CRN
ESSENTIAL

Meet the Specialists

ABBREVIATED VERSION

How the global pandemic is impacting VARs in seven specialist markets

COVID-19 SPECIAL

CONTENTS

Luck up or down in lockdown?

Welcome to this abbreviated version of *CRN*'s 2020 *Meet the Specialists* report.

Buoyant trading updates from market bellwethers including Computacenter and Softcat are testament to the vital role technology is playing during the COVID-19 crisis.

But as *Meet the Specialists* explores, not all of the seven sub-sectors of the VAR 350 *CRN* tracks have been equally insulated from the global pandemic.

Channel partners have spent recent months pivoting to support frontline services and help clients kit out and secure home workers.

But a recent *CRN* poll found that 66 per cent of our audience professed to work for firms that have furloughed – or plan to furlough – staff (see p5) – testament to the level of inactivity a majority of firms in our sector are experiencing as their own customers pause activity.

Those with large engineering fleets servicing on-premises technology will be among the worst impacted.
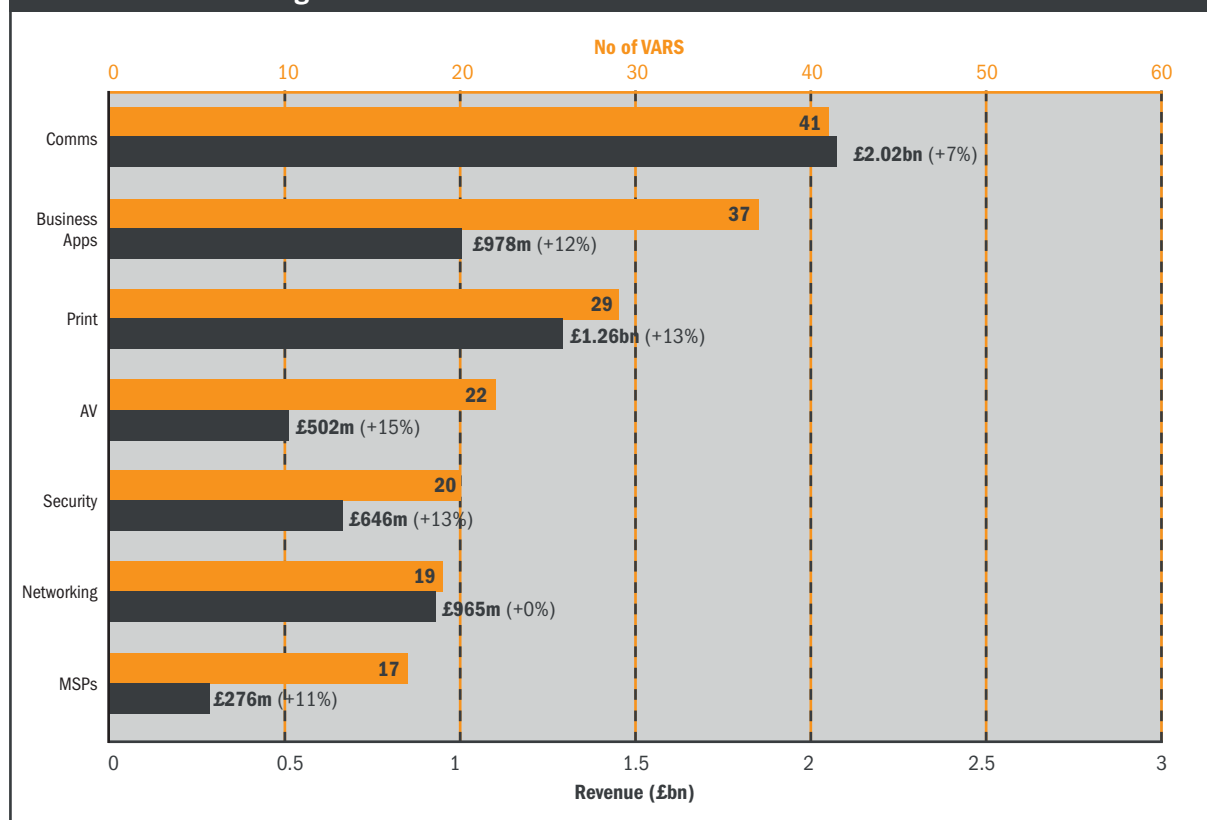
Indeed, one of the most stark interviews featured in this report is with ASL, a Cambridge-based managed print specialist that now claims to be the third-largest outfit of its kind.

In the Q&A (see p9), ASL director Nigel Allen was quick to acknowledge the impact a two-month-long shutdown has had on the managed print sector, but was also insistent that – longer-term – the post COVID-19 order will herald rich opportunities for those who reinvent themselves.

ASL is already planning for what a socially distanced office of the future may look like.

CRN's *Meet the Specialists* report unifies the five sector-specific reports *CRN Essential* published last year, namely on channel partners specialising in cybersecurity, comms, print,

No of VARs vs revenue growth

Sector	No of VARS	Revenue
Comms	41	£2.02bn (+7%)
Business Apps	37	£978m (+12%)
Print	29	£1.26bn (+13%)
AV	22	£502m (+15%)
Security	20	£646m (+13%)
Networking	19	£965m (+0%)
MSPs	17	£276m (+11%)

Median net profit

Median net profit (%) by sector:

Sector	Median net profit
Comms	3.4%
Business Apps	5.2%
Print	2.3%
AV	1.0%
Security	1.7%
Networking	2.3%
MSPs	2.6%
Avg	2.6%
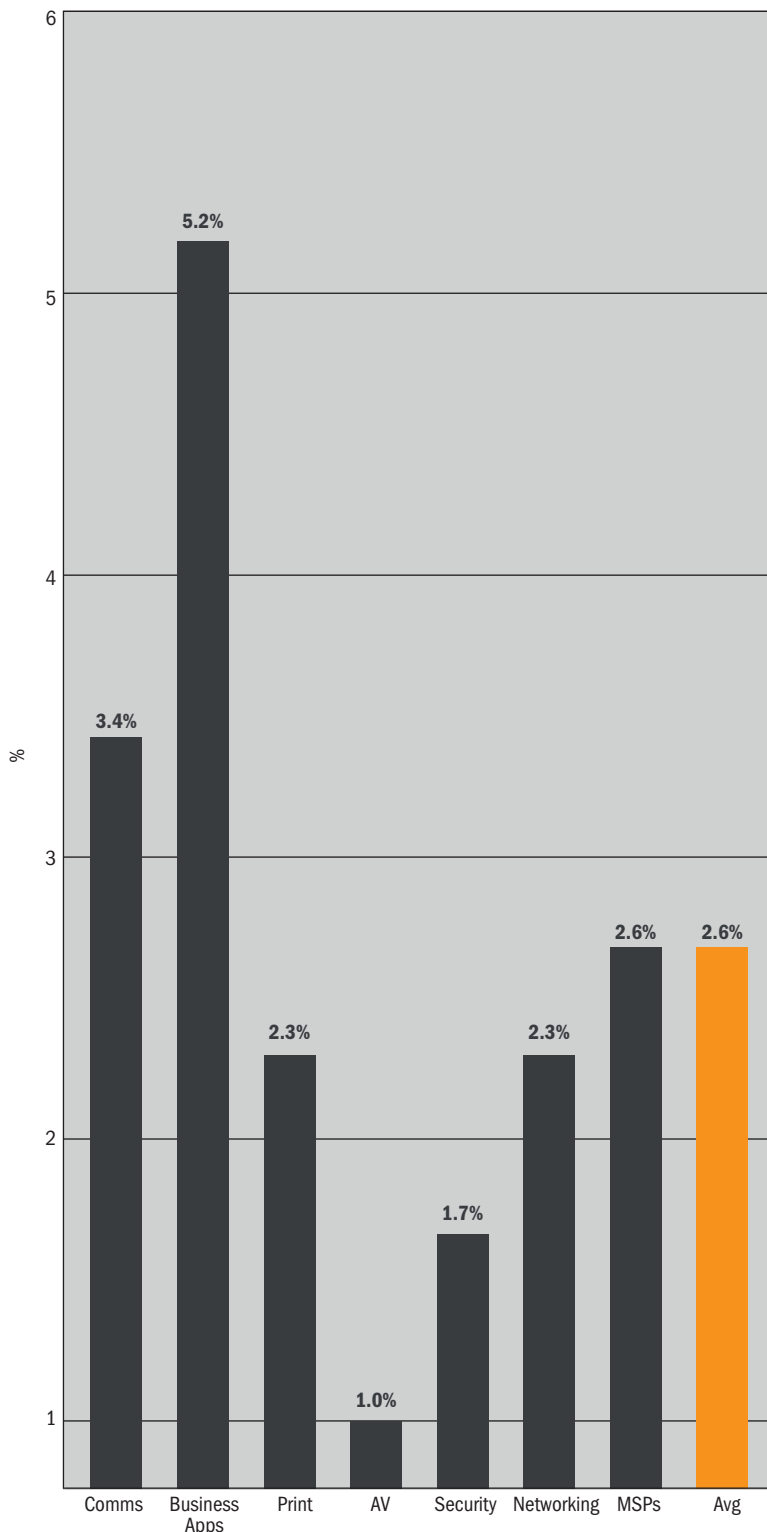
audio visual and business applications. It also encompasses two additional specialist sectors in the form of networking and managed services.

The full version of the report profiles 185 of the 350 resellers, MSPs and consultancies featured in the *CRN* VAR 350, namely 41 from the world of comms, 37 SAP, Microsoft Dynamics and other business applications specialists, 29 print players, 22 with a laser focus on audio visual, 20 with a cybersecurity bent, 19 networking specialist and 17 MSPs.

Using figures from VAR 350, we break down the total revenues of the resellers in each segment, how fast they are growing and what's happening to their profit levels. The profiles included have been updated from VAR 350 where necessary (including in the event of a large takeover or investment, or recent M&A activity).

But this year we are also making the report a COVID-19 special, and exploring how the global pandemic will impact each of these seven sectors.

How have resellers in each sector been mucking in to help frontline services? What is the demand landscape for the technology they carry and how might this change? And - most importantly of all – what will COVID-19's legacy be in their respective markets?

We have spoken to key players in each sector – including Logicalis, ASL, Printerland, Pentesec, AVMI, IT Lab and Arrow Business Communications - to gauge their opinion on these important questions.
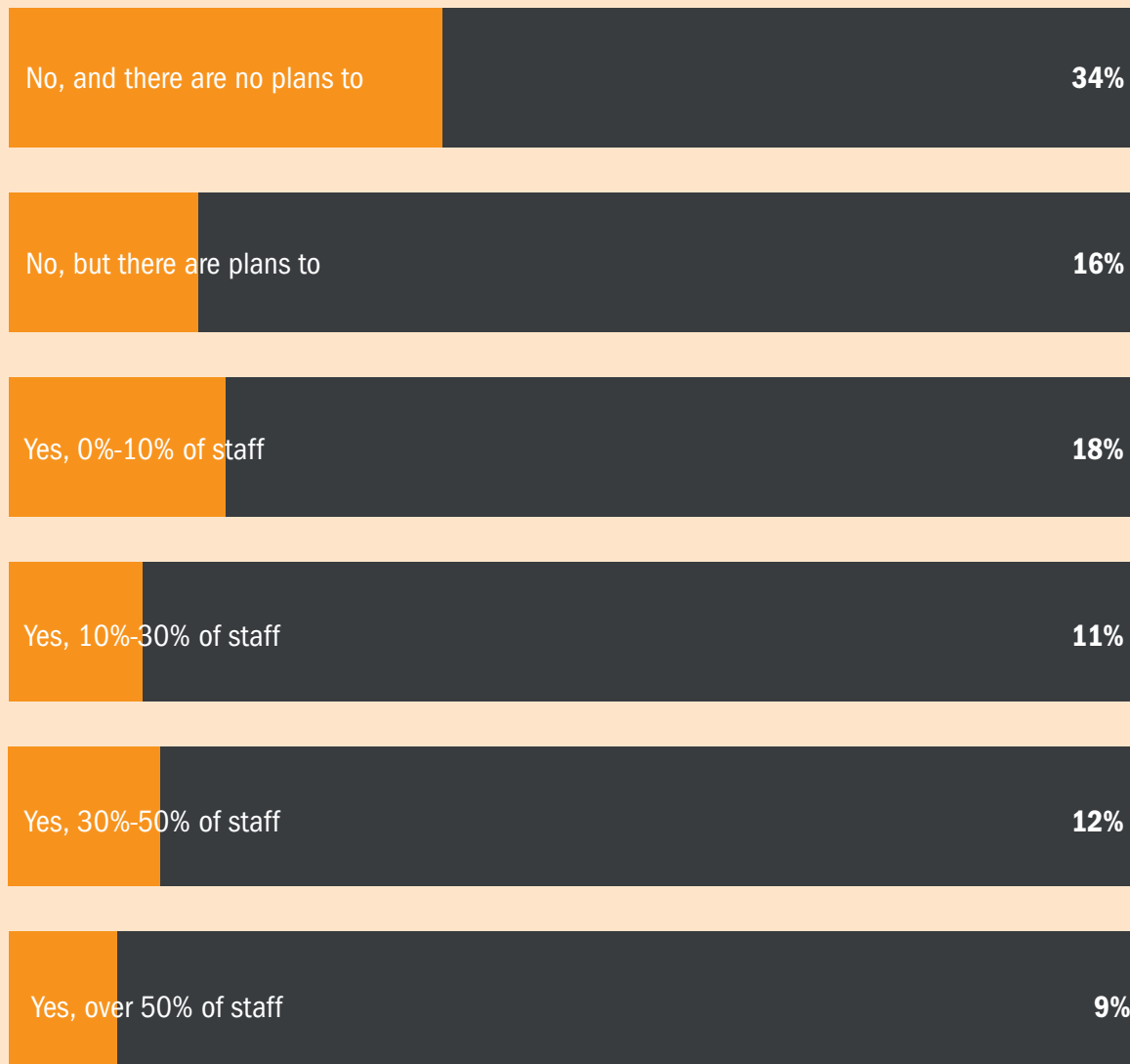
This abbreviated version features all these interviews, as well as a summary of each of the seven sectors.

Recent analyst predictions

Furlough – yes or no?

Has your firm furloughed staff?

Source: CRN audience poll - May

No, and there are no plans to	**34%**
No, but there are plans to	**16%**
Yes, 0%-10% of staff	**18%**
Yes, 10%-30% of staff	**11%**
Yes, 30%-50% of staff	**12%**
Yes, over 50% of staff	**9%**

"There are definitely a lot of businesses taking advantage of the furlough scheme. We furloughed a number of engineering and onsite managed services roles. None of us know how long it's going to last so it's in the best interests of everyone to take the assistance the government is providing."
Stuart Davidson, AVMI

"I don't know anyone who's not used it. The manufacturers have. It's a good scheme. We're using it as little as we possibly can."
James Kight, Printerland

"We have furloughed some employees and I think there is a mix of this happening in our market."
Richard Burke, Arrow Business Communications

Furlough – yes or no?
(continued)

"Where we have certain dedicated desks, and where they are dedicated to specific clients and those clients have had to extensively furlough employees, there's been a bit of use of the furlough within the business."
Peter Sweetbaum, IT Lab

"When your revenues have been severely hit for a short period and the government offers a furlough scheme [you make use of it]. We've been rotating our staff. Because we're a service-led business, a lot of our staff are on the road making sure we maintain our service levels with customers. If people aren't in the offices we don't need to have those engineers on the road, so we've been using the furlough scheme in certain areas where we don't need as many staff available to maintain the lower print volumes."
Nigel Allen, ASL

"No, we haven't [used the scheme] and there are no plans to at this moment in time. Where there has been any shift in demand, we've taken it as an opportunity for future planning, internal education and to bring greater readiness for when normality resumes."
Ian Turnbull, Pentesec

about how COVID-19 will impact the channel and wider technology sector make gloomy reading. Gartner now thinks the IT market will decline eight per cent in 2020, with devices down 15.5 per cent and datacentre spending tumbling 9.7 per cent.

Forrester, meanwhile, believes that around a quarter of channel partners will experience "unrecoverable financial distress" this year – at least in the US - in the most likely of three scenarios it is modelling.
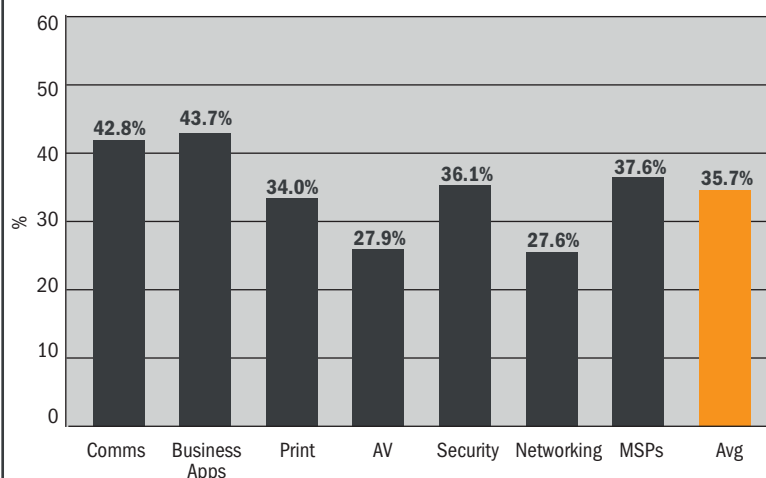
The full report takes a deep dive into what UK technology solution providers are seeing on the ground in each of these seven specialist sectors, and what the prognosis is for the coming months and years.

What is clear is that those who fail to evolve for our new socially distanced world will go out of fashion more quickly than a stadium rock gig in Cardiff.

We hope that the abbreviated version of this report provides some useful insight into how our market will evolve over the coming 12 months.

Median gross profit

Sector	Median gross profit (%)
Comms	42.8%
Business Apps	43.7%
Print	34.0%
AV	27.9%
Security	36.1%
Networking	27.6%
MSPs	37.6%
Avg	35.7%

Salary similarity

Sector	Average mean wage
Comms	£46,026
Business Apps	£52,230
Print	£36,976
AV	£42,263
Security	£64,161
Networking	£56,907
MSPs	£38,885

Average mean wages in each sector (data taken from CRN VAR 350 2020)
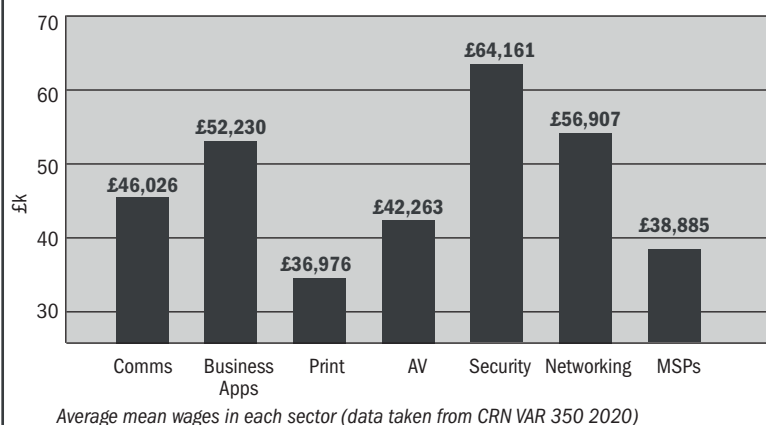
Networking

Luck up or down in lockdown?

This cohort of VARs have been called into action on the frontline of the pandemic, with Cisco Gold partner Block Solutions recently installing close to 1,000 switches at the NHS Nightingale London. It has since gone on to work at two more Nightingale facilities.

While their counterparts in some other sectors have seen demand for their services dwindle, networking specialists have had their work cut out to keep customers up and running during the pandemic.

Number of specialist resellers: 19

Combined revenue: £965m

Top five firms by revenue
1 **Dimension Data (now NTT Ltd)**
2 **Logicalis**
3 **Redcentric**
4 **NSC Global**
5 **Natilik**

> **Infrastructure has been the poor man of IT. It hasn't been sexy for 20 years. But, wow, it's had a big swing back with COVID. Everyone wants to know that the network will stay up so that the laptop works**
> Mark Hill, group CIO, Tenth Revolution Group

Q&A: Chris Gabriel, Logicalis

COVID-19 has redefined the network, according to second-ranked networking specialist's head of solutions and strategy

How will COVID-19 reshape customer spending priorities in the networking space?
The network in a way has been redefined in the last six weeks, from being a predominantly 'inside a building or a campus' to being right inside most people's homes. For many organisations that shift was initially like trying to get a camel through the eye of a needle.

So clearly COVID has meant a huge effort in ensuring the eye of the needle was big enough but that security wasn't compromised.

The big question from that perspective is whether the shift in working locations is a permanent move at the scale we have seen in the last few weeks or whether that shifts back to a more office-based environment in the coming months or year. We think though that COVID will ensure that customers can make a rapid change in their network if they need to again even if the environment moves back to what we had considered more normal working places and patterns.

But there are some technology changes also.

Who wouldn't have wanted a software defined or cloud managed network in the past few weeks? Who wouldn't have wanted a remote access environment that could scale up easily? Who wouldn't have wanted their network extending

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How would you characterise demand levels for infrastructure?
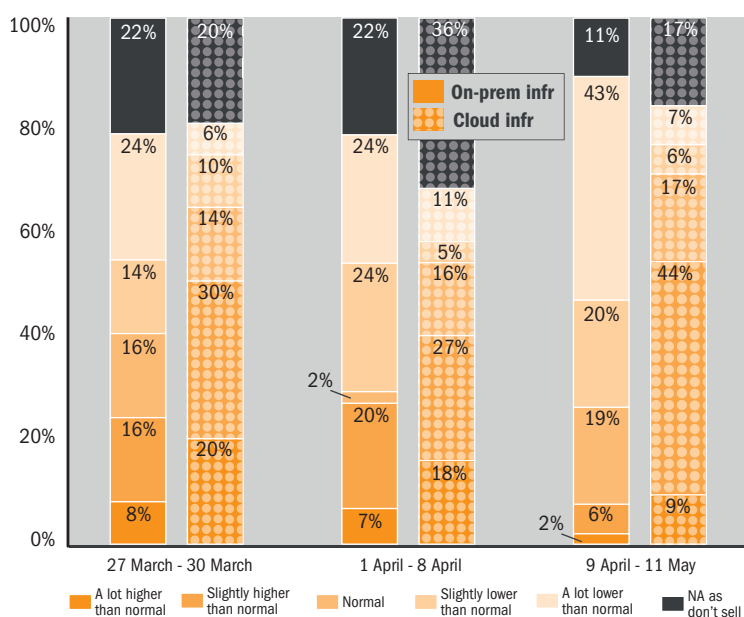
Source: CRN audience survey

Q&A: Chris Gabriel, Logicalis (continued)

securely into the cloud? Who wouldn't have wanted a network with identity and access control fully integrated into their environment?

So, I think as the network scope changes so will the operating and operational models of networks, and we will see a fast acceleration of software defined network adoption in the LAN, WAN, and data centre/cloud – automation, policy driven, easy to change, scale, adapt to change

Investments in security such as multi-factor authentication which we have seen a steep rise in will stay in place – COVID may have brought about an up-lift in security maturity that will be a positive legacy for most organisations and build that flexibility into the model.

What makes a successful networking/datacentre specialist in today's market?
I think it's specialist not generalist. The architectures around both have changed so much in the last couple of years that customers want somebody who is deeply capable in one or two technology stacks – and can bring more value on top of the traditional offer of a 'safe pair of hands.'

Of course, the network and data centre platforms are being driven by new technologies – software defined, policy, integrated security, cloud as the key destination, so trying to be the master of 10 vendors all with overlapping or competing technology approaches is challenging and not seen as valuable by the customers.

Being brilliant at a few things – but going up the value chain say in the data centre/cloud – is what we believe customers are now looking for. How can I deliver more business value from a DC or cloud investment – not how many DC vendors you have in your bag of tricks.

We have been moving up the stack and into the cloud. We still think private cloud [customer specific] platforms are not going away anytime soon. But we think customers will want to consume those [so you need to be able to cloudify tech and commercials] and we believe it's about adding in more value above the platform.

We have been investing heavily in AppDynamics and Turbonomics to build those value layers that interconnect the application with the resource with the platform. Customers use a DC to deliver a digital outcome – so making those connections and having those skills we think is key to be a relevant partner in our customers digital platforms.

Logicalis has longstanding relationships with HP/HPE, Cisco and IBM. Are there any next-generation vendors you are a placing a big bet on this year?
We are doubling down – in the areas we believe we can add real value to our customers – so understanding which area of our vendors we can drive real advantage in – and where we can differentiate.

The network is now no longer a refresh project – so we have worked really deeply with Cisco to develop our Adaptable Digital

Platforms framework – helping our customers more intensely throughout the lifetime of the platform, creating a new model for advisory, adoption and this new adaption phase.

That's what focus to us means – yes being brilliant at the technology – but really understand the value offer from us as the partner – it has to be more than a safe pair of hands or great procurement.

And we have Microsoft globally accelerating as a partnership – which is exciting in itself – but that also then breeds new relevance in our partnership with say NetApp and their data fabric strategy – or AppDynamics again being relevant to dc or to cloud.

Networking was the only one of the seven sub-sectors we look at not to grow. Do you feel market conditions are a bit tougher in networking than in other areas of the market?
Sun cream is always cheapest in the winter. The network has become a basic utility for many, but I think we have been having many conversations in the last 12 months that were changing that perception. I only think that will accelerate now – but – it is the channel's job to articulate the value of the things we do. If we say something is a commodity then it is – but if you are deeply capable in areas like software defined, cloud networking, programmability [Cisco DevNet], integration, assurance, and you can show new and tangible value in the network then the customer will see that [or many of them].

Print

Luck up or down in lockdown?

Number of specialist resellers:	29
Combined revenue:	£1.26bn

Top five firms by revenue
1 Apogee
2 Banner Group
3 Xeretec
4 Altodigital
5 Commercial Limited

Of all the breeds of tech supplier featured in this report, managed print and copier players are - arguably – among the most seriously hampered by lockdown, at least in the short term.

Although lockdown has sparked a home printing boom, the offices that house the high-end multi-function devices many of the 29 firms profiled in this section sell and service lie largely empty.

Adaptation will therefore clearly be the watchword in 2020 for the 29 resellers within VAR 350 with a clear focus on print, copiers, consumables and office supplies.

> **Managed print businesses like us need to adapt, or they won't survive**
> Nigel Allen, ASL

Q&A: Nigel Allen, marketing director, ASL

18th-ranked print specialist's marketing director opens up on how print providers will have to change in coming years

How has COVID-19 changed the demand landscape for print, particularly given you sell and support office equipment?

We are still installing kit into some of our customers – the food industry generally speaking is still going. But I'd be lying if I said the revenues haven't been affected. We have invested heavily in IT and unified comms to diversify our product portfolio and have focused on those quite a bit last couple of months, and although we've not won any huge bits of business it has helped things tick over.

Barclays' CEO recently intimated that big offices may become a thing of the past. Post-COVID, what will the typical office look like and how will that impact print specialists like you?
I think he's right. Particularly if you're looking at the main conurbations, I think people will be hesitant to go back into those offices, and I think those companies will have to change the way they work. Our portfolio of 7,000 SMB customers probably won't change as significantly, but we know people will still work from home.

Because managed print services are focused on the office, it is key that companies do not

Q&A: Nigel Allen, marketing director, ASL (continued)

overlook the cost and security of home printing – and even potential fraud. Come 23 March when everyone shut down, PC World was probably very busy with very cheap printing devices going out the door. But people are paying four times per page more than in the office. For one or two people that's fine but suddenly, if you've got 200 people doing that, are they buying right? Are they monitoring what Doug is buying at home? Suddenly you're buying toner and selling it on eBay!

So there are things companies like ASL can do to help manage home printing – via centralised purchasing and having a unified product portfolio. If the home user has a printing problem, they can phone up and [we will] know exactly what they've got and the common problems. Businesses like us need to adapt. Outside of what I said about investing in IT and UC, managed print businesses have to adapt, or they won't survive. If you took an estimate of the printing in the next 18 months getting back to 80 per cent – which is a pure guess – there's 20 per cent of revenue there to fill.

There will be more demand in the office for social distancing.

So whereas for years people have been pushing [for cost reasons] to use one MFD in the office, people may now want more desktop devices, which are more expensive to run. There will be more demand for software and proximity cards to release your print, rather than touch devices. So there are some revenue opportunities and an opportunity for increased management of those devices, which hopefully ASL and others will be able to capitalise on.

ASL is a private equity-backed buy and build. Have you had to pause your M&A strategy?

Our strategy is still the same. We are a buy-and-build strategy and, of course, our ability to buy has been affected in the short term. But, also, people may not be as willing to sell because if you look at their last six months trading it's not so great and the banks will look at it and say it's not worth that. So the timing may be affected.

> **There will be more demand for software and proximity cards to release your print, rather than touch devices**

Q&A: James Kight, Printerland

Sales or laser printers have boomed since lockdown, according to MD of eighth-ranked print specialist

You supply equipment into offices, and now everyone's working from home. How has the demand landscape for you changed?
There are more units being sold, but they are at a lower value now because they're for home users. Laser printers are our main market, so our market hasn't been affected as much as somebody just doing copiers – there's just nothing going on in that sector. What we've found is that people are printing more than ever WFH. On Monday we had 1,200 orders and that same day last year we had 950 orders - so there are a hell of lot of orders but they're lower value.

Q&A: James Kight, Printerland (continued)

And now more people are going back into their businesses, the A3 side is picking up as well – but there's not been enough time to make a proper judgement on it.

Barclays' CEO believes big offices may be outmoded? What will a typical office look like in 12-18 months' time and how will that affect you?
I think he's right. But those types of businesses tend to be contracted onto the higher-end copier-based machines, which doesn't really play into our market. Our biggest market is SME, education and healthcare. We have over 100,000 regular customers that use us. The demand has been incredible going into lockdown – I've never known anything like.

Are there any other major trends you've spotted?
It has been humbling how reliant people are on print. When you here talk of the 'paperless office', it niggles away at you – but this has just shown it's critical.

Every aspect of healthcare and government bodies has been reliant on it – even parliament all got sent home and we saw an uplift in people needing printers as they worked from constituencies. It's been quite remarkable. In March we were £1m up on turnover. It shows how resilient we are – you're forced to do things differently.

Comms

Luck up or down in lockdown?

Microsoft CEO Satya Nadella declared on an earnings call at the end of April that "we've seen two years' worth of digital transformation in two months", as his firm announced its workplace chat app Teams had amassed 75 million daily active users.

But Teams, Zoom and Slack aside, the UCC channel has suffered as much as most of the other sub-sectors we track through the pandemic, with a string of trading updates from listed resellers such as Maintel and Adept warning over a possible slowdown in business

How would you characterise demand levels for collab and comms?

	27 March - 30 March	1 April - 8 April	9 April - 11 May
NA as don't sell	14%	22%	16%
A lot lower than normal	2%		9%
Slightly lower than normal	4%	7%	5%
Normal	18%	24%	23%
Slightly higher than normal		4%	4%
A lot higher than normal	63%	42%	43%

Legend: A lot higher than normal / Slightly higher than normal / Normal / Slightly lower than normal / A lot lower than normal / NA as don't sell
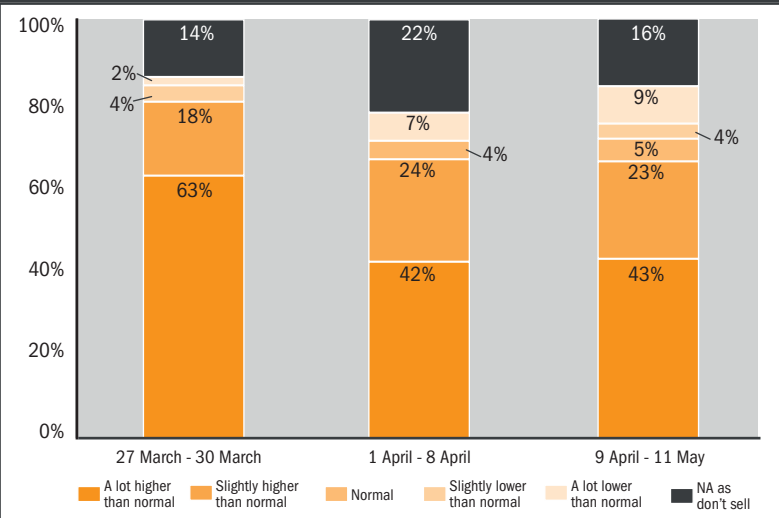
Source: CRN audience survey

Number of specialist resellers: 41

Combined revenue: £2.02bn

Top five firms by revenue
1 Daisy
2 Maintel
3 Chess
4 KCOM Enterprise
5 OneCom

Q&A: Richard Burke, Arrow Business Communications

CEO of 12th-ranked Arrow on what the new normal will mean for comms and collaboration specialists

How has COVID-19 impacted demand, and how will it reshape customer spending priorities, in your space?

Following the initial high demand as people adjusted quickly to meet the need to remote work, we have seen an anticipated fall in new sales demand. The exception to this relates to our larger customers who have continued to move forward with their strategic priorities, despite the challenges everyone is facing. Due to the services we provide we still foresee a strong demand for our products, and envisage the increased focus on cloud, collaboration and general remote working related enablement tools will continue at a higher rate than pre-COVID.

How would you assess the health of the comms channel right now and how might this change over the coming months?

Relative to other sectors I would say it is one of the more healthy sectors. Compared to pre-COVID activity the variable usage elements of our channels will be lower at the moment across the board as the lack of business travel and office usage changes the working patterns of our end users.

Where are the growth hotspots?

Collaboration tools, appropriate connectivity solutions, mobility solutions and consultative services to ensure customers can succeed in the new normal post the COVID lockdown.

What are the other mega-trends shaping the industry?

Increased levels of consumerisation with business applications, eg Microsoft Teams being used for critical business meetings as much as it is for family quizzes and keeping in touch with people. Large players with global reach dominating the technology choices for customers, particularly Microsoft. Remote working being the new norm for businesses possibly resulting in a need to re-evaluate corporate strategy to maximise engagement and effectiveness of workforces everywhere.

There's been a huge amount of consolidation in the comms channel, driven in particular by private equity investment. How might COVID-19 impact M&A and multiples in the sector?

For businesses with relevant product portfolios and the capability to support the growing reliance on technology in businesses, making them effective the new normal, multiples will be maintained. Any PE deals that were about to come to market will be pushed out unless the sellers are willing to take a price reduction in the short term to ensure a deal still happens. I think further consolidation will ramp up in a few months once the longer term financial impact of what is happening in the economy starts to hit a little harder than it is now, with an increased level of distressed assets being sold. There is still a lot of money out there that people need to invest, albeit at the right price.

Audio Visual

Luck up or down in lockdown?

Number of specialist resellers: 22

Combined revenue: £502m

Top five firms by revenue
1 ProAV
2 AVMI
3 The Saville Group
4 AVI-SPL
5 Electrosonic

Audio visual integrators have found themselves at the epicentre of the remote working revolution as the number of workers using desktop-based videoconferencing skyrockets.

But the AV sector has also felt the full force of COVID-19, with project work inevitably drying up and those with a live events business left with a temporary hole in their sales ledger.

> **The coronavirus crisis has led to very challenging trading conditions over the past two months and we anticipate this will continue at least until lockdown conditions, particularly in Europe and North America, are significantly eased**
>
> Andrew Herbert, chairman, Midwich

Q&A: Stuart Davidson AVMI

This Q&A was conducted ahead of the announcement of AVMI's acquisition by Kinly on 2 June

AVMI's technical director mulls the blueprint for survival in the audio visual sector

How has demand in the AV sector been impacted by COVID-19?

Videoconferencing has gone through the roof. A lot of what we've seen over the last few weeks is really an acceleration of an awful lot of business plans that have been in place but not enacted – in terms of mobilising people to work on Teams and Zoom

The big capital project work that has been in the pipeline for a long time are still continuing in planning. So we are still very busy, certainly from a design perspective, to be ready for when the taps come on again and we can get back in to deliver project work. Inevitably moves, adds, changes – the small pieces of ever day work - those are the things that have dropped off and how quickly they will come back remains to be seen.

Is it harder for an AV integrator to make money from Zoom and Slack than traditional boardroom VC technology?

Yes, it's always been more difficult to retain value on the soft conferencing platforms. Often the licensing isn't sold through us, and the hardware is

How would you characterise demand levels for AV?

	27 March - 30 March	1 April - 8 April	9 April - 11 May
NA as don't sell	34%	36%	36%
A lot lower than normal	14%	11%	20%
Slightly lower than normal	14%	5% / 14%	7%
Normal	22%	18%	7%
Slightly higher than normal			12%
A lot higher than normal	16%	16%	16%

Legend: A lot higher than normal | Slightly higher than normal | Normal | Slightly lower than normal | A lot lower than normal | NA as don't sell

Source: CRN audience survey

Q&A: Stuart Davidson AVMI (continued)

cheaper than it used to be. But there are still a lot of services we can offer when it comes to in-room. The fundamental rules of AV don't change just because we've gone from traditional VC to a soft conference. Before we would support the rooms and our responsibility would end at the rooms. Now our responsibility is moving back towards supporting them on the desktop, and in the rooms. So there are lots of opportunity even if people aren't working in the office; it's just that those opportunities are around a managed service to support the project work.

A lot of AV integrators have live events arms, which must have ground to a halt. Is there enough work to keep everyone busy?
We're probably more fortunate than most AV businesses in that our business is built around a services and support model. Where we're seeing our friends and colleagues struggle is when their business is project focused or – as you say – event focused. If there's no ongoing managed services revenue to shore up the hole that's been left by everyone having to work remotely, that's where the real risks like.

What's the blueprint for the AV channel to get through this crisis and are some providers better positioned than others?

It's about if you can find a way to provide services to your customers while they're evolving. That's how you've got to survive, and that's where the managed services and ability to adapt your service to support your changing customer base is going to help. This is a long-term change, which isn't going to end at the end of COVID.

Besides COVID-19, what are the other mega-trends shaping the industry?
Our customer base is becoming more national, more global. The customers that make tech selections often now are not focused on one building but on a global or national roll out, so they are spending many millions of pounds across multiple projects. And when they're doing that, they need additional information to make sure they're spending their money correctly. The additional technologies and services we're providing now are not only about deploying globally and nationally for our customers in a consistent way, but also about reporting and making sure the money is being spent wisely. The biggest growth area of our business at the moment is our design and consultancy business to help our customers design consistent standards and deploy them globally.

You've been acquisitive. Will this change?
We're still making as many plans as we've ever made in the background. The signs are that this is going to change the industry. It's a big hit for everyone now. But many of our customers are still making plans, and we're still designing big capital projects and making plans to deploy once we're out of COVID. The world as a whole has paused and we've got confidence that once we get through this that everyone will un-pause and it will get back to a good level.

> **The world as a whole has paused and we've got confidence that once we get through this that everyone will un-pause and it will get back to a good level**

Business Applications

Luck up or down in lockdown?

Although Gartner predicts that enterprise software will be among the sectors of the IT market most insulated from the COVID-19 crisis, the firms featured in this section are clearly finding life tough.

The 37 business applications specialists featured in this section are among those more susceptible to a slowdown in project work and new technology investments.

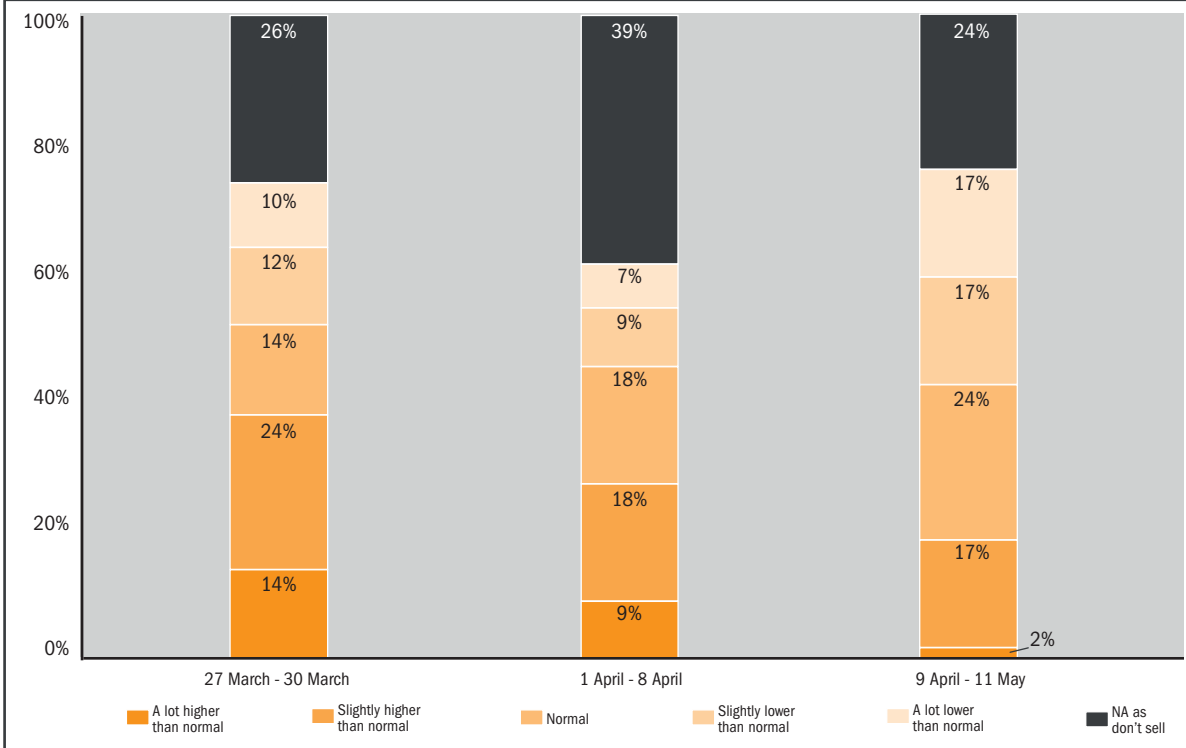| Number of specialist resellers: | 37 |
| Combined revenue: | £978m |

Top five firms by revenue
1 CACI
2 K3
3 Itelligence
4 Solid Solutions Management
5 eBECS

> **Columbus had a positive start to the year with progress in most of our business units until COVID-19 hit us**
> Columbus CEO, Thomas Honoré

How would you characterise demand levels for business apps?

27 March - 30 March
- NA as don't sell: 26%
- A lot lower than normal: 10%
- Slightly lower than normal: 12%
- Normal: 14%
- Slightly higher than normal: 24%
- A lot higher than normal: 14%

1 April - 8 April
- NA as don't sell: 39%
- A lot lower than normal: 7%
- Slightly lower than normal: 9%
- Normal: 18%
- Slightly higher than normal: 18%
- A lot higher than normal: 9%

9 April - 11 May
- NA as don't sell: 24%
- A lot lower than normal: 17%
- Slightly lower than normal: 17%
- Normal: 24%
- Slightly higher than normal: 17%
- A lot higher than normal: 2%

Legend: A lot higher than normal | Slightly higher than normal | Normal | Slightly lower than normal | A lot lower than normal | NA as don't sell

Source: CRN audience survey

Q&A: Tom O'Hara, Kick ICT

Founder of Scottish MSP and ERP consultancy opens up on how COVID-19 has impacted its project-based activities

How would you characterise demand levels for the ERP consultancy side of your business?

On the consultancy side, it's been division specific. So we've had some impact - but not a huge impact - on the Microsoft Dynamics and the technical divisions, the biggest impact being on Infor - where customers traditionally wouldn't have remotely deployed projects. It's all very much onsite within that customer base. And interestingly enough in Infor-land there have been more scenarios of customers and specific people involved in projects actually catching the virus.

What impacts will COVID-19 have on Kick ICT mid-term?

It's luck or judgement – or a combination of both - that we went into 2020 on the back of a good recurring revenue number, a good horizontal spread of customers and a good bank balance. And I think all of those factors have combined to provide us with a level of resilience. There is no doubt that the consultancy revenues for us will fall over the medium term – some divisions more than others – but for the reasons I've outlined we are slightly buffered.

You launched Kick ICT as a buy-and-build in 2014. How has COVID-19 impacted your expansion plans?

We've probably more practical than strategic in this period. If you look at our stated acquisition aims, they are - to use the phrase of the moment – furloughed. We're not actually looking for opportunities at this point. We are just assessing the best way for our business to get through this and are wishing our fellow it businesses the best. Once we get to the mid and long term the whole strategic initiative of growing and disrupting will kick back in.

> **Interestingly enough in Infor-land there have been more scenarios of customers and specific people involved in projects actually catching the virus**

Managed Services

Luck up or down in lockdown?

Number of specialist resellers: 17

Combined revenue: £276m

Top five firms by revenue
1 IT Lab
2 Advanced 365
3 Dacoll
4 EACS
5 IT Professional Services

Managed services providers endured a frenetic March and April as their service desks nearly collapsed under the weight of calls and tickets from clients shifting to remote working.

But recent redundancies at ambitious MSP tools vendor Datto are a reminder that a fall in activity levels in certain verticals is having a knock-on impact on general demand levels across the sector.

> **Our hiring over the past six months anticipated a much higher rate of growth in 2020 than the managed service provider industry or Datto is now likely to see**
> Datto CEO, Tim Weller

Q&A: Peter Sweetbaum, CEO, IT Lab

How has your helpdesk coped with the remote working boom?
Like everyone we saw a huge spike in helpdesk demand in the first couple of weeks. It really was through the roof in terms of helping people get reoriented working from home during lockdown – Teams, collaboration, remote working in all sorts of forms. But it has really quieted down a lot.

How would you characterise the health of the managed services market?
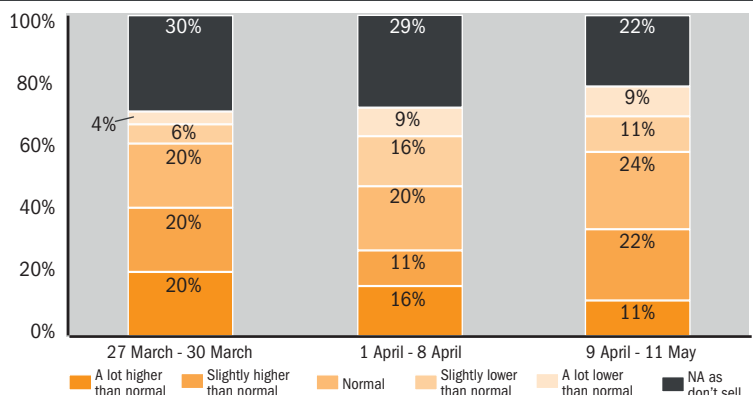The MSP market relative to many sectors is probably in a better place, bluntly. People still need what we do. The technology is fundamental. If we didn't have the technology we have today I can't begin to imagine economically what the impact would have been beyond what we're already seeing. And so the demand for our services in terms of support, cloud services, security and collaboration is still very high, and there's no reason

why that should change as we go forward. So in a relative sense to other industries, I think the MSP market is doing well. I think areas like on-premises infrastructure and resell services are slowing down. As you'd expect, people aren't doing local infrastructure projects. But the vast majority of what we're doing – and what most MSPs who are cloud-oriented are doing - is in demand.

What long-term legacy will COVID-19 have on the MSP market?
I think it will definitely drive further cloud capability and expectation and need. Anyone who's still operating an old-school local infrastructure, on-premise service, will be challenged. But people who are really capable of driving digital transformation in the truest sense - and what I mean by that is changing business models to be web and digitally delivered – not migration to the cloud - will do really well.

How would you characterise demand levels for helpdesk services?

	27 March - 30 March	1 April - 8 April	9 April - 11 May
NA as don't sell	30%	29%	22%
A lot lower than normal	4%	9%	9%
Slightly lower than normal	6%	16%	11%
Normal	20%	20%	24%
Slightly higher than normal	20%	11%	22%
A lot higher than normal	20%	16%	11%

Legend: A lot higher than normal · Slightly higher than normal · Normal · Slightly lower than normal · A lot lower than normal · NA as don't sell

Source: CRN audience survey

Cybersecurity

Luck up or down in lockdown?

Number of specialist resellers:	**20**
Combined revenue:	**£646m**

Top five firms by revenue
1 NCC Group
2 SecureData
3 NTT Security
4 Bytes Security Partnerships
5 Adarma

If there is one sector whose stock is clearly rising in the wake of COVID-19, it's security, as organisations furiously upgrade their defences to protect home workers.

Several of the 20 firms profiled in this section are enjoying a clear COVID-19 bounce in activity, with ninth-ranked Shearwater Group telling the stock market in March that mass adoption of remote working had supercharged demand for its multi-factor authentication software.

It was a similar story at 20th-ranked ECSC, a cybersecurity provider with two secure operations centres which announced plans in April to raise £500,000 through a share placing in order to "prepare for post COVID-19 opportunities".

> **Current rapid changes in remote working comes with increased cyber security risks and ECSC continues to be ideally placed to help organisations prevent, detect and respond to the resulting incidents**
> ECSC CEO Ian Mann

How would you characterise demand levels for cybersecurity?

	27 March - 30 March	1 April - 8 April	9 April - 11 May
A lot higher than normal	12%	24%	21%
Slightly higher than normal	34%	9%	39%
Normal	22%	28%	16%
Slightly lower than normal	8%	9%	7%
A lot lower than normal	6%	4%	4%
NA as don't sell	18%	26%	13%
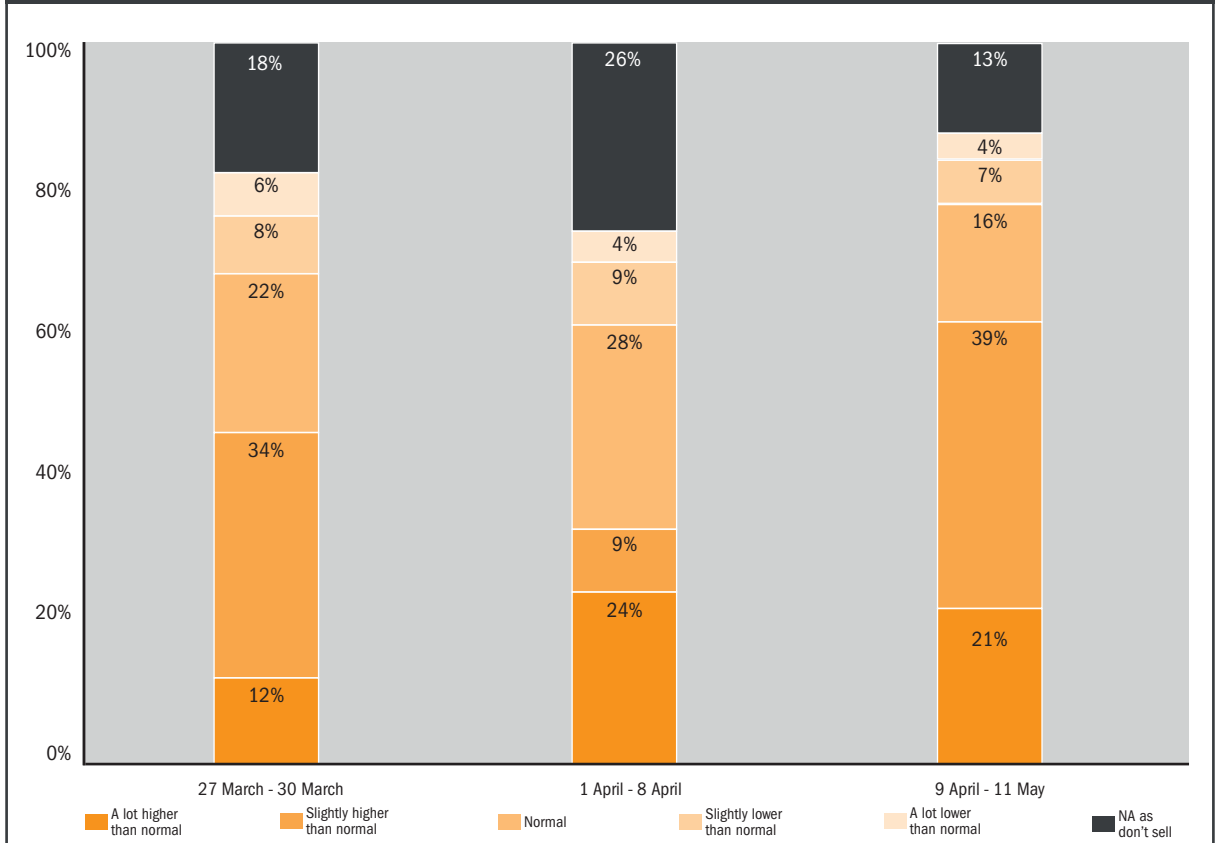
Source: CRN audience survey

Q&A: Ian Turnbull, Pentesec

MD of 18th-ranked cybersecurity VAR Pentesec assesses the health of the security market

Some security categories are enjoying a bounce as organisations shore up defences for their remote workers. Where are you seeing the highest demand?

There has been an influx of interest in technologies that supporting remote working. We've seen a bounce in SASE and SD-WAN discussions, as well as CASB conversations and EDR products. Despite those enquiries, the projects we're working on are predominantly ongoing engagements or a direct response to rapid expansions at the start of the lockdown. The most unexpected shift we've seen is the number of customers interested in our Check Point training courses. We previously built remote capabilities to enable distance learning and that's resonating with our customers right now.

What is the most common blind spot you're seeing among your customers as they've shifted towards a remote working model? Are they taking the threats that come with remote working seriously?

Security can be a secondary consideration behind connectivity within businesses but certainly more so during this period. It's clear our customers take security seriously, but it is a reality that operational capability comes first and that can increase business risk and potentially open new attack vectors. An awareness of these challenges is what drives conversations around previously mentioned technologies, as they shine a light on some of the complexities involved in securing a remote working culture.

How would you assess the health of the cybersecurity channel right now and how might this change?

The cybersecurity channel is as healthy and resilient as it's ever been but considering the changes that are occurring, it's clear certain businesses will have to consider their approach. Agile, cloud-focused businesses, that had anticipated behavioural changes across industry, are likely to benefit from an increased focus around those types of conversations. Legacy businesses, predominantly invested in office-based hardware, may find they're impacted in the short term.

What are the other mega-trends shaping the industry?

It's difficult to move too far beyond the COVID-19 conversation itself given its impact, but something we think might become a mega-trend on the back of this is a shift in the way deals are financed. Given the impact on cash flow that COVID has had it's quite possible financing within IT might become the next mega-trend.

How will COVID-19 impact the consolidation we've seen in cybersecurity recently?

One of our key suppliers recently held a webinar with Brewin Dolphin on this exact topic and I agree with the two economists that were present. They discussed the likelihood of a greater number of mergers and acquisitions. With the likelihood of some businesses becoming cheaper to acquire due to unfortunate circumstances or the doubling-down of larger businesses to shore up certain corners of the market, I'm inclined to agree with their view. You could even make a case that some great tech start-ups may collapse due to a lack of funding and sell off their intellectual property to large players in the market. It'll be intriguing to see what happens.

> **We previously built remote capabilities to enable distance learning and that's really resonating with our customers right now**