue: £37.3m

Profit margin: 1.3%

Loyalty to HP and HPE remains a defining characteristic of this higher-education focused, Leeds-based VAR. DTP boosted its stake in analytics start-up Solutionpath to 55 per cent at the start of its fiscal year ending 30 June 2015. This helped it record five per cent revenue growth and reverse a £354,000 operating loss last year to a £491,000 profit.

74 PC Specialist

Revenue: £37.9m

Profit margin: 0.9%

This Wakefield-based PC assembler's recent move to a bigger facility saw it invest heavily in improved production methods and machinery. It packed over £5m onto its top line in fiscal 2015 but operating profit shrank from £580,000 to £356,000. Its website offers a range of custom gaming PCs and overclocked Intel PCs.

73 Zones

Revenue: £38m

Profit margin: -1.4%

TOP VARs

This US VAR continues to grow its UK business but admitted in its recently filed 2015 accounts that a post-Brexit market “will lead to more challenges” as it expands across the EU. Revenues for the 12 months to 31 December grew 29 per cent, although operating losses widened from £304,000 to £520,000. Some £11.8m of the figure above came from the wider EU, and Zones said it is “evaluating the benefit of incorporating a separate business entity in the EU”.

72 CSI

Revenue: £39.1m

Profit margin: 5.5%

It was a transitional year for this London-based IBM and SAP partner, as it attributed a fall in revenues and profits to the investment it is making in its journey from reseller to MSP. For calendar 2015, revenue dipped eight per cent, while operating profit virtually halved to £2.1m. Investments made during the year have positioned it as one of only a “handful” of partners skilled in both IBM Watson and SAP Hana/S4 Hana, CSI said.

71 RedstoneConnect

Revenue: £40.1m

Profit margin: -1.7%

New management at this cabling and networking VAR have sold off its loss-making comms arm, refocused it entirely on its core smart buildings market, and rebranded it from Coms to RedstoneConnect. Although the AIM-listed firm has returned to profit, it was still in the red in its fiscal year to 31 January 2016, with operating losses halving to £696,000. Revenue from continuing operations rose from £29.5m to £40.1m.

70 MTI

Revenue: £40.8m

Profit margin: 2.2%

This storage VAR’s growth run ground to a halt in its fiscal 2016 as “buyer indecision around cloud” and increased competition were blamed for a five per cent sales fall. The acquisition this autumn of MTI’s key vendor partner, EMC, by Dell, should open up opportunities for the business, which has 110 staff and offices in Godalming, Worthing, and Manchester, its director’s report said. MTI

derives a “large and profitable revenue stream” from providing EMC maintenance services, and operating profit rose from £504,000 to £887,000.

69 Sabio

Revenue: £41.7m

Profit margin: 6.6%

This comms VAR is primed for expansion in Europe and Asia after new private-equity backer Lyceum awarded it a £30m acquisition war chest in July. Sabio burst through the £40m revenue mark in its fiscal 2015 ending 30 September, which it said confirms its status as one of the UK’s leading specialist contact centre systems integrators. The 21 per cent growth in sales did not come at the expense of the bottom line, as operating profits grew more than £1m to reach £2.8m.

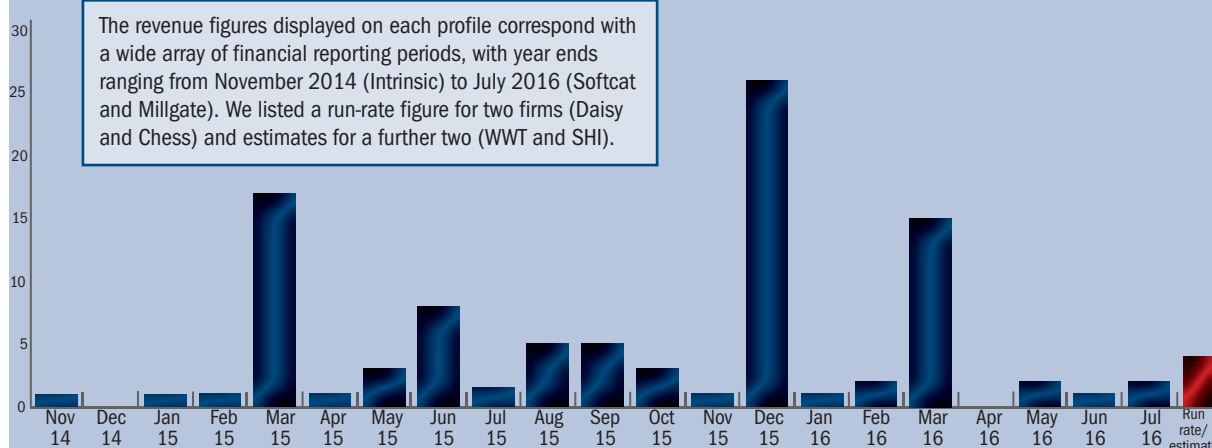
68 Comparex

Revenue: £42m

Profit margin: -2.3%

This software licensing specialist was in growth mode in its fiscal 2015, opening an office in York and expanding headcount from

Year ends for top 100



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Winning the talent tussle

*The skills shortage is forcing resellers and other IT suppliers to look outside the industry to fill sales roles. **Marc Sumner**, founder of IT sales and marketing recruitment specialist Robertson Sumner, offers his advice on how to spot good salespeople with no industry experience*

Competition for sales professionals with reseller experience is fierce. The industry is growing faster than the talent is maturing. Historically, resellers looking to hire salespeople could insist that everyone had two years' experience at a competitor and were able to bring a "book of business" with guaranteed earnings. But all that is changing.

We are finding that almost 60 per cent of all new sales and marketing people joining a reseller come from outside the sector and often from outside the IT industry altogether. This is a huge jump from 30 per cent last year and shows that resellers are having to be open minded and grow their own talent pool.

1 Keep an open mind

Experienced salespeople are expensive and have their choice of roles. Superb salespeople from other backgrounds are keen to join the IT sector and offer tremendous value for money and bring new ideas into a business.

2 Interviews – a two-way street

Candidates are increasingly put off by employers who simply grill them about their client base and the business they can bring with them. They expect the employer to sell them the opportunity of the role along with the values and culture of the business.

3 Transferable skills – the new currency

Employers need to be confident in assessing transferable skills. Ask the candidate for real scenarios that demonstrate their competencies. For example:

- Experience in learning a new sector
- Demonstrable customer service ethos
- Evidence of delivering on targets
- Effective negotiation skills
- Ability to achieve conflict resolution



4 Feedback is king

Candidates expect full and honest feedback after each interview. Vague or inaccurate feedback adversely affects the candidate's attitude towards an employer.

5 Counter the counter-offer

A counter-offer can mean a potential employer either loses the candidate or pays them too much and risks an imbalance on

the existing team.

For today's candidates money is not the only negotiable part of an offer.

Be prepared to negotiate on the benefits packages and the flexibility of the job, whether it's

working from home, having a senior mentor, being included in leadership groups or having access to training opportunities. These things can encourage a candidate to prefer one role over another. Ask them what they want!

6 On-boarding – the final furlong

Once you've successfully secured new talent, the next priority is to successfully on-board them:

- **Make time.** Welcome them and outline the business and the expectations of the sales team. Check in with them informally each day.
- **Be prepared.** Ensure the IT systems are ready; all log-ins have been created; and any kit including phones, laptops and other equipment is set up.
- **Support them.** Allocate a successful colleague/ team member as a buddy to help the new starter get up and running. Let the buddy know in advance and discuss what they might need to do.
- **Get training.** Discuss the internal training available and set up time with vendors and within the wider network to ensure they know how to sell a product or service.
- **Set clear targets.** Discuss KPIs within the first month and agree first targets together.



38 to 59. But its efforts to snag new customers, along with falling public sector margins, hit its bottom line, with operating losses reaching £969,000, compared with a £208,000 loss last time around. Comparex has this year centralised some UK business functions to its native Germany.

67 Blue Chip

Revenue: £42.2m

Profit margin: 19.7%

Founded in 1987 as an IBM mid-range maintenance specialist, this Bedford-based firm claims it has grown to become the UK's largest independent support firm for Big Blue. It had a barnstorming fiscal 2016, with revenues climbing 22 per cent and operating profit virtually doubling to £8.3m. A specialist in IBM i and AIX servers, it claims to have over 850 clients.

66 Cisilion

Revenue: £43m

Profit margin: 2.8%

This Cisco Gold partner returned to growth in its fiscal 2016, with revenue swelling 20 per cent and operating profit more than doubling to £1.2m. Alongside its main sales office in Heron Tower and back-office hub in Leatherhead, Cisilion has a physical presence in New York and Hong Kong to service international clients such as Bloomberg, Sony and Sega.

65 Stormfront

Revenue: £46.8m

Profit margin: -0.2%

This Apple Premium Reseller (APR) blamed an annual operating loss of £72,000 on a slump in sales of core products, such as iPads. Sales fell 11 per cent in the year to 30 September

2015, but the Exeter-based outfit, which operates 23 stores, said in its annual accounts that it expects to "grow significantly" after Apple granted its APR partners the right to stock iPhones.

64 Millgate

Revenue: £47.2m

Profit margin: 2.9%

This Sheffield-based VAR enjoyed another year of solid growth in the 12 months ending 31 July 2016. Buoyed by growth in managed IT services, cloud and unified communications sales, revenues rose by over £3m to £43.9m, though operating profit fell slightly to £1.3m. Sister company, wireless comms specialist Millgate Connect, contributed a further £3.3m of revenue and £95,000 of profit.

63 ANS

Revenue: £47.4m

Profit margin: 12.4%

This Manchester-based Cisco, NetApp and VMware partner says it has completed its transition to a cloud service provider following its acquisition of virtual network operator Eison in January. ANS is one of the more profitable firms in this research, with operating income rising from £5.1m to £5.9m on flat revenues of £47.4m for its year to 31 March 2016, according to audited figures the firm shared with us.

62 Hardware Group

Revenue: £48.1m

Profit margin: 1.5%

This 110-strong Juniper, HPE, Dell, F5 and VMware partner saw sales fall four per cent in its fiscal 2015. It drew roughly half the total from overseas operations in the

US, South Africa and the Nordics. In August, the Swindon-based outfit appointed a new CFO/COO in the shape of Gwyn Hicks — previously the group finance director of the UK's largest golf and leisure operator, Crown Golf. Operating profits for 2015 were down fractionally to £713,000.

61 GCI

Revenue: £48.2m

Profit margin: 3.7%

This managed service provider claims to be one of Microsoft's most decorated partners following its purchase of the assets of Microsoft cloud specialist Outsourcery in a pre-pack deal in June. Sixty of its 300 employees are Microsoft certified professionals. For the year to 31 December 2015, revenues fell six per cent although operating profit trebled to £1.8m. Having acquired three firms so far in 2016, the Lincoln-based outfit has promised more M&A after bagging a £50m acquisition growth fund in October.

60 Axians Networks

Revenue: £48.2m

Profit margin: 6.2%

This Juniper Networks partner, previously known as Imtech ICT before it was acquired by French construction firm Vinci, bounced back from its first ever annual loss to report a "strong year of trading" in the 12 months to 31 December 2015. Revenues for the Basingstoke-based networking, security, datacentre and analytics specialist beefed up 13 per cent, while an operating loss of £2.3m was reversed to a £3m profit this time around. The firm said it would maintain its focus on the service provider and public sectors.

TOP VARs

59 Coretx

Revenue: £49m

Profit margin: -6.8%

A new entrant to *Top VARs*, Coretx is an amalgam of two firms acquired by Castle Street Investments at the start of 2016: Selection Services and C4L. We arrived at the number by adding up the stated revenues of the duo at the time they were acquired. In its interim results to June 2016, AIM-listed Coretx reported an operating loss of £3.3m (due to a number of one-off costs) on revenues of £19.2m, 84 per cent of which were recurring. This was with five and a half months' contribution from Selection Services and four and a half months from C4L. The goal is to create a £100m mid-market cloud and IT managed services player.

58 European Electronics

Revenue: £50.1m

Profit margin: 0.6%

Budget cuts and "a lack of focus on technology" in the schools market led to a second consecutive annual sales fall for this education specialist. On the plus side, the Oxfordshire-based HP, Microsoft and Lenovo partner said its Freedom cloud solution generated "good returns", while sales to universities and colleges grew "significantly", a sector it hopes to pursue further on the back of its recent appointment to the JISC framework. Operating profits for the year to 31 March 2016 rose from £11,000 to £309,000.

57 Academia

Revenue: £50.7m

Profit margin: 0.2%

Academia unveiled a services focus in May as it announced it is withdrawing from low-margin

education framework business. Its 2015 results underline the motivation: although revenues rose 16 per cent, operating profit fell by almost three quarters to £108,000. The Enfield outfit wants to be seen as the "preferred supplier for Apple-based solutions in the education sector, focused on services" and is one of just six resellers on a new Apple universities framework.

56 Proact

Revenue: £51.6m

Profit margin: N/A

This storage integrator's UK arm returned to growth in 2015. UK accounts for the year ending 31 December 2015 were yet to be filed, so we used figures from its Swedish parent's annual report. Based on historical currency conversions, UK revenues rose by a quarter last year, while pre-tax profit more than quadrupled to £1.3m. In January, UK CEO Jason Clarke was appointed to lead the wider group, which has 740 staff across 14 European countries and the US.

55 Total Computers

Revenue: £51.8m

Profit margin: 2.3%

Having packed £40m onto its top line in four years, this Kettering-based outfit's ascent up the *Top VARs* table continues. Calendar 2015 revenues rose 17 per cent, although operating profit fell from £1.6m to £1.2m, which it said reflected investments in its business and efforts to bolster its management team. Total Computers' plan is to now offer more services in-house.

54 NSC Global

Revenue: £51.9m

Profit margin: 7.9%

This globe-trotting, London-based Cisco Gold partner now claims to have 2,000 staff in 25 regional offices across the world. Revenue for the 12 months to 31 October 2015 swelled 18 per cent on 2014's figures, which the company had to restate "to reflect corrections identified by the directors". Operating profit rose nearly tenfold to £4.1m, which NSC Global said was partly due to a reduction in its administrative expenses.

53 Timico

Revenue: £52.8m

Profit margin: 5.2%

Having made a double swoop of the telecom VAR activities of Coms and IT managed services provider Wirebird this May, Timico Technology Group has moved more squarely into our market, warranting its inclusion in *Top VARs* for the first time. The Nottinghamshire-based firm supplies managed IT, unified comms, managed network, hosting and mobile solutions to enterprises, SMBs and through the channel. Its operating profit more than doubled to £2.7m on revenues that rose 25.5 per cent in its year ending 31 December 2015.

52 NTT Data

Revenue: £54.6m

Profit margin: -3.6%

As it is one of the largest deployers of SAP, Oracle and Salesforce globally, we have opted to include NTT Data in this research for the first time. The Japan-headquartered systems integrator's UK arm, whose headquarters are at the Royal Exchange in central London, saw revenues rise 13 per cent in the year to 31 March 2015. But efforts to invest in long-term growth hit gross margins and consequently a

small operating profit of £37,000 in 2014 was reversed to a £2m loss this time around.

51 ProAV

Revenue: £55.2m

Profit margin: 2.0%

A specialist in audiovisual, videoconferencing and large format display systems, ProAV's last reported financial year went as it had forecast. Thanks to growth in the corporate sector, its operating profits for the 12 months to March 2015 rose from £987,000 to £1.1m and revenues beefed up eight per cent. A new network operations centre is helping to pull in new domestic and overseas customers, the Egham firm stated.

50 AVMI

Revenue: £55.2m

Profit margin: 4.0%

This audiovisual specialist has not filed any new numbers since Top VARs 2015. Having recently launched its first US office in New York, in August the Sunbury-on-Thames outfit announced it had secured the custom of a "major" Wall Street client. It now has 400 staff, including 230 engineers. For its financial year ending 30 June 2015, revenues slipped five per cent, with operating profit flat at £2.2m.

49 CAE

Revenue: £56.2m

Profit margin: 1.9%

Like many others in this report, this Watford-based reseller picked out its efforts to focus on value over volume as a key theme in its fiscal 2015 accounts. CAE describes itself as "fundamentally manufacturer agnostic" but counts Cisco, HP,

Microsoft and Citrix among its key vendors. It also sells its own services under the Agility Services name. Its services focus was evident in its figures for the year ending 30 June 2015, as operating profit growth of 41 per cent to £1.1m outpaced a six per cent revenue rise.

48 Altodigital

Revenue: £59m

Profit margin: 3.1%

We had to recycle numbers for this print and office equipment specialist because it hadn't posted any new accounts since last year's report. For its year to 31 March 2015, operating profit fell by £1m to £1.8m on revenues that rose 17 per cent. The Leighton Buzzard-based firm has 500 staff and claims to look after over 35,000 printing and copying devices and managed services.

47 NG Bailey IT Services

Revenue: £59.7m

Profit margin: 5.0%

This voice, data and cabling specialist said it delivered a "strong performance in a competitive market" in its fiscal 2016 ending 26 February, despite seeing a slight dip in its top and bottom lines, to £59.7m and £3m respectively. Bagging a £50m contract with Fujitsu to deliver global connectivity services for the MoD was among the annual highlights for the Cisco Gold partner, which is part of facilities and engineering heavyweight NG Bailey. It claims to have got off to a flyer in fiscal 2017, with first-half sales up eight per cent annually.

46 MCSA

Revenue: £60m

Profit margin: 3.2%

This Buckinghamshire-based hardware maintenance and managed services provider has yet to formally report its numbers for the year to 31 March 2016 but told us informally that turnover was down by £1m to £60m. Its two constituent firms, Maindec and CSA Waverley, formally merged their brands at the start of 2016 to create the MSCA Group. Counting HPE, Microsoft, Huawei, VMware, Oracle, Veeam, Fujitsu and Lenovo as its key vendors, MCSA operates 15 service stations across the UK mainland and has about 145 staff. Operating profits in its last filed accounts, for 2015, hit £1.98m, flat year on year.

45 Centerprise

Revenue: £60.4m

Profit margin: 3.2%

Profits were up but sales were down for this Reading-based system builder and public sector specialist in a year in which it ploughed on with its 'volume to value programme'. While revenues for its year ending 31 August 2015 sagged five per cent, operating profit almost trebled to £1.95m. In April, Centerprise was one of 15 suppliers to win a place on the NHS Shared Business Services framework.

44 Vohkus

Revenue: £61.6m

Profit margin: 1.7%

Founded in 2001, this VAR's sales have nearly trebled since the financial meltdown of 2008/09. Revenues for the year to 31 May 2015 leapt 34 per cent, while operating profits widened from £180,000 to £1.1m. The Southampton-based outfit counts Cisco, HP, Microsoft, Dell and Nutanix among its key vendors and relies on the mid-sized corporate market as its main stomping ground.



What are the prospects for public sector suppliers in 2017?

Asks **Rob Anderson**, principal analyst, UK central government, at Kable

In a post-referendum, pre-Brexit world of economic uncertainty, what are the prospects for public sector suppliers in 2017? Theresa May and Philip Hammond may have signalled the end of the era labelled 'austerity' but the country's budget deficit is still a millstone and control of public finances will be kept tight, yet there is definite scope for optimism.

The Cabinet Office, through its Crown Commercial Service (CCS) and Government Digital Service arms recently reiterated its intention to expand its business with SMEs, but also indicated it is open to new propositions from suppliers of all sizes. In local government and other areas of public service delivery transformation remains a vital issue.

In addition to transformation, cloud platforms and data exploitation will be priorities. These may seem familiar to established observers of public sector ICT, but there are indications that the next year will see a confluence of these three strands that accelerates real adoption, resulting in a buoyant market.

True transformation involves consideration of technology, processes and people – the latter necessitating culture change. What has passed for digital transformation to date has mostly been a neater user interface and digitisation of forms. To effect the required step change in efficient service delivery, public bodies must invert their thinking in redesigning end-to-end processes to reflect citizens' needs using techniques such as customer journey mapping and robotic process automation.

Cloud computing is now an inevitable by-product of transformation as the availability of lower-cost standards-based platforms and superfast broadband tips the balance against multiple iterations of on-premise infrastructure. G-Cloud has been much vaunted as the key driver in the move to cloud, and will continue to evolve, with contract lengths likely to be extended.

2017 will bring greater acceleration of cloud use due to the arrival of UK datacentres from Microsoft, Google and Amazon Web Services. Data sovereignty has been an oft-quoted though much-abused barrier to cloud service uptake

which will disappear at a stroke. With partner ecosystems for all three delivering a multitude of as-a-service solutions to meet all manner of application requirements, the last vestiges of all-encompassing IT outsourcing arrangements will tumble as they reach their contract end dates.

The third area offering hope to IT providers is data exploitation. The government remains committed to delivering open data sets that facilitate re-use and innovation in public service delivery. It faces challenges in getting necessary data sharing legislation passed by Parliament, though this is due to a lack of clarity in categorising types of data. There will be a public backlash against citizens' personal data being openly shared and consequently at risk of misuse. But the unfettered availability of operational, performance and aggregated anonymised data on individuals offers tremendous opportunities for more timely service delivery, more and better connected services, reduced losses due to fraud and error, and ultimately a much improved user experience.

In terms of routes to market, CCS continues to strive to corral departments, agencies and authorities from all parts of the public sector to use its services and frameworks, and a healthy pipeline of market-centric frameworks is being built. Brexit will almost certainly have no immediate impact on procurement regulations – and is unlikely to in the longer term, given the UK's position in driving such legislation – so the rules of the game remain the same. Yet there is no substitute for good old-fashioned selling – getting to know your customer – either directly or through partners and building a relationship that delivers value and addresses their individual needs.

Opportunities abound for those organisations that clearly understand the public service market, its challenges and drivers, and can deliver agile, dynamic and innovative solutions that satisfy the key needs. Furthermore, the skills gap in the public sector is well documented. Supporting clients with knowledgeable, well-trained staff pays dividends. Investments in relationships will always trump investments in products.



43 Annodata

Revenue: £65.2m

Profit margin: 9.5%

Having beefed up its management team last year, this Hertfordshire-based managed print, networking and office supplies specialist is gunning for £100m turnover by next year. Accounts for the 12 months to June 2015 show revenue climbing 22 per cent on the back of its acquisition of Keltec, an IT services specialist that bolstered its managed IT and cloud hosting clout. The 300-strong firm also packed another £1m onto its bottom line, with operating profit rising to £6.2m.

42 Storm Technologies

Revenue: £72.3m

Profit margin: 3.8%

This HP, Microsoft and VMware partner enjoyed a barnstorming 2015, with operating profit hiking from £1m to £2.8m on revenues that mushroomed 21 per cent for its fiscal year ending 31 December 2015. The first half of 2015 saw the Watford-based firm, which is one of the few in this report to bill itself repeatedly as a VAR or reseller in its company literature, launch a procurement portal, One Portal, which it said was a “key contributor to our good results”.

41 NTT Security

Revenue: £73m

Profit margin: -4.7%

The NTT Security brand was only born in August when Japanese parent NTT united NTT Com Security (formerly Integralis) with other IT security assets in the group. In its last UK accounts, which were for an elongated 15-month period ending 31

March 2015, revenues reached £92.1m, with operating losses hitting £4.3m. The figure above is an informal number which management gave us for 2016 (see our interview with NTT Security's Garry Sidaway on p21 for more).

40 SoftwareONE

Revenue: £76.6m

Profit margin: 0.4%

This Switzerland-headquartered Microsoft, Adobe and VMware partner is increasingly focusing on cloud-based products, and recently made it onto a pan-European cloud framework for universities and research bodies, representing Microsoft Azure. UK revenues for calendar 2015 boomed 78 per cent while an operating loss of £550,000 for 2014 was reversed to a £333,000 profit.

39 Stone

Revenue: £79.3m

Profit margin: 0.1%

This Staffordshire-based system builder grew revenues seven per cent in calendar 2015. The bottom line, however, was hit by “unforeseen disruption” caused by a group restructuring and unfavourable changes to Microsoft's Technology Access Programme, a subsidised PC scheme for schools. Operating profit consequently fell from £2.9m to £91,000 (see interview with CEO Simon Harbridge on p23 for more).

38 OCSL

Revenue: £79.8m

Profit margin: 5.1%

This West Sussex-based HP partner hasn't posted any fresh numbers since last year's report. Revenue for its fiscal year ending March 2015

leapt 26 per cent. Operating profit followed suit, packing on nearly £1m to reach £4.1m. Informally, OCSL told us revenues for fiscal 2016 were roughly flat — around £82m — adding that it is enjoying “significant growth” in its current fiscal year. Read our interview with chairman Martin Hess (p11) for more.

37 RM

Revenue: £80.2m

Profit margin: 6.9%*

This publicly quoted outfit's core RM Education arm — the only bit of the business we felt was relevant to the IT channel — suffered a 28 per cent slump in sales for the year to 30 November 2015. Its adjusted operating margin, however, remained steady at 6.8 per cent as adjusted operating profit fell from £7.7m to £5.5m. Having pulled out of PC manufacturing a couple of years ago, RM recently announced it was making a return to the hardware arena by supplying third-party laptops, desktops, Chromebooks and iPads to its school customers, claiming its clients were demanding it offered a more comprehensive solution.

36 NCC Group

Revenue: £81m

Profit margin: N/A

This FTSE 250-listed outfit is one of the UK and Europe's largest cybersecurity consultancies following its acquisitions of UK-based Accumuli and Dutch counterpart Fox IT in 2015. Its total revenues rose 58 per cent to £209m in its year to 31 May 2016, with its security consulting activities generating £138.9m of that. Given that the UK arm of the business generated 58 per cent of total sales, we would estimate that the UK cybersecurity

TOP VARs

Q&A: James Rigby, SCC

SCC's CEO says investments the firm has made over the past year are paying off

In FY16 your UK business was 27 per cent services-centric. Do you see that as an important metric, and how high is that number likely to rise?

I suppose it is a key metric, but I would like to see both [product and services] grow. I could easily increase that [services] metric by reducing my product business even more. So in that respect, it is kind of a fake metric. I'd really like to see all the customers using all our offerings, including cloud and managed services. That's when the business works at its optimum.

What have been the key achievements of the past 12 months?

Realising the benefits of the datacentre and cloud acquisitions, and the success of the managed print business. We have made some bold and brave investments in the past couple of years. They are now paying off; we are winning

business, and we are filling up those datacentres to the point where we are expanding them.

Will that expansion be in your existing datacentres, or are more acquisitions likely?

This wave of expansion is for our existing facilities in Birmingham and Fareham. Once we have done that, we will have to acquire again, and we are looking at what to do when they fill up in 18 months' time. That is the key thing [in terms of acquisitions] – the portfolio is reasonably complete, and we cover all the aspects of infrastructure provision.

But we will certainly invest; you have to put a lot of cash into [the datacentre business], and that will take up a lot of our profit. In France we will acquire cloud and managed services business.

How big do you expect the SCC Vietnam operation to become?

We are going in with 40 people in support,

and I could see us at a couple of hundred in two years. In DevOps we are starting with 15, which could grow to 25.

Rigby Group is building a distribution business with the Nuvias operation – is there any relationship between that and SCC?

No, they are absolutely at arm's length. It is the same as we had with SDG in its day.

What are your objectives for the next 12 months?

Making significant progress in automating our services operations and continuing to grow our business in the mid-market – nothing particularly revolutionary. The more of that we can do, the more will go on the bottom line.



activities of NCC turned over an amount in the region of £81m last year.

35 Scan Computers

Revenue: £86.8m

Profit margin: 1.2%

The top and bottom lines of this custom PC builder and e-tailer both bulged in its fiscal 2015. Revenues leapt 21 per cent and operating profit more than matched that, pogoing 24 per cent to £1.06m. The Bolton-based firm, which claims to ship more than 1,500 orders a day and now has over 200 staff, said in its 2015 accounts that it anticipated a 12 per cent increase in "general activity" for the forthcoming year.

34 Jigsaw24

Revenue: £86.9m

Profit margin: 1.0%

Apple reseller Jigsaw24's ultimate parent, Insanely Great, said in its annual accounts that it enjoyed an "excellent" financial year, as revenue for the 12 months ending 31 May 2015 hit £86.9m, up from £75.8m in the previous 14-month period. Growth was driven largely by its June 2014 acquisition of rival Square, which bolstered its presence in London and contributed £16.3m to the top line. Operating profit stood at £891,000 but redundancy and other employment costs incurred in the integration of acquisitions pushed it to a net loss of £513,000.

33 Ultima

Revenue: £88.1m

Profit margin: 2.3%

Having taken the helm of this Reading-based VAR in 2015, CEO Scott Dodds declared in May that he is transforming the business to be "100 per cent cloud based", with the aim of boosting turnover to £150m. Sales for its financial year ending 31 March 2015 hiked 19 per cent. Ultima cited customer retention as a strong point, with 35 of its top 50 customers having also been a top 50 customer the previous year. Despite bemoaning margin pressure this time around, operating profit stood frozen at £2m.

Q&A: Garry Sidaway, NTT Security

NTT Security was formed on 1 August when Japanese telco NTT united its IT security assets – primarily NTT Security and US outfit Solutionary – under one roof. We catch up with its director of security strategy to find out more about the restructure and what he sees as the greatest threat facing customers

How would you assess the last financial year for NTT Security?

Given the market consolidation we've seen, and the emergence of the platform, I think we've done pretty well all around. Where we've identified emerging technologies – the likes of Elastica, Skyhigh and iSight – some have been acquired by the bigger players, and obviously the biggest one was Blue Coat and Symantec. All those transitions create a bit of disruption and uncertainty in the market, but the numbers have been solid.

Before NTT Security was formed on 1 August, you announced that all its sales staff would be transferred to NTT's three operating companies which will act as the front end of the new brand. Why are you doing this?

The strategy is to maximise where the right client engagement is with our operating companies and embed security into that, which is why we've made that significant change. We will still have a brand in the marketplace. We still have to drive profitable consulting and managed services off the back of embedding security into the operating companies' go-to-market models.

Where are you in that process? Have sales staff already been moved?



We have seen some movements already. We've seen some movements go through in Germany and in the US we have seen some movements, and that will continue going through. The guidelines are to get this done as quickly and smoothly as possible, but there is no fixed timeline.

We're seeing the emergence of some big pan-European security services firms that seem to mirror what NTT Security does. What do you make of that trend?

We identified quite some time ago, as Integralis, that the transition into services was paramount for us. We expect the competition to come in because that's what clients want, and certainly with NCC and SecureLink you are seeing that.

Everyone is talking about ransomware, but what is the biggest threat you see your customers facing?

While ransomware gets a lot of headlines – I think it's the 20th variant of code that has been developed – advanced analytics is where we are focusing. We have started collaborating across our operating companies, but also the wider technology communities, sharing data and then turning that into security intelligence for our clients.

32 K3

Revenue: £89.2m

Profit margin: 5.9%

This retail software specialist said it enjoyed a margin boost in its last financial year due to it embracing its own intellectual property. The AIM-listed Microsoft and Sage partner now draws a quarter of its total licence sales from K3-branded products. For the 12 months ending 30 June 2016, operating

profit grew nine per cent to £5.2m, outstripping revenue growth, which stood at seven per cent.

31 Buy IT Direct

Revenue: £104.1m

Profit margin: 1.7%

This e-tailer hadn't yet reported its 2016 numbers as we went to press, so we recycled those in last year's report. The Huddersfield-based firm sells computer equipment

and white goods to consumers and businesses via multiple websites, taking orders online, over the phone and face to face in two showrooms. Despite revenue for the year to 31 March 2015 rising just three per cent, operating profit vaulted fivefold to £1.7m.

30 Avanade

Revenue: £105.9m

Profit margin: 11.1%

TOP VARs

It may be a new entrant, but this joint venture between Microsoft and Accenture was formed in 2000. Avanade bills itself as a global business technology, cloud and managed services provider, and specialises in Microsoft enterprise technology. For its fiscal year ending 31 August 2015, the UK arm hit operating profits of £11.8m on revenues that rose three per cent to £105.9m. Last summer it acquired UK advisory outfit Cloud Talent.

29 Chess

Revenue: £109m

Profit margin: 8.0%

Having made over 100 acquisitions in its 23-year history, this comms provider has stepped up its M&A drive in recent months, snapping up IT reseller Lanway and the bulk of managed services provider Pinnacle this year. Given its enlarged scale, we have ranked Chess based on a 2017 run-rate revenue figure of £109m provided to us by the firm, which now employs 550 staff. For the year to 30 April 2016, Chess saw operating profits nearly double to £7m on revenues of £88m, up from £73.3m a year earlier, according to unaudited figures it shared with us.

28 Redcentric

Revenue: £109.5m

Profit margin: 7.7%

In November, this AIM-listed managed services specialist warned that it may need to restate audited accounts for the previous years after discovering “misstated accounting balances” in its 1H 2017 results. The announcement knocked two thirds off the Harrogate-based outfit’s share price. Its last annual accounts showed revenue for the year to 31 March 2016 leaping 16 per cent, thanks in part to two acquisitions, of Calyx and City Lifeline. Recurring

revenue generated 82 per cent of the total, while operating profit was down three per cent to £8.4m.

27 Bell Integration

Revenue: £111m

Profit margin: 1.1%

Founded in 1996, this IBM, NetApp and Dell partner has over 200 permanent employees and offices in London, Portsmouth, Singapore, New York and New Zealand. For the 18 months ending 31 March 2016, operating profits hit £1.79m on revenues of £166.5m, according to unaudited figures the company shared with us. That compares with an operating loss of £336,000 on revenues of £71.5m for the last set of accounts it filed, for the year to 30 September 2014. The revenue number quoted at the top of this profile is a pro-rata figure.

26 Apogee

Revenue: £112m

Profit margin: 11.0%

Having made its largest-ever purchase in August 2015 in the shape of Balreed, a spate of purchases in the UK and abroad have followed in 2016 for this print reseller. At Apogee Group Ltd, UK revenues rose 26 per cent to £84.9m in the 12 months to December 2015, while operating profit from continuing and discontinued operations hit £9.3m. Those numbers only included three months’ contribution from Balreed, however, and we’ve used the firm’s stated UK 2015 pro-forma revenue figure of £112m to convey a true reflection of its enlarged scale.

25 Phoenix Software

Revenue: £114.6m

Profit margin: 3.9%

This software licensing specialist grew revenues by a quarter in its financial year to 31 October 2015. Expansion in the software asset management market, in conjunction with vendors such as Oracle, SAP and IBM, remains a high priority for the York-based outfit. It also acts as a reseller and consultancy, last year winning some large public sector deals. Operating profit grew from £4.3m to £4.5m.

24 BT Business Direct

Revenue: £120.9m

Profit margin: 2.9%

This arm of BT bills itself as a one-stop shop for business computing, networking and ICT support needs, offering 20,000 hardware and software products on its website. The Bolton-based outfit witnessed a 21 per cent jump in revenues for its year ending 31 March 2016, which it put down to increased sales activities with existing customers. Operating profit fell by £800,000 to £3.5m.

23 CCS Media

Revenue: £123.8m

Profit margin: 2.1%

This bullish Chesterfield-based VAR claims it is on course to hit £150m revenues this year after opening another two offices in Northampton and Glasgow. For calendar 2015, revenues swelled by 12 per cent. The bottom line improved too, with operating profit virtually doubling to £2.7m.

22 SBL

Revenue: £134.7m

Profit margin: 1.8%

This York-based VAR hasn’t reported any new numbers since last year’s supplement. Its most

Q&A: Simon Harbridge, Stone

Stone's CEO tells us about where he sees the system builder competing against A-brands like HP and Dell

Stone had an eventful 2015 but how would you assess the year financially?

Overall it was a very successful period. We grew from £74m to just under £80m and we still had over £7m of cash on the balance sheet at the end of the year, so it is clearly a very strong business.

We did have the restructuring but it was just a natural evolution. The original structure had reached the end of its sell-by date so essentially it was the next financial restructuring to put us in the right overall group structure to go forward for the next four or five years.

There aren't many local system builders left. How tough is it to compete with the multinationals?

I think we do have a niche and that is around [providing] a very high level of service.

If the project is for 400 items for a school, and they are trying to do something creative with the curriculum, and they want to open the school especially on a Thursday afternoon

in the holidays for the delivery, the multinationals probably couldn't compete with us.

What is the split between sales of Stone PCs and third-party products?

We are reselling more branded stuff all the time. With the drive for lighter, better graphics, detachable two-in-ones etc, we don't try to compete in those situations. We are developing increasingly into what you'd recognise as a VAR, but with the added benefit of building our own systems where there is a benefit of doing so.

What's in store for Stone for 2017?

We look forward a little bit further than that. This year, we won the higher education framework for Apple, which has given us some decent growth; we were the number-one supplier on that this year. Perhaps over two or three years we would see ourselves as a £130m-plus, sustainable business and I think one that is increasingly services focused.



recent accounts, for the year ending 31 August 2015, show revenue rising for a fifth consecutive year and operating profit falling slightly, from £2.6m to £2.4m. In May, SBL was one of 12 firms to be handed a place on a new ICT framework for OREC, a research body for renewable energy.

21 WWT

Revenue: £139m

Profit margin: N/A

This US-headquartered systems integrator turned over \$7.4bn last year, with around \$1bn coming from international business. It launched a UK operation in 2012 and we estimate it is now selling \$175m (£139m) of hardware, software and services in the UK

annually. See our Q&A with European director Ben Boswell (p6) for more.

20 Maintel

Revenue: £140m

Profit margin: 3.7%

Maintel has jumped 26 places up the list this year, courtesy of its reverse acquisition of fellow comms provider Azzurri. Maintel turned over £50.6m in calendar 2015, up 21 per cent, as it digested two previous acquisitions, Datapoint and Proximity Communications. With revenues of £101.3m for its fiscal year ending 30 June 2015, Azzurri was twice its size. After the deal was announced in May, Maintel CEO Eddie Buxton said

the enlarged firm would boast combined revenues of about £140m once the dust settles on the integration, adding that he is targeting £4.6m in cost synergies through the deal by 2017. The duo posted combined operating profits of £5.6m last year.

19 Alternative Networks

Revenue: £146.8m

Profit margin: 10.3%

This AIM-listed comms and IT managed services specialist was poised to report its 2016 numbers as *Top VARs* went to press. This means we have to fall back on numbers for the full year ending 30 September 2015, which saw reported revenue rise nine per cent and operating profit clamber

TOP VARs

31 per cent to £15.1m. During the year, it completed the integration of two acquisitions it made the previous year — Intercept IT and ControlCircle — and relocated all teams together into a new facility. 2016 doesn't seem to have gone as well, with the firm recently warning that 2016 profits will miss expectations after the Brexit vote caused some project delays in the Advanced Solutions area of its business. As this research was going to press, Alternative Networks was the subject of a £165m bid by Daisy (number six in *Top VARs* 2016).

18 Danwood

Revenue: £149.3m

Profit margin: N/A

The UK's largest print dealer got a little smaller in its last financial year. Accounts for Danwood's fiscal year to 31 March 2016 hadn't been filed as we went to press, but the Lincoln-based firm confirmed to us informally that revenues for the period were 23 per cent behind its last annual total, for the year to September 2014 (it recently changed its financial year). It put the fall down to a failure to retain smaller clients, an issue it said it is now addressing. The private equity-backed Canon, HP, Kyocera, Samsung, Sharp and Xerox partner claims to resolve 25,000 calls a day and has about 1,100 staff.

17 Logicalis

Revenue: £169.8m

Profit margin: 2.5%

This international integrator was poised to file its 2016 accounts as we went to print, meaning we had to fall back on numbers for the year to 28 February 2015, when sales fell 17 per cent and operating profit grew from £3.7m to £4.2m. Logicalis' UK business

went through the mill after it lost a big Welsh Assembly deal, but new boss Bob Swallow claimed upon his appointment this April that a "can-do" culture was returning to the Cisco, HP and IBM partner, adding that recent analytics acquisition Trovus figures prominently in his growth plans.

16 SHI International

Revenue: £175.5m

Profit margin: N/A

Estimating the size of US-based Microsoft partner SHI's UK business remains in the realm of educated guesswork. For calendar 2015, the New Jersey-headquartered reseller saw total turnover rise 14 per cent to \$6.8bn following what it described as a "banner year all around". Its UK business, which we estimated last year turned over £150m, grew "double digits". With 3,000 employees worldwide, SHI claims to be Microsoft's largest North American and global channel partner, and the largest minority- and woman-owned business enterprise in the US.

15 eBuyer

Revenue: £188.7m

Profit margin: 0.6%

This e-tailer makes its debut in *Top VARs* this year courtesy of its continued push into the business market. In February, it began offering leasing to its SMB customers and sells a range of server, storage, networking, workstations and thin clients on its website.

Sales were flat in its fiscal year ending 31 December 2015 but operating profits fell from £1.8m to £1.1m as eBuyer bemoaned continued price pressure. Founded in 1999, it now has 250 staff.

14 Bytes

Revenue: £193.3m

Profit margin: 4.0%

Growth in cloud, particularly around Microsoft Azure, was flagged up as a notable achievement in the last annual accounts of Bytes Software Services, the main arm of this Leatherhead-based reseller.

The firm, which in September took on industry veteran Mike Chambers to head up a new Watford office, saw revenues rise 17 per cent to £173.9m in its fiscal year ending 29 February 2016, with public sector sales up 26 per cent.

Cybersecurity arm Bytes Security Partnership, which the group acquired in 2011, chipped in with a further £19.4m of sales. Together, the two entities reported operating profits of £7.7m, up from £6.9m a year earlier.

13 Misco

Revenue: £219.4m

Profit margin: -3.9%

Sales, profits and headcount all continued to head in the wrong direction for the UK's largest specialist tech e-tailer in its fiscal year ending 2 January 2016. Turnover plunged by 23 per cent, which it attributed to the "highly competitive" market, while operating losses widened from £5.6m to £8.5m year on year due to the lower sales and decreased product margins.

Average employee numbers also fell from 466 to 416 as the final stages of moving back-office functions to a European shared services centre in Hungary were concluded.

Since year end, Misco has launched a new sales office in Watford and has sold its German business, a move it said would

enable it to increase the focus on its UK turnaround.

12 Dimension Data

Revenue: £256.5m

Profit margin: 3.6%

Although Dimension Data generated strong growth in the UK in its fiscal 2015, upon taking the reins in June, its new UK boss, Barney Taylor, said the Cisco Gold partner “must demonstrate services-led business value to our clients and partners in a way that we have not done before in the UK and Ireland”.

The Johannesburg-based firm, which is part of Japanese telco NTT, also named COO Jason Goodall as its new group CEO in June after long-standing predecessor Brett Dawson stepped aside.

Its main UK trading business, Dimension Data Network Services, saw revenue rise 33 per cent in the 12 months to 30 September 2015, with operating profit up 30 per cent to £9.32m.

11 BT IT Services

Revenue: £300.6m

Profit margin: 4.2%

This arm of BT is effectively a mash-up of reseller juggernaut BT Engage IT and Cisco Gold partner BT iNet.

Revenues for the year to 31 March 2015 hit £300.6m, up from £167m a year previously (due to the addition of iNet). Headcount also rose from 768 to 1,125 during the year, while an operating loss of £24.8m in 2014 was reversed to a £12.5m profit this time around.

During the year, BT IT Services said it continued a drive to focus sales efforts on higher-margin services contracts, and its hosting business.

10 XMA

Revenue: £305.8m

Profit margin: 2.0%

Now a PC builder as well as a reseller following its January 2015 acquisition of Viglen, XMA enjoyed a solid 2015 in which revenues, profits and profit margins all headed north.

Operating out of its head office in Nottingham and sites in St Albans, Reading, Glasgow, Cwmbran and London, XMA employed an average of 515 staff last year, up from 313 a year earlier.

A 38 per cent rise in revenues did not come at the expense of the bottom line, as operating profits for the 12 months ending 31 December 2015 rose even more rapidly to £6.2m, 48 per cent up on 2014's total.

9 KCOM

Revenue: £349.2m

Profit margin: 14.6%

Hull-based comms supplier KCOM Group brought its various enterprise, SMB and consumer brands, including Kcom, Eclipse, Smart421 and KC, under a single moniker, KCOM, in April.

The business as a whole grew for the first time in eight years in its last financial year ending 31 March 2016, albeit by just 0.3 per cent. Operating profit, however, fell 11 per cent to £50.9m, although the company emphasised that it strengthened its balance sheet during the year by raising £90m from the sale of national network assets.

Cloud-based contact centres are an area of focus for the publicly listed Cisco, AWS, Nuance and Verint partner, which has won big contracts in this area with the likes of HMRC and BUPA.

8 Telent Technology Services

Revenue: £395.9m

Profit margin: 6.1%

We have opted to include this Warwick-based tech services giant in *Top VARs* for the first time after several acquisitions it made thrust it further into our market.

Its Network Services division, which provides equipment and professional services to the telco sector, was bolstered by the 2014 acquisition of Cisco and Juniper partner Telindus. Telent's Technology Solutions business, meanwhile, supplies, maintains and supports third-party IT and comms, among other activities. Last year, Telent acquired the secure solutions business of Arquiva and this September it bought £20m-revenue datacentre reseller Richardson Eyres.

For its last fiscal year, operating profits hit £24.1m on revenues that rose by a fifth.

7 Insight

Revenue: £437.9m

Profit margin: 1.7%

This US-headquartered behemoth's main UK trading entity, Insight Direct (UK), grew sales three per cent to £437.9m and operating profits by 49 per cent to £7.6m in calendar 2015, which it put down to “improved execution”.

Services sales almost doubled, albeit from a low base, growing from £4.6m to £9m year on year, with hardware sales rising three per cent to £270.2m and software sales inching up one per cent to £158.7m. In August, Insight's global CEO quashed the notion that the shift from on-premise to cloud-based software is a margin killer for resellers, saying the firm's profitability is, if anything, rising as its sales mix moves more towards

TOP VARs

Office 365, Azure and other cloud solutions.

6 Daisy

Revenue: £600m

Profit margin: N/A

Although we were unable to obtain up-to-date audited numbers for this new entrant to *Top VARs*, the firm itself told us its revenue run rate has risen to £600m following its acquisitions of Damovo UK and Phoenix IT Group.

Founded in 2001 by former *The Apprentice* regular Matthew Riley, Daisy started life as a provider of telecoms lines and calls for SMEs. Spin forward 15 years, and today it bills itself as “the main consolidator and the leading independent provider of IT services and unified communications to the SME and mid-market business segment”, with 60,000 customers.

The Phoenix acquisition alone added over £200m to Daisy's top line. The deal, completed in July 2015, also bolstered its Partner Services arm, which recently celebrated adding a five-year datacentre server, storage and management deal with Atos, extending its 12-year relationship with the outsourcing giant.

As this research was going to press, Daisy made a £165m bid for number 19 player Alternative Networks.

5 SCC

Revenue: £653m

Profit margin: 2.1%

The pride of Birmingham slips three places in this year's list as it continues to sacrifice revenue at the altar of increased profitability (see our interview with James Rigby on p20 for more).

In the year ending 31 March 2016, SCC's total UK sales –

including the contribution of managed print arm M2 Digital – rolled back one per cent to £653m but EBITDA rose 29 per cent to £24.9m

Services revenues rose 11 per cent to £177m, accounting for 27 per cent of the total, up from 17 per cent in 2013, with its Sentinel multi-tenanted cloud platform generating nearly £8m of that. Operating profit specifically for SCC hit £13.1m, up from £10m a year earlier, resulting in the 2.1 per cent operating margin quoted for this entry.

SCC remains the largest arm of Rigby Group, whose interests now span not only technology but also aviation, airports, hotels, property development and financial services and whose aim is to double in size to £4bn by 2025.

4 CDW

Revenue: £668m

Profit margin: 5.1%

Another *Top VARs* newcomer, US reseller giant CDW formally touched down its brand in the UK on 4 April 2016 following its acquisition of Kelway the previous year.

For the fiscal year ending 31 March 2015, CDW UK saw operating profit almost double to £30.2m on revenues that rose 12 per cent to £588m. Newer numbers were available, but these covered only the nine months ending 31 December 2015. For this period, CDW UK saw revenues hit £425.7m and posted operating losses of £16.6m, which it attributed mainly to an expense related to equity awards built into the Kelway deal.

CDW UK also referenced the “substantial uncertainty” surrounding Brexit in these later accounts but said it “expects to be able to trade through these potential challenges” thanks to the strength of its US parent, a Fortune

500 firm boasting annual revenues of \$13bn and 8,700 staff.

The headline revenue figure quoted above is a figure CDW UK broke out for us for the year ending 31 March 2016.

3 Softcat

Revenue: £672.4m

Profit margin: 6.3%

Softcat's life as a public company got off to a flyer as the reseller registered another year of double-digit growth (see our interview with CEO Martin Hellawell on p27 for more).

The FTSE 250 firm saw revenues hike 13 per cent in the 12 months to 31 July 2016 as customer numbers rose 7.5 per cent to 12,200 and average revenue per customer rose 4.9 per cent to £55,000.

In September, Softcat's headcount burst through the 1,000 mark when it took on 78 graduates at its six offices in Marlow, London, Bristol, Manchester, Leeds and its new office in Glasgow, which it opened in June. But this frenetic expansion has not come at the expense of the bottom line, as 2016 operating profits rose 6.6 per cent to £42.2m and adjusted operating profits (which stripped out IPO costs) grew 15.2 per cent to £46.8m.

2 Capita

Revenue: £767.4m

Profit margin: 8.9%*

The public sector outsourcing giant has leapt from sixth to second place in our rankings courtesy of its acquisition of Trustmarque and a change in the way we arrived at its revenue total. Rather than totting up the sales of all its various reseller subsidiaries, as in previous years, this time around we have simply taken the figure for Capita IT Enterprise

Q&A: Martin Hellawell, Softcat

CRN caught up with the Softcat CEO in wake of the firm's first full-year results as a public company in October

Your revenues rose 13 per cent to £672m for your FY16. Is that level of growth sustainable?

As the numbers get bigger and bigger, it's harder and harder to do the same percentage growth rate. But we think we can keep up about the same absolute growth rate in revenue and margin. And we do that by sticking to our knitting, staying focused, and not going off on wild tangents.

Your growth accelerated in the second half. Did the referendum really have no ill effects on your business?

I think net, net, that's probably true. In the last four or five weeks, it's felt a bit more 'oh, this could get trickier again', so we've gone through different waves.

But no matter how bad the economy gets, we still think we can grow the business.

It's been a year since you floated on the LSE. What have been the pros and cons?

The downside for us is I have to spend probably 25 per cent of my time doing things like results days so that's less time to do the customer and employee thing. The other downside, that I think we've managed to overcome, is we are a very open organisation. We used to make the P&L available to all staff every month; that is no longer the case.

The upside is that it certainly improves your brand recognition. It gives you a certain shine and credibility. It has also been an interesting journey for our staff.

'Cloud, cloud, cloud' seems to be the message at every industry or vendor conference these days. To what extent is Softcat embracing cloud and do you feel it is overhyped?

I do think it is overhyped but I do think it's very real and, yes, we are absolutely in that world. We are the largest Office 365 reseller in the SMB market and we

are the largest Azure reseller. We've built our own private cloud and we have datacentres in Manchester

and London. I think it's a lot more complex than people thought a few years ago and complicates IT further. The mid-market customers in particular need a lot of handholding and guidance through that complicated world and that's where we are positioning ourselves.

People are starting to talk about 'unclouding'. We are hearing more examples of firms rejecting the economics of public cloud and moving data back on-premise. Are you seeing that?

Absolutely. I can't give you a name, but last night we had a good customer win who's done just that. They moved into the cloud a few years ago, realised it is far too expensive for them and that they've lost control of their IT, so they're going back on-premise – actually a shared services-type environment. We are a direct benefactor of the infrastructure they will be procuring and implementing to do that. And that's not the first one; we've seen a few of those recently.

What's in store for Softcat in your financial 2017?

It's the same strategy as ever; boring old Softcat. That's just going out and winning new customers and selling more to them. We've never done any acquisitions but we're not against it. We are probably looking at more than we ever have done at the moment; if something fits us culturally and takes us somewhere faster, we will consider them in future. But I have not gone past a second meeting with any organisation for three years, so it's very early stages.



Services, the division that houses its Technology Solutions arm, and combined it with Trustmarque's revenues.

For its fiscal 2015 ending 31 December, Trustmarque saw a turnaround in its fortunes as an operating loss of £1.74m was

reversed to a profit of £13.4m and revenues rose eight per cent on a pro-forma basis to £191.9m. Capita IT Enterprise Services saw underlying revenues fall one per cent to £575.5m during the same period but underlying operating profits rise by over £9m to £54.9m.

Whether that upward trend can be sustained is another question after Capita issued its first ever profit warning in late September, partly blaming the performance of its technology reseller business. Trustmarque CEO Scott Haddow also recently left the firm.



1 Computacenter

Revenue: £1.407bn

Profit margin: 4.2%*

Mike Norris, CEO, Computacenter

Despite registering its first drop in UK revenues for several years, Computacenter is still almost twice as large as any of the chasing pack. Ignoring the contribution of IT disposal arm RDC, which it sold to Arrow in February 2015, Computacenter's adjusted UK revenues for the 12 months to 31 December 2015 grew by 2.6 per cent, while adjusted operating profit fell fractionally to £59.3m.

But it was a mixed year for the London-listed giant as it admitted the performance of its traditional product resale (supply chain) business trailed management's expectations, particularly in the second half. On an adjusted basis, supply chain revenues fell by £4m to £875m, following growth of 11 per cent in 2014. This portion of the business was not helped by a decline in Windows 7 migration projects. Adjusted services revenues, in contrast, grew 7.7 per cent to £532.4m.

Partly due to the loss of a big services contract during the year, in its full-year 2015 results Computacenter warned that its UK business would endure a "more challenging" 2016, "particularly in the first half", and that has indeed proven to be the case. In a trading update in October, Computacenter said UK revenues for the first nine

months of the year were down by four per cent.

In a reversal of its recent fortunes, supply chain is outperforming services this year, with a year-to-date reduction of two per cent, compared with services' eight per cent year-to-date decline. Unlike many of the firms in this research, the UK represents a minority of Computacenter's overall revenues, which hit £3.05bn last year. Its international aspirations were underlined in March when it announced it was launching a direct US operation.



UK headcount

Direct: 4,440

Indirect: 1,470



UK revenue by year

2011: £1.1bn

2012: £1.195bn

2013: £1.28bn

2014: £1.417bn

2015: £1.407bn



UK revenue profile

Supply chain 62%

Managed services 28%

Professional services 10%



Number of £1m-plus UK customers by year

2011: 34

2012: 41

2013: 41

2014: 45

2015: 45



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Don't call us, we'll call you

In our end-user research, Doug Woodburn asks UK purchasing decision makers to tell us what kind of communication they want – and what they don't want

"Don't be annoying; we'll be in touch if we need something."

That response from one of the nearly 250 end users who took part in our IT supplier survey for *Top VARs* sums up the challenge facing VARs seeking to engage with new and existing customers in today's market.

In a world where IT buyers are becoming increasingly knowledgeable, and have all the information they need at their fingertips, many feel they have less of a need for the guiding hand of an IT supplier, at least until the point of procurement.

Indeed, over a fifth (22 per cent) of those questioned in our research said suppliers have little or no influence over the IT goods and services they buy. When they approach an IT supplier, it will be on their terms, and they will simply be hunting for the best price and service.

Not all feel that way, but that figure exemplifies the fact that VARs and other providers of IT hardware, software and services are under more pressure than ever to justify their seat at the table, and must engage with customers in subtler or more inventive ways.

Analysts are queueing up to tell us that IT buyers are engaging with

suppliers later in the decision-making cycle and that traditional sales and marketing techniques are losing their shine.

This year's research therefore put a particular focus on discovering how IT suppliers can exert influence in today's market – more on that later.

Some 247 IT purchasing decision makers took part, with respondents drawn from the full spread of verticals including retail, legal, financial services, manufacturing, professional services, media, telecoms, healthcare, education and local and central government (see figure 1, p31).

Just over a fifth (21 per cent) of respondents worked at large firms with over 1,000 staff. Some 16 per cent worked at mid-market firms,

with SMBs (31 per cent) and very small businesses (32 per cent) accounting for the remainder (see figure 2, p31).

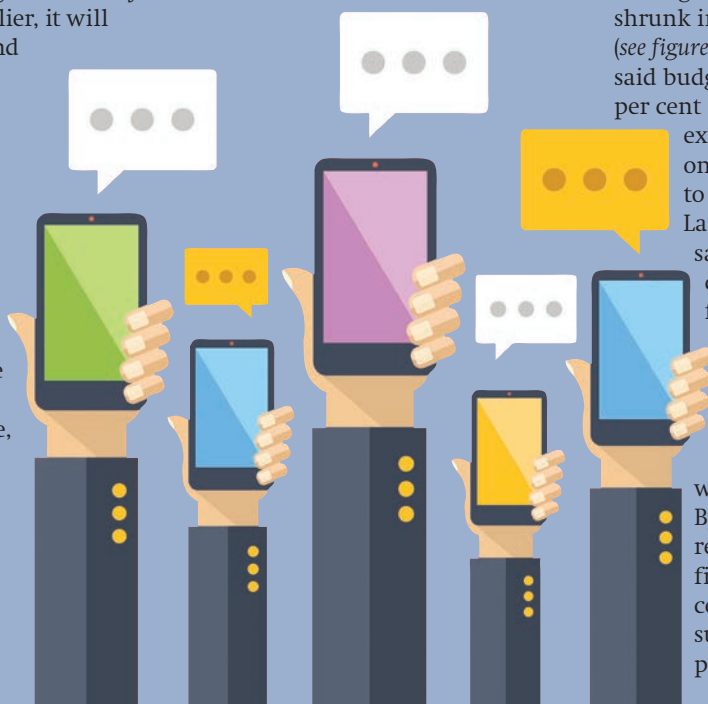
The main aim was to seek their feedback on how they engage with their IT suppliers, what they like, and what they don't like.

Just like last year, we asked respondents to share their experiences – good, bad and ugly – and they didn't hold back. But before we examine what they love and hate, let's probe how much money they have to spend.

Bulging budgets

The pleasing – and perhaps surprising – news is that just 13 per cent of IT purchasing decision makers said their overall budget for IT goods and services had shrunk in their current fiscal year (see figure 3, p32). Some 42 per cent said budgets were flat, while 41 per cent said their war chests had expanded. However, a year-on-year comparison points to a slight downward trend. Last year, more respondents saw an increase (56 per cent), and fewer had a flat budget (27 per cent) or saw a decrease (10 per cent).

Next, we asked them how many suppliers of IT goods and services they work with (see figure 4, p32). By far the most popular response was 'between five and 10'. Just three per cent worked with only one supplier, with a further 23 per cent using either two



1. Which of these characteristics best describes the industry of which your organisation is a part?



or three providers and 10 per cent bestowing their custom on four. Variety is clearly the spice of life for 25 per cent of respondents, who said they work with 11 or more suppliers.

Whether end users are tending to concentrate spending in the hands of increasingly fewer suppliers was another key question for us.

The prevailing wisdom would suggest customers are collapsing their supply chains and working with a shrinking pool of suppliers. But is that trend being offset by the rise of off-the-cuff relationships struck up between line-of-business executives and SaaS providers?

Intriguingly, far more respondents indicated that their spread of suppliers has risen than fallen (see figure 5, p32). Four per cent said the number they work with has increased greatly, while

34 per cent said it had increased a little. In contrast, only two and 11 per cent said it had decreased greatly or decreased a little, respectively. For 45 per cent, the number had not changed.

Resellers versus vendors

The next question produced a victory of sorts for IT resellers. Respondents were asked which types of IT suppliers they bought from or worked with directly.

Out of the eight categories we ran past them, 'IT product reseller' finished top, having been selected by 59 per cent of respondents (see figure 6, p33).

But in slightly more worrying news for the channel, almost as many had direct relationships with vendors. For instance, the 'IT hardware manufacturer' box was ticked by 57 per cent of

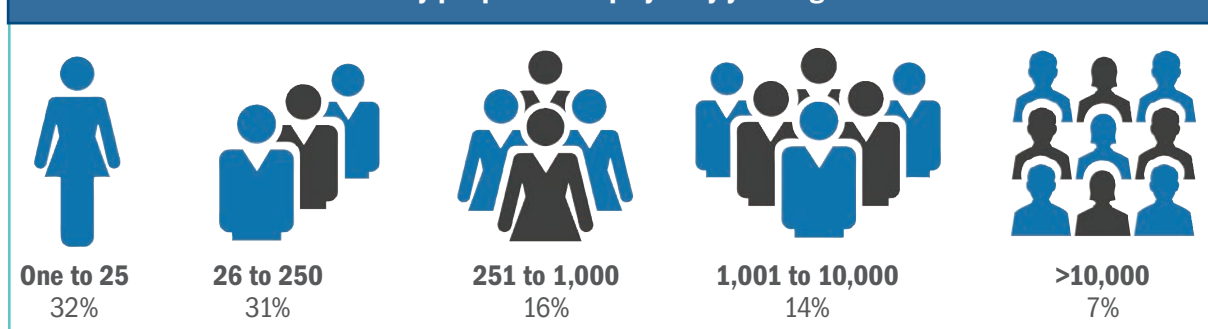
respondents, while 58 per cent said they work directly with 'major IT software vendors and developers'. 'Telecoms providers and mobile network operators' was the other high-scoring category (58 per cent).

Somewhat surprisingly, managed service providers scored a relatively modest 43 per cent, while 'systems integrators and large outsourcers' languished on a distant 14 per cent. Meanwhile, 49 per cent nominated cloud services or hosting providers, down on the 60 per cent who did so last year.

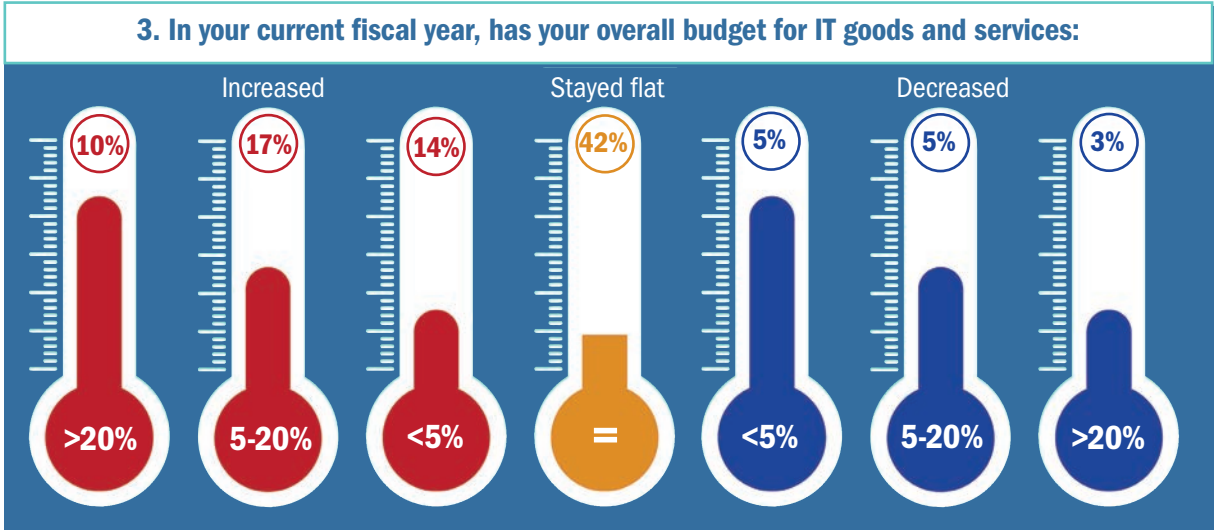
Supplier attributes

Next, IT purchasing decision makers were quizzed on what factors govern their choice of IT supplier (see figure 7, p36). In previous years, price has always finished top by a country mile, so this year we removed it from

2. How many people are employed by your organisation?



TOP VARs



the list of options and asked respondents to rate the importance of eight other attributes on a sliding scale from ‘not very important at all’ (1) to ‘very important’ (5).

Honesty and integrity emerged as key themes in the qualitative section of the research, with many respondents sharing horror stories of suppliers who had promised the earth and fallen short on delivery.

“We want honest suppliers that stick to their commitments and don’t lie,” one said.

It is therefore perhaps not surprising that ‘service level agreements’ were seen as the

most important of all the options listed, achieving an average score of 4.05. Some 39 per cent rated it ‘highly important’. ‘References and demonstrable experience’ finished second, with a score of 3.96.

One other finding leapt out: ‘Breadth of product and service offering’ was seen as being less important than ‘specialised expertise in one technology, service or vendor’. The inference that some may draw, yet again, is that end users are increasingly demanding depth over breadth.

For any supplier looking to play the ‘local card’ in their pursuit of customers in their geographic

area, the bad news is that ‘a desire to work with local companies’ was considered by far and away the least important of the eight options, with a comparatively lowly score of 3.16. Word of mouth recommendations (3.53) also scored relatively poorly.

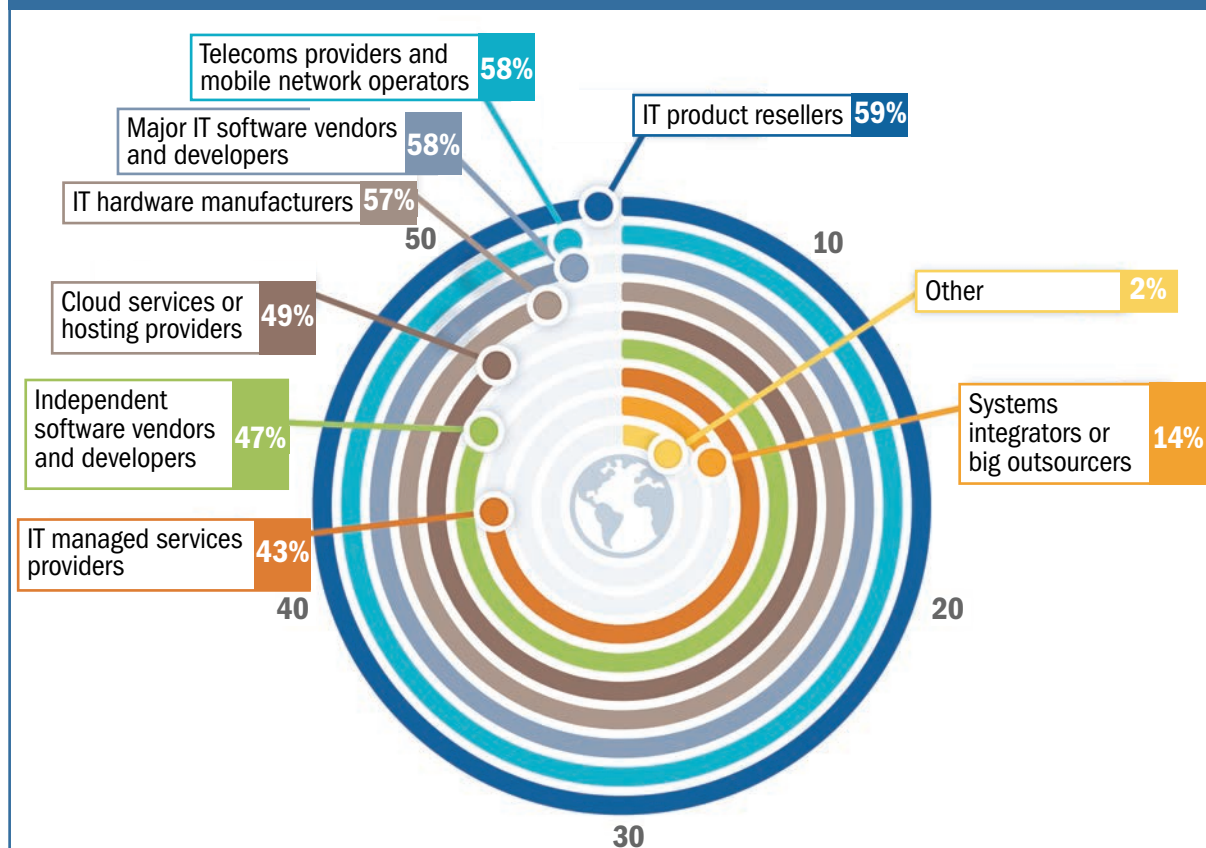
Sphere of influence

We also wanted to know just how much influence suppliers wield over customer buying decisions in today’s market.

We therefore asked respondents to select which among five options best describes how they generally view the role IT suppliers play in



6. Which of the following types of IT supplier does your organisation buy from or work with directly?



their purchasing decision-making process.

In most cases, they hold at best only moderate sway, the findings suggest (see figure 8, p37).

Over a fifth (22 per cent) see them as no more than fulfilment houses, plumping for the option of 'they have little or no influence: we have decided what we want by the time we approach them and are just looking for the best price and service'.

Nearly half (47 per cent) had a slightly more generous view, rating their influence as 'moderate' and saying 'we generally know what we want but sometimes a supplier offers thought leadership or guidance that feeds into our decision making'.

This ambivalence was backed up by comments that respondents left in the qualitative section. "IT providers have no influence on our purchasing decisions; if we want a service, we'll come to you," read a fairly typical one. Another claimed that suppliers "have become almost redundant in purchasing decisions".

Around a quarter of respondents, however, said their organisation does admit a wider role to suppliers, with 24 per cent saying most purchasing decisions are 'an equal mix between our own market research and advice and guidance we receive from suppliers'. But just one per cent said they 'lean very heavily' on suppliers in the purchasing

decision-making process.

These figures are consistent with the notion that end users are becoming more knowledgeable and savvy, meaning suppliers must endeavour to influence them in more imaginative or understated ways.

Standing out

This theory was put to the test further in our next question, which asked our IT purchasing decision makers to say how likely six methods or techniques are to convince them to consider engaging with an IT supplier for the first time (see figure 9, p37).

The subsequent qualitative section of our research uncovered a particular loathing of cold

END USERS ON...

...what would make them engage with an IT supplier

"I generally know what I want when I approach a supplier. What impresses me is when they go the extra mile, which could be doing something as simple as directing me to a better product."

I hate the sales guy approach of rattling off how they're 'gold-partner' this, that and the other – so are most of his rivals so it doesn't impress – or simply going through a preset script of how good they are and what they offer, rather than finding out what I want and focusing on that. Plus, when I say I'm 'not interested at this time', I expect them to shut up. Many go with the 'but have you considered...' approach, seemingly unaware that all they are doing is ensuring I won't be using them in the future. Those we work with currently have all listened, gone away when I've said I have no current interest and then we've contacted them (or they us) at a later agreed time. I'm not sure if they are less influential or we're just more clued up with what we want; certainly we allow suggestions with regards to some projects as to ignore their experience is occasionally just asking for problems down the road."

"A candid and open discussion about the limitations of capability and scope are essential in supporting an open and honest relationship with my business. That is what I seek out in all cases."

"I'm impressed by attending seminars that teach me something I don't know. The worst suppliers are the ones that won't stop phoning and we will never do business with them because of this. I hate it when people ignore instructions in emails or take it on their own back to contact somebody else when I or a member of my team are already talking to them. If somebody gets annoying or lets us down then we will not do business with them. There is so much competition that it is easy to get competitive pricing. The best suppliers are the ones that waste the least amount of one's time."

"A supplier managed to win our Office 365 (O365) business through timely educational webinars about migrating on-premise exchange to O365."

"In general any company that will provide a 'try before you buy' facility is adding good value. If a product is good, it will sell itself. Anyone who will not let you try, potentially has something to hide."

"Showing how their systems integrate with systems we already have; showing how we can save money via said integration and also time/resources; or showing how their product is better than ones we currently have (but this has to be truthful: just saying they're better without providing any examples won't win points!)"

"I am far more likely to engage with a supplier if they have taken the time to find out about my business."

"Sales teams that know our business inside out without ever meeting us are a huge bonus in the process. They have done their research and know exactly how we operate and then provide a solution that is tailored to us right from the get-go."

"Decent thought leadership based on content marketing; those who tell me something I don't already know!"

"Demonstrating leadership/expertise through educational blogs/events/webinars."

END USERS ON...

...whether they feel IT suppliers are becoming less influential

"I generally research purchases before contacting suppliers, so they have little impact on my decision-making process."

"Yes, they are becoming less influential – if they want to affect a decision, they need to 'showcase' themselves better – that is assuming they can – and explain how they can add value."

"Many IT suppliers are becoming less influential because they still prefer to push 'special deals' from a given vendor or they focus on selling what they'd prefer you to have, rather than taking the time to understand your business and find the solution that is best for you."

"Suppliers are becoming less influential, due to not taking the time to understand our business. As we – and presumably many other buyers – will understand a lot of the technology elements already, there is less and less value from the supplier beyond simply delivering the product."

"Suppliers are remaining as influential as they were, but they do need to be on the same wavelength and understand the kind of organisation we are."

"Suppliers who are honest, eg when they cannot meet a requirement in an ITT. For substantial purchases we go out to tender. Suppliers are not and should not be influential in the decision-making process (at this point) other than to demonstrate how their offering matches the stated requirements. Prior to this stage suppliers who impress are those who explain the benefits of their offerings clearly and do not make outlandish claims."

"I remain totally unimpressed by IT suppliers. They have become almost redundant in purchasing decisions."

OUR IT DECISION MAKERS ON...

...cold calling

"Good suppliers are few and far between which is why we generally stick with ones we know. We want honest suppliers that don't lie and that stick to their commitments. Cold calls are a massive no-no and waste an enormous amount of time. Oh, and don't 'pretend' you know me or are already conversing with me to try to get past receptionists, that really annoys me. The best suppliers we work with are knowledgeable, professional and committed. They make me believe they want to do a good job for us and they aren't just there to make a fast buck. Also, we work for the public sector and are bound by procurement rules. When we go out to tender, give us your best price first time – you won't get a second chance and we cannot haggle after the event."

"The main thing I really value in a supplier is 100 per cent impartial advice, even if it means that they miss out on sales as certain activities can be carried out in a more cost-effective way. I totally hate cold calls, especially when the cold callers lie and say they are one of my existing suppliers to get through to me in the first place."

"Cold calling, the sheer volume of cold calls and the fact that they always say the same thing (we are the cheapest, we give the best service) means that I give them little time."

"Probably only twice in my 25-year IT career have cold callers been successful and called up with the right thing at the right time."

"Cold calls are annoying."

"Cold calls from suppliers with no idea of your company or needs are very frustrating."

"Cold calling is a no-no."

"Don't be annoying! We'll be in touch if we want something."

"Cold calling no longer works (if it ever did). I'll give them a chance to introduce themselves but it does not normally result in successful engagement unless we have been in a conversation first."

"Cold calls/emails are bloody irritating! As far as I can see to it, these companies will never get our business."

OUR IT DECISION MAKERS ON...

...what they love/value in suppliers

"When the IT supplier genuinely does understand what I am looking for and is able to give an honest answer which may go against his/her company propaganda/marketing... I will often give them my business because I feel that they are trying to solve my problem which may not necessarily promote their own company's premium product lines."

"Taking me out for lunch always helps and having an honest, open-minded approach by opening up about their company's pros and cons."

"I value honesty very highly when selecting a supplier. The worst aspect is the apparent disconnect between what the salesman is offering and what the technical team can actually deliver. I value those companies that make an effort to understand our business needs and will tailor their offering to suit. Too many suppliers state that their product is the best in all situations; too often this turns out not to be the case."

"I like it when a supplier actually checks a multiple item order for consistency and points out incompatibilities, eg x does not work with y, try z."

"Generally the most successful suppliers are those that have specialists on board who are not afraid to give impartial advice."

"Clarity of communication. It's really important to me to know what my supplier is saying as I have had lots of trouble with this."

"Proactively sharing new technologies with you."

"Where they can add value to our own ideas."

"Good knowledge of products and their availability in short turnaround times."

OUR IT DECISION MAKERS ON...

...what they loathe in suppliers

"Don't appreciate constantly be chased for orders. Suppliers have to understand that some processes take a long time. Like proactive suppliers that review the costs and services they offer without being prompted."

"Not impressed when a supplier ignores your requirements and gives you a standard generic presentation - suggests a lack of care and engagement and will ensure they do not reach the shortlist."

"Companies that are willing to give up their time without charge in order to ensure that they engage us in their product."

"Being pressured to work to supplier timescales to meet their goals is absolutely undesirable."

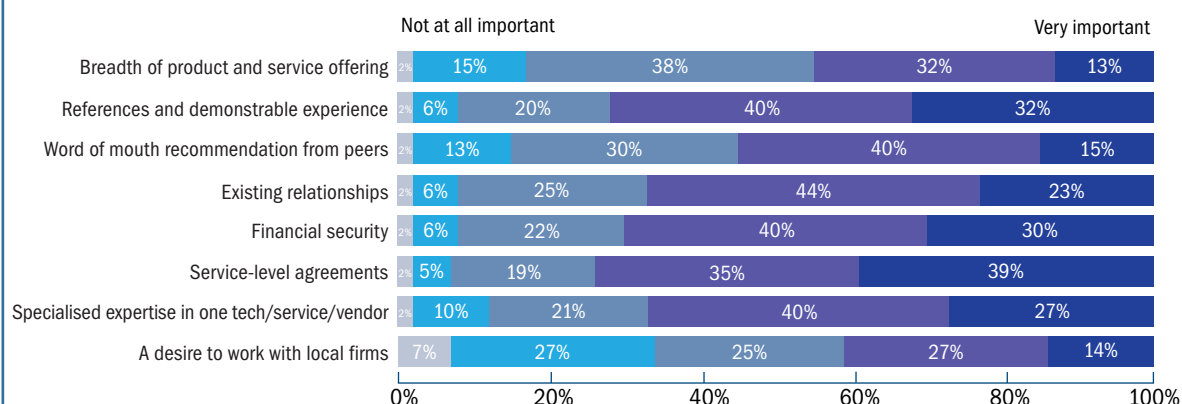
"Breaking promises, not answering phone or email is very bad. Supplying poor quality goods when asked for advice."

"Channel resellers consistently ignoring the stated requirements in order to sell what is in their stock – this can be hugely irritating."

"The biggest issue I have is not delivering to agreed timescales, not responding in a prompt manner, issues with billing and so on."

TOP VARs

7. How important are the following factors when choosing IT suppliers?



calling, so it was no surprise that the majority (61 per cent) of respondents said a cold call or email was 'not likely at all' to persuade them to engage with a new supplier.

Underlining this vitriol, when we assigned a number to the five response options ('very likely' equalling five, 'neutral' equalling three and 'not likely at all' equalling one), cold calling and emailing received a pitiful average score of 1.65.

For suppliers looking to engage IT purchasing decision makers for the first time, the best way to their heart — at least among the options we gave them — would seem to be providing helpful engagement via online industry and social forums. This received an average score of 3.43, with over half (57 per cent) saying they would be either 'quite' or 'very' likely to engage with suppliers that do this.

Thought leadership is often touted as a successful way for tech providers to influence end users in today's market. But does it hold sway with our respondents? Yes, to a degree: 'Blogs from staff demonstrating thought leadership in a relevant field' was the second most highly rated option, with an average score of 2.99. Some 35 per

cent of respondents said this was either 'very' or 'quite' likely to lead to an engagement.

Helpful engagement via social media (2.85), prominent advertising in a relevant magazine or other media (2.85) and prominent positioning on Google searches or vendor portals (2.72) all had an average score below the "neutral" score of three. This goes to show that it is tough — but not impossible — to grab end users' attention in a world in which many feel they already know what they want, even though the majority are open to some subtle cues from suppliers they see as experts or thought leaders.

In their own words

Of course, these quantitative statistics can only tell us so much about what end users think of their IT suppliers.

Therefore, for the second year running, we asked our respondents to let rip on their experiences with their IT suppliers; good, bad and indifferent. We asked what they look for in their suppliers, and for examples of horror stories where providers had let them down badly, as well as ones where they had gone that extra mile to help them.

Unlike last year, we also asked

them to share their views on whether they feel IT suppliers are generally becoming less influential in their purchasing decision-making process and, if so, how they might remedy this. A range of responses can be found on the following and preceding two pages.

Conclusion

The results of this year's research will give VARs equal cause for concern and celebration.

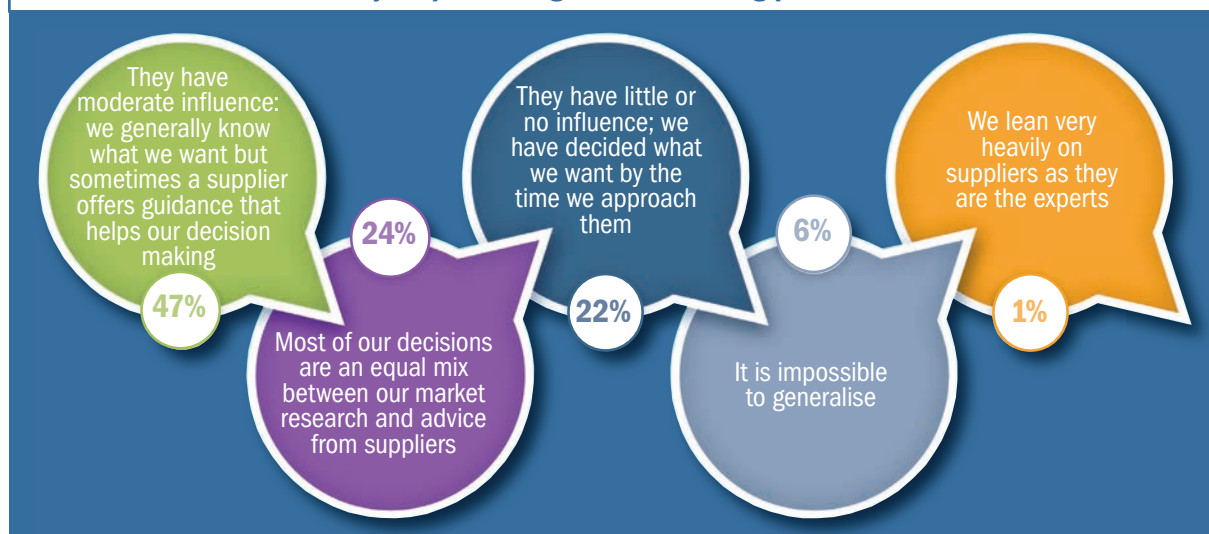
On the plus side, the data suggests end users generally have slightly more to spend on IT this year than last.

Contrary to what some may believe, the findings indicate that end users are, on average, working with more suppliers than a few years ago, and that they tend to value specialism over breadth of offering. Some 59 per cent said they use IT product resellers, more than any other category.

But to what extent that relationship extends beyond just fulfilment is another matter, with the vast majority of respondents saying that IT suppliers hold at best only moderate sway over their IT purchasing decisions.

Worse still, many who left comments in the qualitative section felt IT suppliers are

8. Which of these options best describes how you view the role IT suppliers play in your purchasing decision-making process?



becoming less influential and now see little role for them beyond simply delivering the product.

That said, most seem open to having their preconceptions challenged by IT suppliers who are able to demonstrate a deep understanding of their business or open their eyes to something they'd not previously considered.

Many of the comments suggested that suppliers looking to gain influence early in the cycle should ditch cold calls and consider more inventive or understated techniques to get their message

across, be that through thought-provoking webinars, free demos or try-before-you-buy schemes.

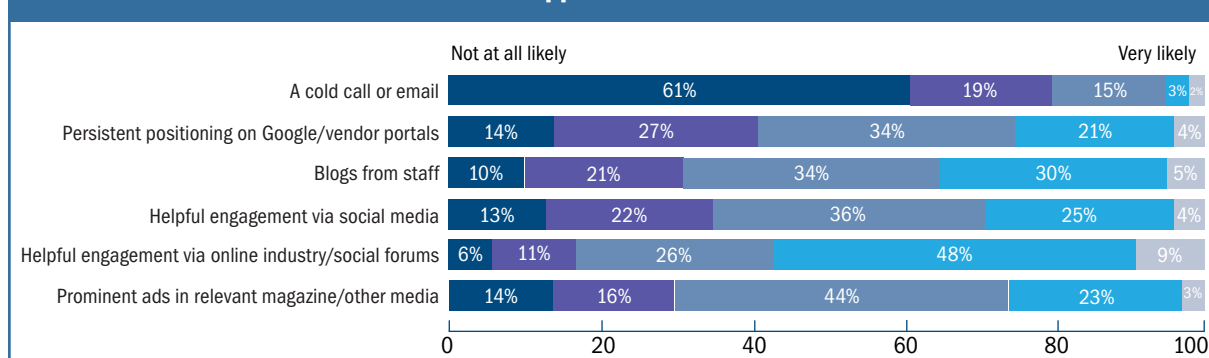
We asked respondents to give a warts-and-all account of their experiences with IT suppliers, and we got a fair amount of horror stories. Instances where suppliers had over-promised and under-delivered or who were generally dishonest, were unresponsive when issues arose, sold them things they didn't want or need, or who bombarded them with nuisance calls were fairly common.

But these tales of woe were

more than matched by accounts of IT suppliers that had gone above and beyond. Examples of where suppliers had helped save organisations thousands of pounds, had gone to great lengths to understand their needs and people, had put giving impartial advice ahead of their bottom line or who had wowed with lightning-fast response times were all given.

It may be harder to influence end users than ever before, but any VAR who achieves the above will surely always prosper.

9. How likely are the following methods to convince you to consider engaging with an IT supplier for the first time?



Reseller report card



The good

"Our mainframe supplier keeps us informed without being too pushy. This approach recently won the company a very large order for four new mainframes."

"Really value the fact that they respond to everything immediately; bend over backwards to deliver what we want when we want it – even if it means shipping to site on a Sunday night because we are having an issue; take ownership of problems. In the past we have dealt with larger suppliers where we've had to conform to their processes rather than them serving us."

"Our current supplier keeps things simple and doesn't sell us things we don't need or want."

"Free upgrade of APs for wireless after distributor pulled stock. Impressive."

"We like working with Insight UK as their approach is to inform us of their services and how they can adapt to the needs of our organisation. They want to help us find solutions rather than just products. They work with major brands and that gives us confidence that we will get the best product and service in the industry."

"Ebuyer have never engaged with me, but were responsive when I engaged with them."

"Our IT support company are based locally. They visit our offices regularly and have made a great effort to understand our needs. Since they switched us from Outlook to Gmail, every decision they have shaped has been totally vindicated."


"Specialist service/software provider gave us a two-month free licence to allow trial of program. Also took very difficult problem and solved it in-house for us, free of charge. This was the clearest demonstration that the company understood our problem, and that the software would solve our problems with relative ease, and do it economically. It enabled us, with great confidence, to switch away from long-standing contract with supplier of competing product. Tech support has continued to be excellent. For general software/hardware, suppliers are becoming less influential; however, with specialist software, suppliers' attitude and skills are examined closely."

"Softcat have been helpful in engaging with us. I have been impressed with their breadth of knowledge in the industry. Where our account manager has not been able to help directly, he has passed our requests to another internal specialist team to help out."

"CDW/Kelway have recently been outstanding at quoting and ordering with speed, efficiency and price, particularly with hard-to-find end-of-line products. Their knowledge of a new product imminently being released has saved us nearly £10,000 and future-proofed the project for the next five-plus years."

"Our managed service provider is now trying really hard to 'digitise' our processes, really push IT solutions (real solutions to real problems, not just dressing up a printer sale as a 'solution'), and look at processes to change them in line with business needs."

"A local supplier sends me a Curly Wurly each year, which is far better than the pointless 'customer satisfaction' calls that other suppliers bombard me with – especially when I've stopped using them due to their incompetence and told them to stop contacting me."

 <h2>The bad</h2>	<p>"(I have) a feeling that IT could be so much simpler but some companies hide behind technology and make it much more complex and confusing than it should be."</p>	<p>"Many suppliers want to impress with a demo before discussing pricing. I am not interested in a demo unless I know I can afford the product/service. Some suppliers are very reluctant to talk about pricing first."</p>
<p>"I do not like suppliers that over-promise and under-deliver. In fact, it really makes me angry. It is generally a sales issue (for example, when a salesman over-promises and one finds out only on delivery the restrictions that apply)."</p>	<p>"Hate wading through websites looking for necessary product add-ons (e.g. warranties) when the supplier could have simply added a web link/page. I also hate blanket delivery charges that bear no relation to the item (size/weight) being sent."</p> <p>"The worst thing for me is when companies are not upfront about their charges, or make it very difficult to find prices without creating an account and logging in."</p>	<p>"Don't appreciate: constant calls/emails; limited numbers of skilled staff; poor written communication skills; consultants who force a particular view, technology, etc; anyone who 'bends the truth'."</p> <p>"I want clear, consistent communication. I don't have time to work with suppliers that can't give firm dates or feedback effectively when projects slip up etc."</p>
<p>"The most galling aspect of a supplier is when they don't bother to really get to understand the business, the constraints, ethics, touch points, processes etc. We have suppliers that assume they understand us because we are a group of international schools. They are the ones who do not do well in bids, because, although we are in education, we have a large corporate team who are skilled professionals in their roles and not just teachers doing IT because they like it and are grateful for any help and not commercially aware."</p> <p>"Sales staff who take a basic resale job and tag professional services and managed services onto the contract that were never wanted."</p>		

 <h2>The ugly</h2>	<p>"The worst instance I have experienced was when we stated what our budget was, yet the supplier's quote was 10 times that, and they were expecting us to sign a five-year agreement. We didn't listen!"</p>	<p>"The biggest issue is suppliers trying to sell us something that we neither want nor need. Needed some more SAN space a few years ago, supplier took up hours of my time and eventually decided we needed a £100,000+ device. I bought a £1,000 device that actually did what we needed."</p> <p>"One recent supplier in particular has, despite being given a clear budget and outline of our needs and aspirations as a business, insisted on trying to sell me kit way in excess of either. While they do a nice line in engagement days (smart city centre hotels, post-demo whisky tastings etc.) they really don't seem to get that the way to my heart is good value and the correct product."</p>
<p>"Delivery and follow-on support are very important. We dumped one very large supplier because they took a week to answer an email."</p>	<p>"Horror – continuous and multiple approaches by hardware vendor and their third-party suppliers. Ended up having to block their calls."</p>	<p>"Every big-name telecoms provider (BT Business, Virgin Media Business, TalkTalk Business) has useless call centre staff, usually offshore, who cannot resolve problems (or often understand your problem) on the first call. It wastes time and makes everyone angry. Other big-name vendors (Cisco, VMware) rely on their brand to justify inflated prices and poor products – there are plenty of better alternatives."</p>
<p>"I am currently working with a software reseller that massively underestimated the effort involved in delivering our solution. As we neared the delivery date, they finally had to admit they weren't even close. They did not have the capability to deliver the quality we wanted in the timeframes agreed. Consequently the budget has almost trebled and the product is not a lot better than what we already had."</p>		
<p>"Our host has a history of double charging, ignoring emails, closing its '24/7/365' phone lines for office parties, and straight up lying to cover themselves. Bizarrely, these are not isolated cases – I've experienced each of those things almost every time I've had any contact with them. They're a top-five VPS and dedicated server provider, by the way."</p>	<p>"Cocky bulls**t is the most annoying trait with IT companies. We are sometimes treated as though we have no understanding of the issues arising."</p>	

TOP VARs

1-100 index

1 Computacenter £1.407bn	39 Stone £79.3m	78 GBM Digital £34.9m
2 Capita £767.4m	40 SoftwareONE £76.6m	79 Probrand £34.9m
3 Softcat £672.4m	41 NTT Security £73m	80 The Saville Group £34.9m
4 CDW £668m	42 Storm Technologies £72.3m	81 Bechtle £34.4m
5 SCC £653m	43 Annodata £65.2m	82 Esteem £34.2m
6 Daisy £600m	44 Vohkus £61.6m	83 Trams £33.8m
7 Insight £437.9m	45 Centerprise £60.4m	84 Novatech £33.8m
8 Telent Technology Services £395.9m	46 MCSA £60m	85 Spectrum Computer Supplies £33.8m
9 KCOM £349.2m	47 NG Bailey IT Services £59.7m	86 SecureData £32.8m
10 XMA £305.8m	48 Altodigital £59m	87 Printerland £32.1m
11 BT IT Services £300.6m	49 CAE £56.2m	88 Excitech £31.7m
12 Dimension Data £256.5m	50 AVMI £55.2m	89 IT Lab £31.1m
13 Misco £219.4m	51 ProAV £55.2m	90 Zensar £30.4m
14 Bytes £193.3m	52 NTT Data £54.6m	91 Edenhouse Solutions £30.3m
15 eBuyer £188.7m	53 Timico £52.8m	92 Adept Telecom £28.9m
16 SHI International £175.5m	54 NSC Global £51.9m	93 Olive Communications £28.7m
17 Logicalis £169.8m	55 Total Computers £51.8m	94 Midshire £28.5m
18 Danwood £149.3m	56 Proact £51.6m	95 eBECS £28.4m
19 Alternative Networks £146.8m	57 Academia £50.7m	96 Intrinsic £28.1m
20 Maintel £140m	58 European Electronique £50.1m	97 Red Stack Tech £28.1m
21 WWT £139m	59 Coretx £49m	98 Civica Services £27.8m
22 SBL £134.7m	60 Axians Networks £48.2m	99 Q Associates £27.6m
23 CCS Media £123.8m	61 GCI £48.2m	100 Ampito Group £27.5m
24 BT Business Direct £120.9m	62 Hardware Group £48.1m	
25 Phoenix Software £114.6m	63 ANS £47.4m	
26 Apogee £112m	64 Millgate £47.2m	
27 Bell Integration £111m	65 Stormfront £46.8m	
28 Redcentric £109.5m	66 Cisilion £43m	
29 Chess £109m	67 Blue Chip £42.2m	
30 Avanade £105.9m	68 Comparex £42m	
31 Buy IT Direct £104.1m	69 Sabio £41.7m	
32 K3 £89.2m	70 MTI £40.8m	
33 Ultima £88.1m	71 RedstoneConnect £40.1m	
34 Jigsaw24 £86.9m	72 CSI £39.1m	
35 Scan Computers £86.8m	73 Zones £38m	
36 NCC Group £81m	74 PC Specialist £37.9m	
37 RM £80.2m	75 DTP £37.3m	
38 OCSL £79.8m	76 Grey Matter £36.8m	
	77 TSG £36.3m	

The figures on this list are intended to be a fair and reasonable reflection of the annual sales of each company that are generated in this country by a UK-registered trading entity. They are based on annual accounts filed at Companies House or, in select cases, reliable first-hand testimony or informed market research. Figures may have been recalculated to account for sales or acquisitions; extended or truncated reporting periods; the identification of a UK sales figure from a larger total; or a currency conversion at a historically appropriate exchange rate. If you have any questions, comments or complaints, please email doug.woodburn@incisivemedia.com



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