

## PRESS RELEASES

### **Cisco Small & Medium Business Partners Continue to Accelerate Cisco announces huge growth in partner numbers and 5,000 days of free instructor led training for SMB focussed partners**

MILAN, Italy, November 23, 2006 - Cisco® demonstrated the continued success of its SMB Select Partner program today by announcing at the Cisco European Channel and SMB Press Forum in Milan that it had doubled its number of partners in Europe to more than 2,300 members this year. Cisco also announced two new initiatives, the Unified Communications Accelerator Program and SMB University, which will deliver 5,000 days of free instructor-led training to Cisco partners. The improved program has been introduced to address the increasing need for skilled partners specialising in providing security, wireless and especially voice solutions to small and medium-sized businesses.

Launched in 2004, the Cisco SMB Select Partner program offers incentives and resources specifically geared to support partners who provide a valuable service to organisations of between 20 and 249 employees. SMB University is being launched across all of Europe to provide free instructor-led training, and the Unified Communications Accelerator Program has been developed to address a growing demand for Unified Communications technologies.

"The lack of skilled staff for partners and even at their customers is a major issue today, and Cisco has gone a long way in helping its SMB Select Partners train their staffs in addressing technologies such as wireless, security and Unified Communications," says Keith Humphries, managing consultant for EuroLan. "SMB customers look for solutions and not products, and Cisco's SMB Select Partner program allows partners to become skilled in selling more solutions, becoming their trusted advisor and relieving them of their pain points."

SMB University has been running in Latin America for the past eight months, developing a breadth of skills among SMB-focussed partners. As a result of its success, the expert training is rolling out across 21 countries in Europe. Primarily an instructor-led initiative with updates and refresher training provided online, it offers daylong courses with both foundation and technology-focussed sessions on security, wireless and Unified Communications. All training is free of charge to SMB Select Partners. Cisco's SMB University also help partners by providing training in the general sales skills needed to sell technology to SMBs.

As small and medium-sized businesses continue to demand integrated voice and data networks, which enable the deployment of smart, simple and highly secure solutions that help improve customer responsiveness, the Unified Communications Accelerator Program will provide comprehensive free training focussed on voice. The program offers SMB Select Partners four days of instructor-led training focussed exclusively on Unified Communications technologies. Two days of the program focus on training in sales, and the remaining two provide hands-on technical training.

Cisco also announced details of its first global SMB Select Partner survey. More than 1,200 European partners participated in the research that highlights the considerable value of Cisco's SMB-focussed partner program. Eighty nine per cent of the European respondents stated that the SMB Select Partner Program was either important or very important to them. The research also highlighted that Cisco's partners believe that quality support services and a strong knowledge of a customer's business are the two main factors in ensuring customer loyalty among small businesses.

"The adoption of the SMB Select Partner program by our partners has been incredible, and it continues to flourish. This is an increasing part of our business and we need to ensure that our customers can easily address their technology needs. As we see demand for wireless, security and especially voice solutions flourish, our aim is to ensure that the SMB Select Partner program continues to evolve alongside this growing trend," said Andreas Dohmen, vice president of European Channels, Cisco.

HP ProCurve

**euroLAN have been asked to present on the datacoms market at the Convergence Summit 2006** which will take place on 10-11 October 2006 at The Surrey Hall, Sandown Park, Esher in Surrey.

**euroLAN presented at the Comms Channel Expo** on 10 May 2006. Keith Humphreys, euroLANs Managing Consultant, presented at the Reseller Forum, Hall 1, NEC, Birmingham at 11:00. The topic Picking the right vendor (to ensure a win-win partnership) <http://www.comms-channel.co.uk/>

**euroLAN asked to judge channel awards**

Keith Humphreys, Managing Consultant at euroLAN, will be a judge at both the CRN Channel Awards (to be held on 23 November 2006 in Battersea Park Arena) and the Channel Network Awards (to be held on 19 October at The Dorchester). Humphreys (who was a judge for the CRN awards last year) commented, "...it is an honour to be asked to judge at one event but I am really delighted to be asked to judge at two events!"

	<p>Thursday, 7th June 2007 The Royal Lancaster, Hyde Park, London</p> <p>For details, or to book your table, seat or sponsorship, please call 01892 538348 or email <a href="mailto:awards@commsbusiness.co.uk">awards@commsbusiness.co.uk</a></p>
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**HP ships programmable switches** 21 February 2006 by Martine Courtney

HP's ProCurve Networking arm has launched a range of Layer 3 Gigabit Ethernet switches, offering UK enterprises a credible alternative to Cisco's Catalyst 4500 product range.

The 5400 and 3500 Layer 3-4 devices are based on a new ProVision application-specific integrated circuit (Asic) developed by HP labs. They cost £76 and £84 per port for 48- and 24-port versions with integrated Power over Ethernet (PoE) support. ProCurve vice-president and general manager John McHugh said the application most likely to make it onto the Asic is identity integrity checking, but conceded that appropriate standards must first be decided.

"Predicting the services and applications people will program into this Asic in two to three years' time is a daunting task, but we don't have to know - it's just a question of catering for future requirements," he said.

Keith Humphreys, managing consultant at EuroLan Research, highlighted user-authentication at the edge of the network as a plus point.

"Everybody has invested in intrusion-detection systems [IDS] and packet shaping [appliances] but the important thing is putting security in the right place. Gigabit and PoE are effectively future-proofing," he said.

Figures for the third quarter of 2005 suggest that Cisco cornered a 52 percent share of the managed switch ports sold in Europe. HP ProCurve came a distant second with 17 percent, but finished ahead of nearest rivals 3Com and Nortel who managed 11 percent and five percent.

Jon Wetherall, ProCurve UK country manager, said, "Many IT directors don't really understand the technology, but believe their job is safe if they stay with the market leader. Some are scared to change, but that mentality is altering."

Computer  
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**Cisco VAR splits sales teams into Enterprise and Commercial divisions as turnover rockets** by Trevor Treharne, CRN, 10 Aug 2006

VAR Minx has claimed it is defying complaints about tough market conditions from some Cisco resellers, after the firm declared its turnover would top £28m next year.

The recently appointed Cisco Gold Partner (CRN, 10 July) has completed its fourth year of trading and seen its 2006 turnover rise by 171 per cent from £4.1m last year to £11.1m.

Minx's retained profits also rocketed 987 per cent from £46,000 in 2005, to more than £500,000 this year.

John Pepper, managing director of Minx, told CRN: "Anybody in the IT sector who talks about the market declining or too much competition needs to get their heads examined.

"The channel is full of firms that need to go out and get new customers, not sit around griping while they wait for Cisco to put something on a plate for them."

Pepper added that there is massive scope for growth in the Cisco channel, with room potentially for another 20 Gold Cisco partners.

"We could see we were heading for an outstanding year, but the results are beyond our expectations," he said. "Our Gold status and the fact that we have specialised in Cisco has helped."

Pepper said Minx has now split its sales teams into an Enterprise division, for larger firms, and a Commercial division for firms with up to 2,500 users.

"We are also launching Minx Direct for the SME sector, which enables smaller businesses to go online and buy a complete unified communications solution," he added. "This will be launched in six weeks to two months."

Minx has also opened a new office in the City of London to run alongside its Hertfordshire headquarters.

"We are also looking to open offices in Manchester and Edinburgh. We might also open something in France," Pepper said. "We want 10 offices in total by this time next year."

He said despite a high degree of consolidation in the market Minx will continue to grow organically in the UK and may acquire a small French firm.

"Our headcount has risen from 39 in June to 50," Pepper added. "I hope this will rise to 60 by Christmas."

Bernie Dodwell, European security manager at Cisco distributor Westcon, said: "The Cisco channel is performing well. However, the problem with a lot of Cisco VARs is they are not taking advantage of Cisco's rebate programmes."

He added that Westcon has a focused rebate team to find out where the firm is making its margin, and Cisco VARs need to work with their distributors to claim full rebates.

"If you claim full rebates from Cisco you can get 10, 20 and even 30 per cent margins," Dodwell added. "It sounds as though Minx is playing the system and making money."

Keith Humphreys, managing consultant at research firm EuroLAN, said: "Cisco has set up a lot of programmes to allow partners to differentiate themselves. Minx has obviously found a niche that works."

Humphreys said it is easier and safer for VARs to grow organically, because acquiring new customer bases is no guarantee of retaining the business.

"Expanding across the UK is a good idea, but I would think twice about setting up in France," he added. "Too many firms have tried to set up in mainland Europe and failed."

**Communications VAR chief says windfall will be shared between all 800 of its workers**  
by Trevor Treharne, CRN, 7 Aug 2006

Staff at communications VAR Azzurri will all receive a share of a £3.5m payout following the firm's sale earlier in the year.

Azzurri was acquired by PPM Capital, the private equity arm of Prudential, for £182.5m (CRN, 12 June). The firm has a Employee Share Trust scheme, meaning 800 employees will receive cheques ranging from £300 to £20,000.

Martin St. Quinton, chief executive of Azzurri, told CRN: "I set up the scheme when I formed the company with the aim of rewarding every employee if we did well. We truly believe that everyone in the company deserves a share of the windfall following the sale, not just the senior management team.

"We put 2.5 per cent of the company into a trust fund when we established. When we were sold this was worth £3.5m."

St. Quinton added that the windfall will be shared between all 800 of Azzurri's workers, with longer serving employees getting a larger amount. Staff that are already shareholders are not eligible for the windfall.

"We have now started a new Employee Share Trust scheme and allocated shares to all employees so that they will receive another payout if Azzurri is sold again in the future," St. Quinton said.

Regarding any possible upcoming acquisition, St. Quinton told CRN: "Our acquisition department has re-opened for business and we are on the look-out for UK businesses in the voice and data market. We would hope to complete an acquisition before Christmas."

Keith Humphreys, managing consultant at research firm EuroLAN, said that it is rare for channel firms to run such schemes.

"The 2.5 per cent will not be missed by a company and it is appreciated by staff, so it is a good incentive," he said. "It will also help with staff retention."

Humphreys added that a lot of firms do not provide employee share schemes because of specific share rules and regulations.

#### **VoIP vendor signs IP telephony distributor** by Trevor Treharne, CRN, 31 July 2006

Voice over IP (VoIP) vendor CamrivoX has signed IP telephony distributor Vcomm to help it reach SME and residential user markets.

CamrivoX's VoIP products handle only voice calls, but they allow telephony features and information to be shared with other networked devices, such as PCs. The vendor has claimed that its products will allow home users and small businesses to make lower-cost phone calls over the internet in conjunction with a service provider.

Scott Dobson, managing director of Vcomm, said: "We wanted to find a single-user, small-office/home-office device that was simple to use and configure. The CamrivoX product provides good performance and features, at the right price.

"It is extremely easy to use, lowering the support burden on operators and resellers. We had been looking for some time for something this easy to use, because a problem with VoIP is getting it to work first time."

Dobson claimed that the CamrivoX kit can compete with rivals because of its high level of usability and simplicity.

"Resellers do not have to worry about costly and time-consuming service calls once the kit has been installed," Dobson added.

David Moorhouse, vice-president of marketing at CamrivoX, said he hopes the partnership with Vcomm will bring in additional VARs.

"I'm confident that this partnership will allow us to reach new resellers and customers in the business market, widening the uptake of our VoIP products," he said.

Keith Humphreys, managing consultant of research house EuroLAN, said: "Vcomm is a rare breed of distributor, one that finds the right partners for vendors. CamrivoX can benefit from Vcomm's ability to introduce vendors to the market."

**Speech recognition vendor to launch EMEA partner programme next month** by Trevor Treharne, CRN, 21 Jul 2006

Speech recognition vendor Spescom is set to launch its first EMEA partner programme next month.

South Africa-based Spescom provides tools to record, manage and process voice traffic. The vendor claimed its technology could be used to ensure the quality of customer interaction, for legal purposes, or in support of general business processes.

The VAR programme will go live on 10 August when the vendor hopes to sign the partners it needs to push its portfolio in Europe.

Albert Selzer, managing director of Spescom UK, said: "We believe our technology is mature enough and ready to go to market. It allows users to verify the identity of a person speaking on the phone."

Selzer added that Spescom enables firms to improve fraud prevention.

"We will only go to market via the channel, never direct," he said. "We work with partners to build trust and don't saturate geographies with too many partners. We have one partner in the UK. We want to grow this, but to no more than five partners."

Selzer said Spescom will operate a single-tier model because a multi-tier approach is "more impersonal".

"Our product is designed to make it easy for partners to sell to end-users," he said. "We are also very responsive and like to work closely with partners."

"We are looking to partner with firms with telecoms experience. We want partners who are looking to add Spescom to their portfolio to leverage their infrastructure offering."

However, Keith Humphreys, managing consultant at research firm EuroLAN, said: "Speech recognition is a difficult sell. Spescom will need to recruit a high-end partner, perhaps in the mould of Damovo, NextiraOne or Dimension Data."

**Prime Business Solutions is now rebranded under parent company** by Trevor Treharne, CRN 17 Jul 2006

VAR Prime Business Solutions has claimed its recent rebranding under the umbrella of parent company 2escape2 (2e2) will allow it to supply an extended offering to its customer base.

2e2 has merged all of its UK businesses – which include Prime, Norsk Data, TriSys, KCC Networks and the Training E-cademy – under the 2e2 brand.

The IT reseller group acquired Prime for £22m in 2004 (CRN, 30 May 2004) and claimed the brand merger aims to increase cross-selling opportunities and raise awareness of the 2e2 brand.

Chris Vick, director of marketing and strategy at Prime, told CRN the merger allows the VAR to operate under a unified identity.

"We will still retain a form of specialisation and take this across to 2e2," he said. "We are still small enough to be agile, but big enough to be used for managed services."

"The communications environment has changed so dramatically and this rebrand extends our portfolio. We can offer our customer base more data management, such as archiving, availability and virtualisation."

Vick added that Prime has always been billed as a convergence provider, but said the convergence space has changed so much it is now more about the deployment of applications.

“Convergence was previously about just voice and data, but areas such as storage are now part of it,” Vick said.

Mark McVeigh, chief operating officer at 2e2, said: “As our customers demand more complex and broader solutions, we need to make it easier for them to deal with us. The rebranding will provide a single interface for our range of services. We will not lose any of our agility.”

Keith Humphreys, managing consultant at research firm EuroLAN, said: “As long as 2e2 creates the brand awareness, it will not damage the Prime business. 2e2 will have to be willing to invest to achieve this.”

Humphreys added that the brand merger will make 2e2 – which has operations in Europe – appear to be a pan-European group. He said that this could help to attract vendors that are looking for European coverage to the group.

#### **Networking vendor adds Acal to its distribution stable** by Trevor Treharne CRN 29 June 2006

Networking vendor Adtran has inked its second UK distribution deal in the space of a month.

The US vendor signed with security distributor e92plus last month (CRN, 5 June), and has now added Acal to its UK distribution stable.

Acal will now be responsible for promoting Adtran’s portfolio and recruiting VARs for the Adtran ADvantage partner scheme. The Adtran product set consists of Ethernet switches and internet security appliances.

Ed Williams, director enterprise and channels for EMEA at Adtran, said: “We were looking to ensure we have good UK coverage and Acal has the networking focus we wanted. We won’t be putting a third distributor in place in the UK.”

Mukesh Gupta, managing director of e92plus, said: “We knew the Acal signing was on the cards. Adtran always said it wanted two UK distributors.

“There will be minimal overlap [between e92plus and Acal]. We come from a security point of view, whereas Acal is pure networking. We feel security is now part of the network.”

Keith Humphreys, managing consultant at research firm EuroLAN, said: “Adtran has been in the industry for some time and it is surprising that it has not penetrated further into Europe before. The Acal appointment seems to be a good step towards extending its European presence because it covers most of the region.”

#### **Crane Telecommunications replaces its alliance with LG** by Trevor Treharne, CRN 26 June 2006

Crane Telecommunications has replaced its alliance with vendor LG with a distribution deal to sell vendor Samsung’s telephony products.

David George, chairman at Crane, told CRN: “Signing Samsung is a substitution for LG, so there is no effect on our other vendor relationship with Avaya, Nortel and Mitel.”

George said Crane’s relationship with LG ended when the vendor decided to do business direct in the UK. Crane’s LG business will end once its supply of the vendor’s products is finished. “Samsung is a very powerful global player, with a strong brand. It wanted to expand its reseller channel,” George added.

Previously Samsung had appointed Rocom as its sole UK distributor (CRN, 10 October).

Keith Humphreys, managing consultant at research firm EuroLAN, was not surprised at the decision: "Samsung's relationship with Rocom has been rocky. Its sales through the channel have been disappointing."

**The recent flurry of channel acquisition activity is showing no signs of abating. However, as free-spending giants such as Matrix and Azzurri are snapped up themselves,** Trevor Treharne asks if acquisitions are really the best way for firms to grow  
CRN 19 June 2006

Although market consolidation remains rife in the communications channel, the type of consolidation taking place has seen a complete U-turn over the past few weeks. Now the hunters have become the hunted.

Two of the channel's most acquisition-hungry firms, Matrix Communications Group and Azzurri have been swallowed up by Irish VAR Calyx (CRN, 22 May) and private equity firm PPM Capital (CRN, 12 June) respectively. Both cited similar reasons for the take-overs; the ability to invest in further acquisitions to become a more complete convergence provider.

Despite Matrix and Azzurri's previously acquisitive outlook, both looked to be acquired to fast-track their convergence transformation strategies. This is not an indication that acquisitive resellers will ultimately need to sell out to survive, but more that VARs need true fiscal muscle to thrive in the communications channel.

So are acquisitions the best way for resellers to flourish in the communications channel?

Ian Smith, former chief executive of Matrix, who assumes the role of non-executive chairman of Calyx after the acquisition, said: "We are committed to the consolidation model. I believe this market is rapidly maturing, and there will be some runners and fallers."

Smith said Calyx [post Matrix acquisition] has now joined the ranks of Dimension Data, Damovo, Azzurri and Logicalis, as a major integrator in the UK.

"We allowed Matrix to consolidate with Calyx," he said. "We accepted the fact that Calyx was better positioned than us from a financial point of view."

Smith said the next wave of consolidation will see telcos buying the major integrators, as the market moves towards more converged service. Smith cited BT's acquisition of VAR TNS as a recent example (CRN, 7 November).

The future direction of Matrix has now been handed over to Irish VAR Calyx, which established its UK presence after it acquired Cisco and Nortel reseller ITS Technology Services last year (CRN, 31 October). Calyx has now jumped feet first into the UK market after snapping up Matrix. Despite paying £40.5m in cash and shares for the firm, its UK acquisition footprint is set to continue.

Maurice Healy, chief executive of the Calyx Group, told CRN: "There is a realisation in the Azzurri and Matrix-Calyx space that for a long time we were the non-sexy part of the industry. However, it [the communications market] is now seen as the biggest channel for players from other spaces."

Healy said the scale of a firm is an important aspect to building a successful integrator business.

"You need customer bases and recurring revenue," he said. "It takes a long time to build these without acquisitions. If you want shareholder value, scale is where it's at."

Healy said Calyx now plans to grow through a mix of organic growth and acquisitions. He insisted that organic growth is still an important part of Calyx's plans.

“Our model is based on gaining a broad spread of customers,” he added. “We look to acquire firms that have wide customer bases, a presence in the mid-market, have good recurring revenue streams and can add value with skill sets we don’t have.”

Calyx’s entry to the UK market will see it rival other large-scale channel players such as Azzurri, Logicalis and Damovo. The swift development of Azzurri was recently laminated after its £182.5m equity buy-out by PPM Capital. Established in 2000 and 15 acquisitions later, the VAR is now hoping the backing of PPM Capital can continue to boost its business in the same way as former investment backer 3i.

Martin St Quinton, chief executive of Azzurri, told CRN that after the VAR’s recent private equity buyout it plans to use the backing of PPM to build on its previous acquisitions.

“The deals we have made in the past have been with firms with a turnover between £1m and £20m,” he said. “We won’t stop buying in this bracket, but we will work on some more upscale acquisitions in the £20m to £50m turnover bracket.”

VAR Logicalis also looked to boost its business through acquisition, including IBM reseller TBC (CRN, 26 September) and Hewlett-Packard partner Hawke Systems (CRN, 2 August).

Ian Cook, chief executive of Logicalis, said: “Our strategy is not to dominate the market, but to increase our offering to our customers as the market develops. We try to make sure we are anticipating the market trends. We are adding new skills via acquisitions by looking at what we need to fast-track.”

Cook insisted Logicalis uses acquisitions to add to its capability, not just bulking up for the sake of it.

“Our revenue has grown from £340m to £545m, with only £105m coming from acquisitions,” he said. “That shows some 16 per cent of organic growth that has been achieved simply through picking the right technology.”

Despite the bullish approaches of Calyx, Azzurri and Logicalis, not all large channel players insist on acquisitions as the only means to fast-track their businesses in the communications market.

Paul Renucci, managing director of Damovo, said: “Our approach is one of organic growth. An organic strategy can often provide more lasting growth and enables us to successfully build within our business.”

Renucci said acquisitions can prove dangerous if certain aspects of the acquired business, such as people, do not integrate successfully. He also insisted the acquisition plans of Damovo’s rivals do not concern him.

“Acquisitions will give them velocity but it is not about how quickly you get off the mark, but the end result,” he said. “We have looked at a few [potential acquisitions]. We might make one if it was the right opportunity, at the right price.”

The acquisition game is not just for the larger players. VARs of all sizes are looking to consolidate in the comms channel. Other highly acquisitive players include Chess Telecom and ATC Communications.

VAR Chess recently completed its 12th acquisition in only two years after buying the customer base of specialist voice reseller United Worldwide Telecom (CRN, 13 March). Chess has concentrated its acquisition path on the lower end of the reseller market, but has shown no signs of halting its acquisitive approach.

Richard Btresh, director of corporate finance at Chess, said: “Acquisitions give us the customers we are able to service and enhance our gross margin. Some resellers want to cash-out of the market and we encourage this.

"I don't know quite what animal we become after we hit the £100m mark with our turnover, but over the next three to four years we will continue to acquire."

Earlier this month, VAR ATC Communications acquired voice and data reseller Britannia Telecom for £3.84m (CRN, 5 June). Previously ATC has bought virtual network operator T-Liaison (CRN, 18 January) and voice and data reseller Sterry Group (CRN, 14 November).

Alex Tupman, chief executive of ATC, told CRN at the time of the Britannia acquisition: "We are always looking for acquisitions that can add to our resources. I would be surprised if we don't make another acquisition by the end of the year."

Tom Perry, head of marketing at reseller Freedom, which acquired VAR The Telephone Company last year (CRN, 14 November), said he expects consolidation to continue.

"With acquisitions you get skills and a customer base at the same time," Perry said. "You have to move quickly. Organic growth is fine, but you have to be exceptional at it to grow at the same rate as acquisitive firms."

Russell Lux, managing director of VAR Luxtech, which acquired telecoms reseller CSS last September and added Apple VAR Topology last week (CRN, 12 June), said: "An acquisition strategy is the only one that works. You have to be a sizeable organisation to get the business.

"We want to grow as quickly as possible through acquisitions and there is still a lot of room for consolidation in the market."

Grahame Smee, managing director of distributor equip, which was acquired by Matrix (CRN, 10 January 2005) and then sold off to Horizon Technology Group (CRN, 6 February), said: "Acquisitions are the quickest way to grow, while organically is more difficult. Acquisitions give you mass quickly, but you may have to change your business model."

Smee said consolidation is likely to continue for 'Super VARs', such as Azzurri, Logicalis and Matrix-Calyx.

"This consolidation leaves a difficult role for distribution, as vendors will have more direct touch with these Super VARs," Smee claimed. "As this happens, the squeeze will be on the headline distributors."

Keith Humphreys, managing consultant at analyst EuroLAN, said: "All of the big firms have been making acquisitions. It is the main method to grow business and get customers."

Humphreys said acquisitive VARs need to acquire in the managed service sector to continue their growth.

"We are going to see acceleration in acquisitions," Humphreys added. "There will be more consolidation in every part of the chain leading to the end-user."

Funding channel acquisitions is traditionally sourced in three ways. VARs Freedom and ATC have favoured the approach of borrowing funds from Barclays bank. Other options include floating on the stock exchange – an opportunity taken by Calyx, which floated on the Irish Stock Exchange just before the Matrix acquisition and raised £17.5m. This follows its listing on the Alternative Investment Market in March last year, which raised £7.25m. The third alternative for resellers is to seek private equity backing, an approach favoured by Azzurri.

However, there is a dangerous element of risk to making lots of acquisitions. In 2004, VAR Logcom went into administration after it had pursued an aggressive buying strategy. The firm attempted to acquire five VARs in as many months. However, the strategy failed after one of the firms bought by Logcom went under, taking the rest of the company with it.

Management experience is also crucial to a successful acquisition strategy. Azzurri's St Quinton has acquired more than 60 companies during his career. During a six-year period at office equipment firm Danka, St Quinton acquired more than 50 companies in 30 different countries.

It is this level of experience that has enabled Azzurri to make 15 acquisitions and grow at such a rapid rate. Now after only six years in the market, the firm was able to command a hefty acquisition fee of £182.5m from PPM.

Working hard towards organic growth is a safer method to grow a reseller business. However, getting

the right fiscal backing, the market knowledge and a savvy management team in place can make acquiring in the communications market the best method to fast-track up the ladder to Super VAR status.

**Reseller wants staff for its converged solutions division** by James Sherwood CRN 9 June 2006

VAR Redstone is to recruit 12 additional staff into its converged solutions division to help drive its plans for growth.

Redstone Converged Solutions' new recruits will fill a number of positions, ranging from marketing managers and new business development managers, to pre-sales staff and account managers.

Martin Balaam, chief executive of Redstone, said in a statement: "We've undergone exciting changes in the past 12 months, and are poised for rapid expansion. We're therefore significantly increasing our team."

Keith Humphreys, managing consultant at analyst EuroLAN, told CRN: "The market justifies its expansion in staff. I think Redstone will look to realise its staff investment quite quickly."

**Reseller targets northern-based firm as next purchase as it looks for geographical expansion** by Trevor Treharne CRN 5 June 2006

VAR AT Communications (ATC) plans to continue its acquisition strategy and could snap up another northern-based firm by the end of the year.

Last week, ATC acquired voice and data VAR Britannia Telecom for £3.84m, as revealed by CRN online.

ATC also bought virtual network operator T-Liaison earlier this year (CRN, 18 January), and acquired voice and data reseller Sterry Group last year (CRN, 14 November).

Alex Tupman, chief executive of ATC, told CRN: "We are always looking for acquisitions that can add to our resources. I would be surprised if we don't make another acquisition by the end of the year.

"We will look for geographical expansion in the north, and possibly Scotland. We now have a rounded portfolio and our own network. We want to move into data and mobility."

Tupman added that Britannia is a profitable business with a strong team and customers in the small enterprise space.

"Britannia will rebrand as ATC," he said. "We will cross-sell into its customer base. It also has great alternative manufacturer relationships."

Tupman said ATC has vendor relationships with Avaya, Mitel, Cisco, 3Com and Hewlett-Packard, while Britannia works with Samsung, Panasonic and Toshiba.

"We floated [on the stock exchange] last year and have used our listing in the right way," he said. "We have been able to develop our relationship with Barclays Bank so they are offering us additional support."

Barclays supplied a £9m acquisition facility that paid for the purchase of Britannia, Tupman added.

Keith Humphreys, managing consultant at research firm EuroLAN, said: "It is a smart move to buy a lower-end business, and a great way to reach new markets."

Humphreys added that he expected consolidation to continue in the channel. He said service provider activity, such as the SBC acquisition of AT&T, and NTL's acquisition of Telewest will have a knock-on effect on the channel.

### **Crane set for possible IPO** by Trevor Treharne, CRN, 30 May 2006

Voice distributor may look to float on the stock

Voice distributor Crane Telecommunications could be set to undertake an Initial Public Offering (IPO) later this year.

CRN understands that the BT, Mitel, Avaya and Nortel partner, may look to float its business on the stock exchange in 2006.

One source close to Crane said: "It has been banded around for a while that Crane is to go through an IPO."

Keith Humphreys, managing consultant at research firm EuroLAN, said: "An IPO would give the founder his money back from his initial investment and allow geographical expansion across Europe."

Humphreys added that Crane, which has offices in the UK and the Netherlands could use the money to grow and launch in emerging markets.

Crane declined to comment.

### **Can you stand out from the crowd?**

Readers can now submit their entries for The Channel Awards 2006 at [www.channelweb.co.uk](http://www.channelweb.co.uk). This year's hopefuls are being urged to inject some pride, passion and belief into their submissions, writes Simon Meredith CRN 26 May 2006

It is not easy to win a Channel Award but, as they say, you have to be in it to win it. And if you put in a decent entry, you have a decent chance of getting through to the final stages. CRN editor Sara Driscoll is very keen to see more entries this year, particularly from resellers.

"Last year we had more resellers enter the awards than ever before, but we would like to see even more this year," Driscoll said.

"We urge any resellers that believe they have something to shout about – particularly where they have shown real innovation and thought-leadership – to come forward this year. We know they are out there; they just need to make themselves heard. This is the perfect opportunity for them to do just that."

As well as the prestige and pride that being short-listed or winning brings to resellers and channel players, the Channel Awards can raise the profile of a company significantly. All of this can be gained by simply highlighting, in 1,500 words, why your company deserves to be considered for an award.

"It is a small asking price for something that can bring such rich rewards and benefits to your business," Driscoll added. "Entering is really very easy."

Companies that enter can improve their chances by following a few simple rules. Many of the judges have sat on the awards panel for many years and can soon tell you what constitutes a decent entry. The overall message is to keep it short, sweet and to the point. Also, make sure that you highlight the value that your business is delivering to UK customers.

Keith Humphreys, director at research firm EuroLAN, believes that entrants also need to stand out from the crowd. "Dare to be different," Humphreys said. "Last year, one managing director wrote the entry in the first person, and it was really very memorable."

Bob Tarzey, services director at Quocirca, agreed. "Entries need to be eye-catching, and need to get their message across in a few pages," he said. "There are a lot of entrants, and the judges cannot find the salient points if they are buried in reams of detail."

Keith Warburton, chief executive of the Professional Computing Association, warned: "You also need to remember who it is that you are talking to, especially if you are a vendor or distributor."

"Keep it simple. Remember the awards are all about resellers and what you are doing for them. Try to present it from their point of view, not yours. If at all possible, try to ensure the most senior person takes responsibility for your entry. Don't leave it all to an external PR agency."

Entries need to put across a good case and that requires some details. "It is important to focus on the things that make a real difference, not on what we already know and accept," Tarzey added.

"We don't want to hear last year's news," he added. "Entries should be about recent innovation and new deals from the past 12 months or so."

Mike Briefcliffe, principal at Briefcliffe Associates, said he would like to see more nitty-gritty details in entries to demonstrate the value that a company has delivered.

"Products shipped are not a good measure: a solution is the measure," he told CRN.

As well as talking up unit sales and volume, there are a number of things to avoid. The judges certainly do not want to read all the usual corporate sales pitches. The entries need to be focused on what the company is doing here in the UK, according to Warburton.

"Don't bother mentioning your turnover in the US, or that you are the fastest-growing company in your field globally," he said. "By and large it has little relevance."

You should certainly include testimonials from partners, but more importantly, from customers. These should be from "real customers", Tarzey noted. Preferably, they should be included in the entry on the customer's letterhead.

Humphreys suggested that it is a good idea for entries to include an appendix of customer observations, provided of course, that they are genuine.

"Beware the 'interchangeable testimonial'," Warburton said. "That was a feature of last year's submissions, with one obliging customer or reseller providing testimonials for several submissions. It might be a good idea to ask anyone who is giving you a testimonial to limit it to your entry."

Driscoll agreed with this view and pointed out that the standard of entries last year varied enormously from company to company, and included some real surprises.

“There were some excellent entries that reflected well on the companies that put them forward,” she said. “But frankly many lacked imagination and creativity.”

“They had clearly not been put together with any pride, passion or belief. Those are the key qualities that we are looking for in an entry. Yes, we want you to provide evidence of your achievements, but we also expect you to sell yourself.

“A lot of companies in the channel don’t realise just what they have achieved over the course of a year until they sit down and think about it. Once they do, they soon realise that it is a great deal, and may well be worthy of the recognition that only the Channel Awards can bring.”

#### **Redstone inks Irish HP deal** by Trevor Treharne, CRN, 19 May 2006

Redstone Technologies will provide support for HP’s Irish customers

Redstone Technology has signed an agreement with Hewlett-Packard (HP) to provide part of HP’s maintenance activity in the Irish market.

It will provide support for HP’s customers in Ireland and Northern Ireland, alongside additional installation services.

Declan Van Esbeck, managing director of Redstone Technology, told CRN: “We provide the deployment of enterprise servers and storage. This deal gives us access to the enterprise market, as we have already been working with HP for the past three years for the lower-end equipment.”

Keith Humphreys, managing consultant at analyst EuroLAN, said: “As more services are outsourced, vendors must realise that ‘the man in the van’ is their ambassador and the person who is representing them on the client’s premises.”

#### **Hosted IP services provider wants VARs that are eager to look towards convergence as the market changes** by Trevor Treharne, CRN, 4 May

Hosted IP telephony services provider TeleWare is looking for new VARs to strengthen its northern presence.

The company said that, despite being based in Yorkshire, most of its resellers work in the south. It is now looking to recruit additional VARs to strike a geographical balance.

Lesley Hansen, marketing director at TeleWare, said: “We have eight VARs, but we want to increase that figure in the north-east, north-west and Scotland. We want 10 to 12 VARs to get the northern coverage.”

Hansen added that the VARs should understand telephony and IT, and be keen to look toward convergence as the market changes.

“The resellers moving into convergence are the ones that understand the need to change,” she said. “It is not about where resellers have come from, but about their vision.”

Hansen added that resellers should look to work with TeleWare because voice and data VARs need to alter their business model to succeed in convergence.

“If you are a reseller selling minutes, you can see sales going down,” she said. “If you are selling data products, you are seeing margins drop to about 10 per cent. These resellers must add to their portfolios. They need to be making a decent margin.”

Keith Humphreys, managing consultant at EuroLAN Research, said: “It makes sense for TeleWare to get a geographical spread. Another option could be to sign a larger partner who can cover the country.”

“TeleWare can tailor its product to the clients’ needs on a bespoke basis.”

**Networking giant sees business development manager leave** by Trevor Treharne, CRN, 24 April

Cisco’s assault on the SME market suffered a blow last week following the departure of business development manager Neil Moulton after just four months in the role.

The networking giant recruited Moulton from rival Siemens Communications to spearhead the vendor’s SME channel charge at the beginning of the year (CRN, 23 January).

Moulton told CRN at the time: “I’m here because Cisco is putting such an emphasis on the SME market. I know what makes the SME partner community tick. There will be some changes in the coming months to the routes that Cisco uses to get to market.”

John Donovan, managing director of channels at Cisco UK and Ireland, said: “We can confirm that Neil Moulton is no longer working for Cisco.”

Mark O’Hara, managing director of Cisco reseller Hydra, said: “It is common for people to leave IT firms. It happens in all workforces because sometimes things just don’t work out, although with some large firms it seems like changes for changes’ sake.”

O’Hara added that he would like to see the appointment of a new Cisco representative who was willing to engage with smaller resellers.

Keith Humphreys, managing consultant of research firm EuroLAN, said: “Moulton covered business development for Cisco advanced technologies, such as wireless, voice and security.

“This is Cisco’s style: it will recruit three people, with the expectation of keeping two. Cisco is a pretty driven company.”

Moulton was unavailable for comment.

Separately, Tim Ager, security vendor sales director at distributor InTechnology, has left the company. He will take up the post of channel director for EMEA at security vendor Celestix this week. He has been replaced by Andrew Beaumont.

“It is time to move on,” Ager said. “I have been at InTechnology for more than three years, and it is time to move. This step into ‘vendor land’ will give me the ability to make policy and set strategy. It is just a natural progression.”

Peter Wilkinson, chief executive of InTechnology, was unconcerned about the departure.

“Staff come and go in every business; it is no big deal. I am sure Tim will do well in his new role,” he said.

Additional reporting by Sara Yirrell.

**Netgear emphasises channel importance - vendor claims to have expanded its partner support capabilities as it looks to recruit more resellers** by Trevor Treharne, CRN 17 Apr 2006

Networking vendor Netgear has reaffirmed the importance of its channel by putting a greater focus on specific vertical markets.

The firm claimed to have expanded its global channel and internal support capabilities as it continues to court new partners.

Patrick Lo, chief executive of Netgear, told CRN: "We see our VAR business growing very well. We have increased our global resellers by 20 per cent over the past year. We now have 30,000 partners worldwide.

"We are undertaking vertical campaigns and feeding leads to the channel. We will put more effort into this with a series of roadshows. Education is a big vertical for us, as are food stores and hotel chains."

Lo added that Netgear has expanded its internal sales team to engage with partners to offer more dedicated post-sales support.

"Over the past year we have beefed up our channel programmes and our internal resources," he said. "We are also moving to larger offices in the UK and have released some key products."

Mark Power, country manager UK and Ireland at Netgear, said: "We traded with 7,000 resellers last year, and we plan to roll out more channel programmes and incentives. We have 4,000 dedicated UK PowerShift partners."

Keith Humphreys, managing consultant of research firm EuroLAN, said: "Netgear is well thought of in the channel. It is a sensible alternative to Cisco. It seems to have the right number of VARs, but it is hard to have dialogue with that number of partners."

Humphreys added that it is a good idea to focus on alternative verticals such as food stores and hotel chains, because Cisco has the lucrative banking and finance sectors "sewn up".

**Azzurri to float to fund further acquisitions Acquisition hungry VAR looks to go public to raise more cash** by Trevor Treharne, CRN 10 Apr 2006

Communications VAR Azzurri is planning to float on the stock exchange to arm itself with additional acquisition funds.

Martin St Quinton, chief executive of Azzurri, told CRN: "We are planning an IPO [Initial Public Offering] in June on the AIM [Alternative Investment Market]. We want to go public to raise more funds and to do more deals."

The reseller, which is backed by investment firm 3i, has already made 15 acquisitions since it started trading. Once it has floated, Azzurri will return to the acquisition trail.

"In the second half of the year we will make more acquisitions," St Quinton said. "These will be of slightly bigger firms than before. We have already acquired some big customer bases, and we've done a good job of cross-selling into these."

He added that Azzurri has used its acquisitions to expand its capabilities to incorporate voice, data and mobile sectors.

Bernie Dodwell, European security manager at distributor Westcon, said: "Azzurri is an aggressive, acquisitive company, and the easiest way to raise money is to float. It is a good time to float because the stock exchange is strong at the moment."

Scott Dobson, managing director of distributor Vcomm, said it is a brave move from Azzurri.

"Azzurri has grown through acquisitions of telecoms VARs and firms to give it a geographical reach across the UK," he said. "Azzurri will need more money for an IP strategy because its current skill set is based on traditional telecoms."

Jens Montanana, chief executive of Datatec, said: "Azzurri has been highly acquisitive, and 3i will be keen to cash in, either through selling or through going public. Other channel firms that have gone public are Computacenter, Morse and Compel, but Azzurri is more of a voice and networking firm."

Keith Humphreys, managing consultant at research firm EuroLAN, said: "After seeing what Computacenter went through trying to buy itself back, I'm nervous about any firm floating. Often financial institutions don't understand the business of channel players."

**VAR appoints Eddie Buxton as new managing director** by James Sherwood, CRN 3 Apr 2006

VAR Redstone Communication's UK telecoms division has appointed a new MD.

Eddie Buxton has joined Redstone Telecom from Onetel, the telecoms division of Centrica. He has more than 12 years of senior management experience in the telecoms sector.

"Redstone Telecom is ideally positioned in the telecoms market. We will continue to help customers manage their telecoms costs and services, while providing a level of customer service that we believe is unparalleled," Buxton said.

Keith Humphreys, managing consultant at EuroLAN, said: "Redstone may be looking at an expansion into new business markets with this appointment. Onetel has an interesting business model, and if Redstone is looking to become a virtual network operator, then it could be a good model for them as it's the way forward."

**French vendor Alcatel has had a remarkable 12 months. Once dismissed as being content to rest on its home success, the firm has taken the lead in the telephony sector and unveiled plans to storm the UK** by Trevor Treharne, CRN 21 Mar 2006

Telephony vendor Alcatel has gained a reputation from some channel players as the French firm that banks on strong home-market revenues to form its EMEA backbone.

However, the most recent findings from research firm Canalys saw Alcatel leapfrogging rival Siemens to lead the EMEA enterprise telephony market in the second quarter of 2005.

At the time, Canalys said Alcatel had grown significantly in the 100-plus-line market segment thanks to its OmniPCX Enterprise.

The OmniPCX Enterprise had been doing particularly well in Germany, the Middle East, Africa, Spain and the UK, according to Canalys. Alcatel posted 5.9 per cent growth across EMEA, despite declining investment in communications infrastructure in France.

The latter point showed a significant shift for Alcatel. Plugging lost revenue in the French market with funds from business in Germany and the UK is no mean feat.

Matthew Ball, research analyst at Canalys, said: "Alcatel is doing well in EMEA and has had some success in the UK, which has traditionally been a weak market for it."

Ball added that Alcatel is also increasing coverage at the lower end of the market, where it has established a focused two-tier model.

Keith Humphreys, managing consultant at EuroLAN, said: "Alcatel is doing really well. It has enhanced its partner programme and is well thought of. Alcatel plays in a few areas, but is doing particularly well in broadband deployment and Voice over IP [VoIP] too."

Only this month Alcatel claimed it shipped more than 80 million digital subscriber lines (DSL) to customers worldwide in 2005. It was also confirmed as one of the preferred suppliers to BT's next-generation network transformation programme, the 21st Century Network.

But where does the UK channel fit in the vendor's plans? Are resellers getting a slice of Alcatel's improving fortunes?

Speaking to CRN at the Alcatel Annual Forum in Paris last month, Paul Tebbutt, UK marketing director at Alcatel, said: "We have a clear mandate that Alcatel goes through the

channel. We are 100 per cent indirect in the UK. We are growing in the UK, and we have some good channels, with a balanced mix.”

Tebbutt said the vendor has taken the fortunes of its channel into its own hands with more direct touch business leads, an increasingly common approach for vendors.

“The direct touch salesforce creates opportunities that can be fulfilled through the channel. Working with our channel enables us to target large accounts where VARs need support.

Keith Rapp, UK channel manager at Alcatel, said: “Alcatel was slow out of the starting blocks in January, but now we are seeing growth. Applications and convergence are the key drivers in the market, but there is still a period of education for our partners.”

Rapp also championed Alcatel’s direct-touch model, and said the vendor has realigned its channel set-up to assist reseller opportunities.

“We were not being proactive in developing new opportunities, but now we are feeding the leads to the channel. Government and health are where the direct touch team is seeing the most success,” he claimed.

Rapp said the direct touch model is now expected by end-users, with vendors offering consultancy and pre-sales support a standard practice in the voice space.

“We have invested heavily in reseller recruitment. We have 100 indirect partners in the UK. I would like to see another 10 strong resellers come on board this year,” Rapp added.

Nigel Jones, business development manager of Alcatel, said the recruitment will involve more diverse VARs to help the traditional voice partners.

“We want more ‘channel buddying’ to see resellers partner with each other. That side seems to be working quite well. The channel is shifting up a gear with the applications. They are asking customers what their pain points are and the channel is investing in new skills,” Jones said.

“We are introducing more application development partners to make products for our channel to take to customers.”

Alcatel is keen to build business out of its ‘safe’ French territory. Its direct-touch leads will encourage resellers, proving VARs see the fruits of Alcatel intended labours.

Jim Robertson, sales manager at MTV, noted a shift in reseller focus for Alcatel’s products.

“Alcatel has two main lines: the Alcatel OmniOffice and the Alcatel OmniPCX Enterprise. Our VAR channel has historically done well in the office side, but we are seeing a move towards the enterprise,” he said.

Robertson said the transition towards the enterprise is because of the rising skill levels of VARs that demand larger, more profitable projects.

Alcatel and its traditional voice heritage attempted to apply a converged focus to its channel after signing broadliner Northamber at the end of 2004.

David Hennell, commercial manager at Northamber, said: “We were brought in by Alcatel to get into the IT space as convergence gathers pace. Alcatel’s telephony side was already well serviced.

“The IT channel does not represent a significant part of the tele-phony market yet, but it is going that way. Our IT resellers are looking at convergence and VoIP,” he said. Hennell added that Alcatel and Northamber are working together to train IT resellers in VoIP, a major area of focus for Alcatel.

Alcatel's voice play seems well developed in EMEA. Signing Northamber acknowledges the move towards convergence, a field that opens up a new area of competition, including developed networking rivals such as Cisco. There is still no truly dominant vendor in the convergence space. Alcatel will be hoping its strong voice side can become an overriding force in its favour.

Tom Perry, head of marketing at Alcatel reseller Freedom Communications, said: "Alcatel is our only vendor and we have stuck with it for the past 10 years. There has been increased IP acceptance across the board and things have been going well. The large enterprise and mid-market is also positive."

Perry said Freedom has been adding vertical focus to its business and would like to see the same from Alcatel.

"I would like to see greater vertical focus from Alcatel, with specific marketing on verticals such as retail and health, where investment is still needed," he said.

Perry added that the Alcatel direct touch has been creating opportunities, and the addition of application partners will help VARs such as Freedom expand in IP applications.

Jess Thompson-Hughes, managing director of distributor React Technologies, said: "Alcatel has a lot of customers that are loyal to it for the comfort factor. It is not that aggressive in the SME market, but it is doing well in the large corporate space."

Thompson-Hughes supported Alcatel's direct touch model, classing it as "the only way to do business these days". Hewlett-Packard, Cisco and Siemens have similar programmes.

"In the phone systems space Alcatel competes with Avaya and Cisco. For wireless, it is Cisco and Aruba; and for switching it competes with Foundry and Extreme. It has a broad portfolio," Thompson-Hughes added.

Rob Shervill, senior manager for channel strategy and support at rival vendor Nortel, said: "In terms of competition we are coming up against Avaya and Cisco, and Siemens and Panasonic in the lower end of the market. Alcatel has a fantastic market share in France, but I could not name three UK Alcatel VARs."

Another source said: "Alcatel has very few sales people left. Customers should be asking how many people there are for the direct touch approach. Alcatel is strong in Germany and obviously France, but has little presence in the UK."

Graeme Allan, vice-president of northern Europe at Alcatel Enterprise Solutions Division, said: "In 2005, Alcatel experienced significant double-digit growth in both our voice and data business. This was a direct result of a new direct touch investment. Our plan is to emulate this in 2006."

"We are continuing to expand our direct touch investment in UK and Ireland. We have added business development resource to broaden our routes to market, and our marketing investment is also growing significantly. Most recently, we re-organised our channel team to provide a much stronger focus on our premium channel partners, supporting their business strategy as well as their sales and marketing efforts in day-to-day transactional business."

Alcatel seems to have a broad portfolio of offerings for a wide range of markets. Alcatel has not narrowed down its focus, nor has it expected its partners to do the same. Increased business outside of the French market is encouraging for Alcatel, while building a strong heritage in voice and broadband is a smart move for a vendor acknowledging the opportunity in VoIP and convergence.

The key relationship for Alcatel in the UK will be the Northamber distribution agreement. If Alcatel can get the IT resellers on board to match solid voice and broadband sales, then Alcatel can become a key player in the misty future of the convergence vendor market.  
**Internet provider plans to add 100 to 150 resellers as it takes one-third of its business to the channel** by Trevor Treharne, CRN 13 Mar 2006

ISP Pipex has realigned its channel set-up as part of a plan to shift one-third of its business indirect this year.

Pipex launched its partner programme last September to attract new VARs. It now plans to swell reseller ranks further.

Angus Peacey, channel director of Pipex, told CRN: "We are a predominantly direct operation, but we plan to move one-third of our business indirect this year. We have less than 50 resellers, but we are in a recruitment phase and want 100 to 150 new VARs over the next year."

Despite strong direct sales, Peacey claimed the firm can manage any direct and indirect sale conflicts.

"You will get isolated clashes [between direct and indirect sales], but when there is a channel play the direct sales will back off. We are also assessing our value proposition so the channel can make margin," Peacey claimed.

Pipex has three levels of channel partners: large referral partners, which receive a commission for feeding leads to Pipex; traditional resellers; and one solution partner, Cegedim, that works on larger or more specialist bespoke projects. These include the venture last month with the NHS to roll out broadband in pharmacies to handle prescriptions online.

Peacey said: "Resellers are able to offer customers a high level of service, while we capitalise on their expertise to drive our business forward even further. Security is also a huge consideration, and we are committed to delivering value propositions that will allow our partners to address the security issues that SMEs face."

Gordon Davies, commercial director at Pipex reseller Compusys, said: "Pipex has been giving us good technical support. The channel recruitment will see more people talk about Pipex and raise awareness."

Davies added that Pipex has handled its direct and channel conflict efficiently. The firm will not compete with resellers once it knows a partner has a customer relationship, he said.

"In the coming year I would hope to see more channel business development from Pipex and more leads to the channel," Davies added.

Keith Humphreys, managing consultant at analyst EuroLAN, said: "Pipex is one of the bigger business ISPs. I think it is doing very well. It has a reseller target that sounds spot-on."

**Distributors in shock as C&W axes indirect sales** by Trevor Treharne CRN 30 Jan 2006

Telecoms giant drops UK distribution partners as speculation mounts over two-tier future

In a move that has left its channel players reeling, Cable and Wireless (C &W) has pulled the plug on its indirect channel strategy.

C&W said in a statement to CRN: "We have chosen to consolidate our indirect channels and will no longer be requiring the services of agency partners in the UK." The firm said this will include all partners who sell C &W-branded products and receive commission on the sales.

The carrier, which will still work with a handful of resellers directly, inked distribution agreements with Network Partners and Interface Advantage last year (CRN, 18 April), and

has recently signed with networking distributor Westcon (CRN, 21 November), which was due to be launched to the channel today.

However, C&W has scrapped the Westcon deal at the eleventh hour, with both Network Partners and Interface Advantage also being axed.

Bernie Dodwell, alliances manager at Westcon, said: "Four days before the announcement they terminated the deal. We have put a lot of investment in and are taken aback as there was no indication that this was going to happen."

"C&W appears to be wiping out 95 per cent of its channel, but the implications to us are minimal as we have only lost four months of pre 1048 paration," he said.

Keith Edwards, sales director at Interface Advantage, said: "It is very bizarre and will involve a substantial change in our business. I have not been briefed on the situation, but I know it is fairly dramatic, and I understand C & W is withdrawing from indirect channels."

John Carter, managing director at rival BT distributor DMSL, said: "C&W has been blowing hot and cold on the channel, but it won't recover as people have long memories."

Keith Humphreys, managing consultant at research firm EuroLAN, added: "C&W is in danger of burning bridges with the channel and pulling the plug on the Westcon deal is appalling."

Humphreys predicted a dramatic effect on the business of C&W's smaller distributors which will quickly need to switch to another provider.

#### **Can SMEs create a broadband of gold?** by Trevor Treharne CRN 30 Jan 2006

There are few in the IT industry that don't see broadband as a genuine opportunity to make margin, particularly when it comes to uncovering SME riches. Trevor Treharne looks at what 2006 could bring for resellers that plunge into this burgeoning market

Predicting broadband as a future market trend isn't difficult. According to the Office of National Statistics, the number of people connected to the internet via broadband overtook the number of dial-up connections last year. And in the business world, many believe broadband may become the key that could unlock revenues that are being lost from traditional voice technology.

Mark Cornell, head of BT Partner Management, told CRN: "This year will see the biggest broadband explosion yet."

Broadband analyst firm Point Topic estimated that the UK had 9.8 million broadband connections at the start of 2006. But the market, especially in the business sector, is far from saturated, according to the Organisation for Economic Co-operation and Development (OECD).

The OECD found that UK broadband subscriptions were rising rapidly, but there is a weakness in broadband take-up among SMEs. This is an area VARs are keen to tap into.

Increasing numbers of VARs are growing wise to the riches that SME broadband can bring. However, broadband is more than an internet gateway. It could be the key to the next generation of voice over IP (VoIP) applications, video streaming, security and a range of software and applications. Having broadband will allow business users and consumers to receive phone calls over the internet, by converting voice into data packets and therefore implement VoIP.

Reselling broadband could enable channel partners to ship entire portfolios of products to a customer who can then provide an ongoing stream of revenue.

Cornell was keen to emphasise channel involvement in BT's 2006 broadband push, with resellers positioned to profit from a range of value-add opportunities, he claimed.

"Broadband is a tremendous opportunity for the channel. Many partners are only just coming to terms with it. The person who holds the key to the opportunity is the person who works with broadband," he said.

"Resellers can go to a start-up or immature company and offer a service that can wrap up all of its communications needs." Broadband-enabled voice applications is the future direction of BT, according to Cornell, and BT VARs should embrace a new wave of convergence products.

"People are recognising that more of our applications will become broadband-based, and we have migrated voice to become a big broadband application. Ease-of-use is increasing too, and we can now offer caller display and three-way calling without needing to have the PC on," he said.

Cornell acknowledges the education obstacle that resellers face, but he hopes that BT's web-based and face-to-face training will plug the skills gap. BT launched its Think Big programme last year (CRN, 12 December, 2005) to educate VARs on the market.

This month BT launched 'Best Ever Broadband' to the channel, which is a fixed-rate broadband voice package for the SME market. It is this offering that BT hopes will enable it to use the channel to win the broadband battle. It will also push the aim of BT's 21st Century Network (21CN), a global

IP infrastructure based upon multi-protocol label switching, which carries voice, data and internet services on a single network. "Most of the country will have business broadband access. Competition is always tough, many ISPs understand that broadband is the future, BT is hoping to lead the way," Cornell added.

Keith Humphreys, managing consultant at research firm EuroLAN, said: "BT is doing the right thing and a great job of replacing its eroding voice revenues. However, BT needs to become more competitive with its broadband over voice pricing for the SME market."

BT's channel broadband charge is overdue, and there is little doubt that BT is the brand-heavy giant suitable to dominate the broadband landscape. However, competition is mounting from NTL and Telewest, and BskyB and Easynet mergers. Over the past five years the price-competitive nature of 'more speed, lower cost' roll-outs from other ISPs and providers means BT will have its work cut out.

One such rival could be broadband networking firm EasyNet, which has already established a bustling UK channel to take the fight to BT.

Alan Ryan, director of broadband channels at EasyNet, said: "Broadband is no longer a cheap internet connection, it is the underlining networking technology in the UK.

"This year is the final year of replacement legacy traffic. I also think 2006 is the year for convergence in terms of VoIP [voice over IP]. The whole VoIP market is becoming a reality, with carriers switching to cabling for voice and data," he said. Ryan not only saw 2005 as a year of huge broadband growth, but also noted "a massive diversity of the partners signed. He said broadband is no longer a commodity of the traditional telecoms reseller; a surge of sundry channel players have flocked to suppliers' channel ranks.

"Broadband is secure enough to provide convergence applications. If you are a VAR shipping a vertical application, you can provide the whole network and services to customers. Resellers can break out of their core competencies. The opportunity is there to get more out of the customer," Ryan said.

Looking ahead, Ryan said once the legacy telephony and connectivity replacements are completed next year, there will be a marked improvement in standard capacity and VoIP.

EasyNet is one of many business broadband providers hoping to lead the way. Ryan's confidence in backing broadband is well-founded, but a period of education still seems necessary for some end-users.

John Carter, managing director of BT distributor DMSL, said: "There is still a massive period of education in the market. BT wants the broadband market, and it needs VARs to do the educating. We found resilience from voice resellers to sell broadband and resilience from IT VARs to do voice, but this has all converged."

Dr Jyoti Choudrie, operations director of the Brunel Broadband Research Centre, said: "SMEs need to be made aware of how to use broadband. It is so much more than a quick and cost-effective way of downloading large files, emailing or accessing the internet. It sounds obvious, but broadband training is key."

"Companies also need to be prepared to change their working practices to accommodate broadband."

But Carter had no such reservations about the uptake of broadband and the doors it will open. "BT needs the broadband market to get the VoIP market. It needs to own the market. Availability is no longer an issue with broadband; it is a case of what we can deliver on broadband," he said.

The opportunities for resellers in broadband are vast, according to Carter. He said if resellers look to sell on business benefits such as reducing costs and improving service, then the transition towards BT's 21CN will be smooth and profitable.

"This year broadband is going up and up, because people are seeing they can make saving on their calls. By 2010 broadband will be the whole network, and if you haven't got broadband VoIP you are paying too much for your calls," Carter added.

Fellow BT distributor, Crane Telecommunications, is also in no doubt about broadband's potential. Lucy Dougherty, business development manager at Crane's network service, said: "It will be Crane's focus to push broadband. With BT's new VoIP offerings, people will be picking up on broadband." Dougherty also played the channel opportunity card and warned that VARs not looking towards broadband and VoIP now could get their fingers burned.

"If VARs don't offer broadband and VoIP, someone else will. Resellers can offer a total solution for the end-user. VARs that don't get into VoIP or convergence will be left behind."

However, vendors and distributors highlighting value-add opportunities and firing out warnings does not always paint the fairest picture. It is VARs who understand the benefits, and more importantly the pitfalls of entering a new market

Gary Duke, sales director at BT and EasyNet reseller LAN2LAN, said he could see broadband growth, but he warned of unyielding margins if VARs fail to add value.

"You cannot make a lot of money on broadband alone. You get a small commission, but it's the other services that enable VARs to make money. We have been active in broadband and home-working is a key area," he said.

Duke added that it would be "foolish" for VARs not to resell broadband with the projected growth and expansion of VoIP projects. Tom Fellowes, sales director at telecoms reseller Spitfire, which also resells BT and EasyNet, said: "We can now go to a customer in a new office or a start-up and provide the cabling, the phone system, the broadband and the mobile system. Customers have one port of call, and resellers have on-going revenue."

Mark Evans, director at BT reseller ME Consultancy, said: "The broadband market has done well over the past few years, and this will continue. There are a number of value-add opportunities based on extra call features. This is the way for VARs to go."

Tom Leaney, managing director of broadband reseller Digital Network Solutions, said: "We offer ongoing support, and we have free calls built into this. We become core to everything the customer needs and make money from the savings they make from the free calls. It is a toe-in-the-water and a value-add opportunity."

However, not all VoIP VARs are hedging on broadband profits. Steven Winstone-Adair, sales director at Margolis, does not sell broadband, but admitted that it opens doors to other applications. "Broadband has expanded as wider bandwidth has come at a lower price. We can offer video, voice and software applications," he said.

However, despite the opportunities touted by many channel players, Humphreys offered a more tempered view. "There is not enough bandwidth in broadband at present to provide VoIP. It is difficult to have just one conversation and email over broadband. I think the market will open up once we get into higher speed broadband," he said.

BT and like-minded providers have acknowledged the importance of possessing the broadband market. But while resellers should expect a series of ISP channel pushes and 'cutting-edge' technology releases, it is the services and support add-ons that will appease the bank manager, especially as VoIP, video and security over broadband give rise to a host of revenue-boosting deals for VARs.

#### Contacts

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#### **InTechnology loses BT service contract** by Trevor Treharne CRN 06 Jan 2006

Distributor plays down loss as telecoms giant chooses an alternative supplier

InTechnology has failed to secure the renewal of its BT service contract, adding further pressure after losing business from integrator Integralis last year.

The firm has been forced to make redundancies and reported an operating loss of £13 million in the six months ended 30 September 2005 (CRN, 21 November).

The BT service contract has been tendering since the summer and the telecoms giant has been working with InTechnology for the past three years.

Steve Pearce, chief operating officer at InTechnology, did not feel losing the contract 111C would hit margins too hard.

"BT has decided they want an alternative supplier. I don't know why they have moved from us, but we are relaxed about this. There will not be much loss on the margin front," he said.

Pearce said that InTechnology has successfully realigned since losing the Integralis contract, where business has been replaced with smaller more profitable business in the last four months.

"We have been restructuring the business. Losing BT will have a short-term product value impact, but will have no effect in the mid-term," added Pearce.

But Keith Humphreys, managing consultant at EuroLAN research, said: "Losing the BT business will be a significant blow to them. They seem to be clutching at straws for answers too."

# MicroScope

**Freedom expresses desire for data dealer** by Christopher Walton in Microscopes IT Management 19 June 2006

Systems integrator Freedom is looking for a data reseller as an acquisition target and is considering options for the source of funding to back such a buy after closing the financial year with a 72 per cent increase in revenues.

Having recently completed the integration of its first purchase — Leeds-based telecoms dealer TTC for £4.5m last November — the options of further financial backing from existing stakeholder Barclays, finding a new financial partner or an initial public offering are on the cards.

For the financial year ended 31 March revenues of the privately held company rose from £9.97m to £17.1m.

Tom Perry, head of marketing at Freedom, told MicroScope: “With the next slug of finance we want to go and purchase a data company.”

The intention is to balance its voice-centric skills base with data skills, with the traditionally Alcatel-focused dealer targeting Cisco and Hewlett-Packard as ripe areas to diversify into.

Perry believed a potential IPO “might be a route for us, but so might our existing bankers or other sources of private equity — anything from venture capital to other banks”.

Only last week, rival Azzurri secured new private equity backers in a U-turn to an IPO proposed last year.

EuroLAN analyst Keith Humphreys urged that while acquisition in the data space made “perfect sense” — especially to bring in customers and skills — adding managed service skills alongside that mix would develop a stronger business.

**HP banks on boom in wireless networking** MicroScope by Chris Walton 22 May 2006  
Hewlett-Packard is to gamble that wireless networking will become mainstream in the enterprise as its ProCurve division broadens its portfolio and embarks on a market share grab.

However, the vendor, notorious for its desire to grow its partner base, will instead look to existing resellers to target the base of one of its top-selling products over the past three years (the 5300 switch).

Jon Weatherall, UK country manager at HP ProCurve, said: “There is an opportunity [for our partners] to talk to their customers about secure wireless and a lot of 5300 customers are large enterprise customers that are considering wireless.”

He insisted it was not a gamble for HP to enter the wireless networking market at a later stage than the competition [Cisco bought wireless LAN vendor Airespace in January 2005] and it was the vendor’s belief that the “point of acceleration” had been reached in the adoption of wireless in the enterprise.

Evelien Wiggers, senior research analyst for European enterprise networks at IDC, argued: “HP is the second player in the infrastructure networking market and is in a much better position than some of the smaller players, but this is still a tiny part of HP.”

She insisted that wireless was a “maturing market” but cautioned the sector was an “entirely different way” of deploying a network and would require “major drivers” for enterprise adoption.

Ty Gardner, managing director at ProCurve premier partner Universal, reasoned the market for wireless required a new entrant to make it more competitive and there would be deployment within his own customer base.

EuroLAN analyst Keith Humphreys added: "I think it is moving in the right direction to have a multiple functionality product that is particularly useful for branch offices in the enterprise and mid-market."

#### **Riverbed seeks NASDAQ listing for future IPO** by Christopher Walton MicroScope 1 May

WAN optimisation vendor Riverbed has filed with the US Securities and Exchange Commission for an as yet unscheduled initial public offering (IPO) that would value the company at \$74.75m (£41.9m).

However, the filing is in the early stages: no date, price per share and share numbers have been released as Riverbed seeks a listing on the NASDAQ.

An IPO has been on the cards for some time at Riverbed. Speaking exclusively to MicroScope last year, group chief executive officer Jerry Kennelly said "the goal is a standalone IPO in 2006 or 2007" because he did not want the business to be "bought out too cheaply or too early".

Riverbed's rise from Silicon Valley start-up to a public vendor can be tracked through its annual reports. In 2003, it had not shipped a single product and finished 2004 with revenues of only \$2.56m. In 2005, sales were \$22.9m, but pre-tax losses increased to \$17m.

Riverbed was unable to comment as MicroScope went to press.

There has been a huge amount of consolidation in the WAN optimisation market in recent months, with Cisco, Citrix and Juniper buying start-ups Fine Ground, Net Scaler and Peribit respectively.

Keith Humphreys, analyst at EuroLAN, believed it was a case of "be acquired or float", with Riverbed opting for the latter.

#### **Nortel moves to merge business units** by Christopher Walton MicroScope 27 Mar 2006

Following last week's dramatic result restatement from networking giant Nortel the vendor has already moved to restructure its business units combining its carrier data and enterprise data arms into a single Converged Data Networks division.

The new unit will handle Nortel's entire data networking portfolio and manufacture products for both the enterprise and service provider sides of the networking industry with the vendor insisting it can maximise its R&D investments by doing so.

Last week Nortel's fourth quarter losses of \$2.2bn (£1.26bn) sparked worries among channel partners that the company did not have the cash flow to push back into product development. But bucking the trend Kieran Archer, managing director of Calyx UK, said that while he was keeping a "close eye" on what was happening to the vendor, he was not concerned that it had a problem: "We are still working with [Nortel] on a number of major bids in the public and private sector."

EuroLAN analyst Keith Humphries argued that the vendor's new chief executive was simply ordering the business as he wanted it.

**Cisco-partners zien investeringen voor nieuwe certificeringeisen als noodzaak na** by Witold Kepinski Computer Partner 7 April 2006

Cisco stelt nieuwe certificeringeisen aan partners, in de hoop dat ze zich nog 'breder en dieper' gaan specialiseren in Cisco-technologie en -oplossingen. De veranderingen vragen volgens de betrokken partners een flinke investering, maar ze zien het als een noodzaak om winstgevend Cisco-oplossingen te blijven verkopen. Distributeurs staan klaar om de Cisco-partners te trainen en certificeren.

Patrick van der Spek, directeur van TeleSpectrum, vindt het een logische stap dat Cisco aan zijn partners vraagt om zich te specialiseren. "Wij gaan ons specialiseren in IP-telefonie, wLAN, switching en routing. Het security gedeelte laten we over aan een andere partner, waarmee we gaan samenwerken. Ik denk dat vooral grote partijen, zoals Telindus, Dimension Data of Getronics zich specialiseren in alle Cisco-technologieën. Die willen een onderscheidend vermogen." Gaby Lips, managing director van Telindus, gaat voor alle specialisaties: "De nieuwe eisen van Cisco leiden tot meer verduidelijking in de markt. De klant ziet duidelijk wat je specialisatie is. Wij zullen ons bijvoorbeeld sterk inzetten op Cisco-oplossingen rond video en IP-camera's, die voor surveillance wordt ingezet."

Thuur Tonnaer, directeur van distributeurs Comstor en Westcon, zegt de komende tijd vooral de Cisco Premier Partners te willen helpen met certificeringen. Hij denkt dat Cisco's producten en diensten beter worden verkocht als partners zich breder en dieper specialiseren in Cisco. "De partners kunnen in een bepaalde technologie, zoals wireless, uitblinken. Ze kunnen daardoor bij de eindgebruiker oplossingen van Cisco beter installeren en managen. Met onze One Voice en One Defence programma's kunnen we resellers helpen in spraak/data convergentie of security."

Jos van As, manager ENSG Azlan, onderdeel van distributeur Tech Data, zegt de Cisco-partners te helpen in security en voice." Cisco geeft zijn partners twee jaar de tijd om aan de certificeringen te voldoen. Dat is uniek, want de meeste leveranciers verwachten van een partner dat ze zich binnen een 'vlot termijn' certificeren."

Eric Segers, directeur van Ingram Micro, zegt het een logisch stap te vinden dat Cisco meer kennis van zijn resellers vraagt. "Om de resellers te specialiseren hebben we een cursusaanbod voor Cisco-partners. Partners worden opgeleid in verkoop, ontwikkeling en implementeren van Cisco. Het kost de partners wel een flinke investering, maar daardoor kan hij geld blijven verdienen met Cisco. "Segers vond 2005 'geen wild jaar' wat betreft de verkoop van Cisco-producten, maar 2006 wordt volgens hem beter. "Als partner is het bij Cisco goed binnenlopen. Je hebt er weliswaar mee te maken dat ze elk jaar weer iets nieuws verzinnen of veranderen, maar het is een goede commerciële organisatie."

#### Tweerichtingsverkeer

Kees Koomen, directeur van Nobel van Dijk en Partners, zegt dat het goed is dat Cisco aan partners vraagt zich nog beter te kwalificeren. "Maar het nieuwe beleid mag geen geldmachine worden om alleen maar cursussen te verkopen. Wij committeren aan Cisco, maar dat mag ook wel andersom. Als je met elkaar samenwerkt is er sprake van tweerichtingsverkeer. We willen dus ook 'commitment' van Cisco, daar gaan we nog over praten."

Keith Humpreys, netwerkspecialist bij analistenbureau EuroLan, zegt dat de nieuwe certificeringprocessen van Cisco de partners minder geld gaat kosten dan voorheen, onder andere doordat Cisco meer marketinggeld ter beschikking stelt. "Partners kunnen zich met Cisco differentiëren, daardoor worden ze een betere partij voor de klant en hebben ze minder last van concurrentie."