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The Next 100: Rising stars

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The nimble next 100

The companies profiled in this report prove their status as tomorrow's possible stars with impressive revenues and annual growth

Who will be the market's next Computacenter, Softcat, Daisy or Claranet?

The answer may well lie in this inaugural edition of *Rising Stars: The Next 100*, *CRN*'s rundown of the 100 UK VARs, managed services providers and IT consultancies that sit directly below the top 100 by revenue.

They may be smaller than those in the top 100, but they beat their larger counterparts on profitability, and also tend to be more specialised.

Neither are they short of ambition, with many harbouring plans to breach £100m revenue over the coming years.

The UK's top 100 resellers, MSPs and consultancies were profiled in our *Top VARs 2017* supplement, which is now in its seventh year.

Since *Top VARs* launched in 2011, the revenue threshold for the top 100 has grown from £12.5m to over £31.3m, reflecting both market growth and the fact that more and more firms are appearing on our radar each year.

We now have data on more than 250 resellers that report their revenue and profits on Companies House, and it is those ranked from 101 to 200 that are profiled within this report.

So who are the 'Next 100', and how do they differ from their top 100 brethren?

Collectively, this century of players posted revenues of £2.02bn in their last financial years on record, compared with £13.6bn for the top 100.

Their average growth stood at an impressive 9.6 per cent (*see p20 for more*). This compares with 15 per cent for the Top 100, a figure that was artificially boosted by a couple of blockbuster acquisitions made by the top players during the year.

But as a group, the Next 100 are significantly more profitable than the Top 100, with mean operating profit margins of 4.6 per cent, compared with 3.4 per cent for their larger counterparts.

As we explore on p6, profit margins are down, but only by the same amount as the Top 100, with both groups seeing a one percentage point annual decrease in their average bottom lines.

They also tend to be much more specialised than the top 100.

Those with a vertical bent include automotive-focused Pinewood and Reynolds and Reynolds; healthcare-focused Block; Niu Solutions, which specialises in the finance sector; and Castleton Technology, which counts social housing as its core vertical.

A greater number, however, specialise in specific technology areas, including print, audiovisual, comms and business applications.

On p17 we have identified no fewer than 40 specialists of this nature, and it is intriguing to note that their average profit margins are even higher than the wider Next 100, at 4.8 per cent.

These qualities give the Next 100 a massive advantage in today's market, when the increasing complexity of the technology landscape means most VARs can no longer hope to cover all the bases. End users are now placing a greater emphasis on specialisation, a trend that is partly behind the rise of the partner-to-partner model, as we explore in our Q&A with two VARs that have forged an alliance on p7.

Doug Woodburn is editor of CRN

The research for this report was conducted in December 2017. Four firms in the rankings have revenues above the £31.3m revenue threshold for the top 100. In two of these cases, the firms in question filed accounts after we had completed the Top VARs research. We acknowledge that the other two should have sneaked into the top 100 on the merit of results filed before we completed Top VARs.

We accept that this is far from a definitive ranking list. Not every firm in the £12m-£31m revenue bracket is on our radar, and many that are don't disclose their revenues and profits to Companies House. If we have missed anyone off the list, please get in touch via *doug.woodburn@incisivemedia.com*.

Embrace channel disruption

IT disruption is nothing new, it's how businesses face it that makes them shine

It gives me great pleasure to congratulate all the rising stars in this report who have been recognised among their peers. There has never been a better time to be part of the European IT channel as we welcome in and respond to the next technological and services revolution. The pace of change has never been so great and the opportunities that brings are large and exciting. Businesses that show the right foresight, put the customer and their needs first, truly add value and focus on relevance, and ultimately aren't afraid to lead will be the champions of tomorrow.

Operating a successful business has always required leaders to carefully navigate a continuous wave of internal and external forces. The IT channel is no different. The majority of the rising stars in this report have had to face significant challenges just to survive, let alone consolidate their service proposition for customers.

In this sense, the disruption in the IT channel landscape is nothing new. The sternest, most astute operators in the channel have positively tackled significant business-critical challenges that have been thrown at them.

One of the biggest concerns the channel faces is the UK's decision to leave the EU. The uncertainty this brings has been a significant shock. Many believe this, and the potential for further, unexpected political shockwaves, will prove the main disruptive factor for businesses in the coming years.

However, for many UK-based businesses that undertake the majority of their work in-country, this will have far less of a detrimental effect. For businesses that work with organisations in mainland Europe, there is still a question mark over how their relationship will play out. There will be an economic impact as we experience the effect of changing exchange rates, access to credit and therefore the appetite to invest.

With the seemingly irreversible nature of Brexit bringing this uncertainty, channel providers have quickly set to work to circumnavigate these issues by consolidating existing partnerships and building new ones, as always, demonstrating their resilience to changing landscapes.

There has been no shortage of internal challenges for VARs either, such as the continuing transfer from capex to opex to more recently, on-demand based models, as customers opt for a more flexible and scalable approach focused on business outcomes. Cloud migration has been a leading driver of this and as it continues to look increasing attractive for customers, those VARs that are ahead of the curve should soon reap the financial benefits.

Maintaining these new technologies also raises the skills gap issue as the rate of technical development is far outpacing the skills being taught. However, the channel is reacting vigorously, implementing aggressive strategies to recruit staff and properly train existing ones, as they strive to address the lack of internal industry training. Such factors are forcing businesses to pursue new ways of operating and tailoring their approach, and the one-stop-shop approach for VARs to add value is more important than ever.

Shaun Lynn is CEO of Agilitas

It's not only customers that will benefit from disruption, but VARs themselves. It has afforded a fantastic opportunity for organisations to look inwards, analysing how they can improve how they deliver their services. This includes embracing the onset of an increasing number of millennials into key management positions.

Other aspects of disruption must also be approached with the same positivity. This includes the immediate enforcement of the General Data Protection Regulation (GDPR) and an increasing focus on general cybersecurity.

Notwithstanding these challenges, I commend this glass-half-full approach to a mixed bag of disruptive influences; the IT channel has always been courageous, innovative and dependable.

Agilitas is thriving on these possibilities, with many other organisations believing the market will grow and prosper through innovation, rather than shrink.

It will test the mettle of every IT channel operator, and those that react in a positive way and embrace the challenges will flourish. Those that don't will quickly become irrelevant and redundant.

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101 SecureLink

Revenue: £34.3m (pro rata)
Operating profit margin: 7.9%

Having acquired UK security VAR Nebulas in 2016, SecureLink claims to be Europe's largest independent cybersecurity and managed security service provider, and recently expanded into China. The UK arm racked up revenues of £25.8m in the nine months to 31 December 2016. That equates to £34.3m pro rata, up 45 per cent. Operating profits hit £2m for the nine-month period.

102 Excell Group

Revenue: £33.2m
Operating profit margin: 9.7%

This Cambridge-based comms reseller's revenues and profits are soaring on the back of some bumper customer wins. Its revenues rose 10 per cent in its year to 31 December 2017, with operating profits expanding even more quickly, from £2.1m to £3.2m. During the year it won a 38-site contract with managed workspace firm Flexspace and also acquired City Voice and Data and MacSeven Consultants.

103 Elite Telecom

Revenue: £33.1m
Operating profit margin: 9.9%

This London-based unified communications specialist made its largest acquisition to date in July, in the shape of Leeds-based rival Nexus Communications. The deal, Elite Telecom's 15th since 2008, boosted its headcount to 165 and revenue run rate to £50m. For its year to 31 July 2016 its revenues inched up two per cent to £33.1m, with operating profits also rising to £3.3m.

104 Node4

Revenue: £33m
Operating profit margin: 19.1%

This Derby-based cloud and datacentre provider's revenues leapt by over a quarter in its year to 31 March 2017, with operating profit rising by over £1m to £6.3m. During the year it completed a £2m expansion of its Northampton datacentre, providing a further 400 racks of capacity, and in May 2017 grabbed managed database services outfit Onomi.

Bottom line breakdown

Firms in the Next 100 tend to be more specialised than the 100 that sit above them, so it is perhaps no surprise that they are also significantly more profitable.

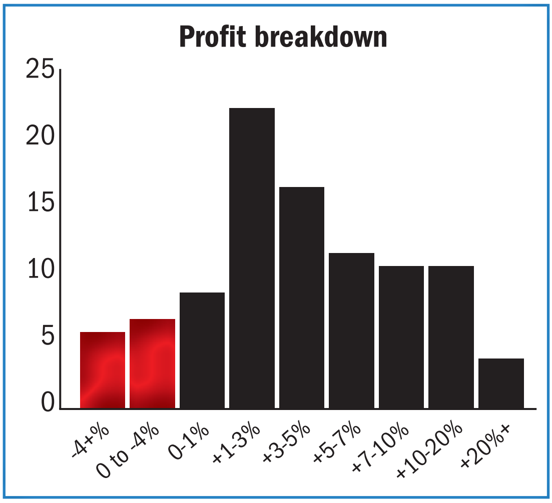
However, like for the top 100, average margins are down on last year, with many blaming currency fluctuations and uncertainty brought about by Brexit for a decline in their bottom lines (*see box, p9*).

In their last full financial years on record, those ranked 101 to 200 achieved an average (mean) operating profit margin of 4.6 per cent, compared with 5.6 per cent the previous year.

That compares favourably with the top 100, which saw average operating margins drop from 4.4 to 3.4 per cent.

Collectively, the Next 100 posted operating profits of £101.1m, equating to 5.0 per cent of their collective £2.02bn sales. That compares with operating profits of £104.8m (5.7 per cent of £1.82bn revenues) the previous year.

This year's figures are unduly affected by one outlier, Niu Solutions, which made an £8m loss. The median profit margin for the Next 100 – a figure which has the benefit of not being skewed by such anomalies – stood at 3.7 per cent, identical to the previous year. In an even more positive development, only 13 of the top 100 made a loss, compared with 15 the previous year.



The 10 per cent club

The 15 firms that made an operating profit margin of 10 per cent or above in their latest financial years

Pinewood Technologies	43.2%
Bistech Group	29.6%
D4t4 Solutions	24.3%
Columbus	20.4%
Node4	19.1%
ECS Security	18%
Gaia Technologies	17.1%
Blue Chip Data Systems	15%
Roc Technologies	14.1%
G3 Comms	12.8%
Zensar Technologies	11%
Midshire Business Systems	10.5%
OGL Computer Services	10.4%
Brookcourt Solutions	10.3%
Novosco	10.2%

105 Midshire

Revenue: £31.2m

Operating profit margin: 10.5%

This West Bromwich-based print and office supplies specialist said it had no plans to change its business model at the time it was snapped up by vendor Sharp in August 2017. For its year ending 31 August 2016, Midshire's four trading subsidiaries collectively posted revenue of £31.2m, a 10 per cent annual hike, with operating profits doubling to £3.3m.

106 Sapphire Systems

Revenue: £31.2m

Operating profit margin: 8.3%

This accounting and business software provider plans to add to its 200-plus headcount after moving its HQ across the Thames into The Shard and consolidating its two Manchester offices. It holds Partner of the Year badges for both Infor's SunSystems and SAP's Business One offering. In its year to 31 March 2017, operating profit fell from £3m to £2.6m on revenues that leapt 15 per cent. Some 28 per cent of its revenues are drawn from the US and overseas.

107 Zensar Technologies

Revenue: £30.4m

Operating profit margin: 11%

The 200-employee UK subsidiary of this Indian software and services outfit was poised to report its 2017 results as this report went to press. The Oracle, SAP and Salesforce partner

Q&A: Andy Griffiths, Q Associates; and Simon Rance, ISN

Resellers are increasingly seeing their peers not as competitors, but as partners, thanks to the rise of the 'partner-to-partner' model.

The increasing complexity of technology is being cited as a key factor behind the partner-to-partner trend, which is being championed by vendors including Microsoft.

One Next 100 VAR that is embracing the philosophy is Q Associates, a hyperconverged infrastructure and cloud specialist which formalised its alliance with security and networking specialist Intuitive Systems & Networks (ISN) this summer. We caught up with Q Associates' business development director, Andy Griffiths (right), and ISN's sales director, Simon Rance (left), to find out how the partnership is benefiting both parties.

What drove the two of you to work together?

AG: Although our deep roots are very well formed around infrastructure and technology integration, we are increasingly providing specialist services to our clients, and occasionally we will be asked to provide services outside our core skill sets. So some years ago we started to build a network of trusted specialist services organisations who could provide capabilities outside our skill sets. One of those was ISN. We now have Ts and Cs signed between the two organisations so effectively clients can work through either of us. The skill sets are very much complementary and it enables both organisations to provide a broader skill set of trusted services to both client bases.

SR: From ISN's point of view we are always looking to complement our skill sets as a fairly traditional network house. As the network and datacentre space started expanding out into the cloud, that was always our shortfall – it was crying out for a partnership of this nature and Q have filled that role in a key way.

Microsoft and other vendors are aggressively pushing the partner-to-partner collaboration model right now. What is driving that trend?

AG: If you think about things like cloud and mobility, there's been more movement and change in the technology market in the last five years than in the previous 20. And I think as an IT specialist organisation trying to do a professional job for our customers, it quickly becomes apparent that you can't do it all. That's a natural driver then for these trusted partnerships with complementary organisations across the sector.

SR: We at ISN see it very clearly, mainly through our relationship with Cisco, where Cisco at a very high level is announcing strategic partnerships on the Apple range, on the Microsoft range, on the Flexpod solution, etc. As an SME, that can be slightly intimidating. You're trying to punch above your weight, and the only way to do that is it through these kind of partnerships. If you can do that well, you can then go back to the vendors and say 'actually, we are lined up on all these streams across the portfolio – we can start taking that on'. It then makes you look very powerful when you are putting bids into large corporates in a joined-up manner. That's the biggest benefit we've seen –collectively we are punching way above our weight.

How has the partnership borne fruit so far?

SR: There was a major contractual win between both organisations in Q3 of this year that we can't yet announce publicly, but it brings both organisations closer together in a very large WAN deployment in the public sector. These sort of things really impress on you the importance of two or three years of groundwork and that doing things the right way pays off, and it has been a massive success for both organisations.

Is this alliance a prelude to even deeper co-operation between the two firms?

AG: The strategy is to form multiple relationships similar to the one we have with ISN, →

so acquisitions aren't necessarily part of the initial thinking, but as time goes on and if the technologies remain relevant and critical to our customers, that could be something we could look at.

SR: If we can productise what we're doing well and make it very easy to engage with ISN/Q as a team of trusted advisors working together, then that will absolutely benefit customers. As that turns into a product, and bigger and bigger solutions, who knows what will happen.

***CRN* research indicates that the number of IT suppliers end users are engaging with is rising, and that they are putting an increasing premium on specialisation. Are you seeing that?**

AG: Our customers have really welcomed this type of specialist relationship as they would rather work with organisations that really know what they're talking about, rather than people who are giving it their best shot but don't specialise in that area. What they really embrace is that there is now an organisation – Q in most cases – that is actually taking responsibility for the outcome, rather than pointing the finger at multiple suppliers that might be working on a particular contract. And customers see that as a breath of fresh air.

secured nine new orders from the UK and Europe during its year ending 31 March 2016, boosting revenues by nine per cent. Operating profit inched up from £3.2m to £3.3m. Its Pune-based parent employs 8,400 staff.

108 Pure Genius Holdings

Revenue: £30.3m

Operating profit margin: 1.1%

This large-format print specialist had a sideline in bakery until 2015, when it sold off its cake and biscuit arm, Kent & Frazer. In January 2016 it doubled down on its core print business by acquiring another large-format player, CWE Solutions. Its revenues for its year to 31 December 2016 consequently soared 55 per cent, with average headcount rising to 113, although operating profit dipped from £519,000 to £345,000.

109 Electrosonic

Revenue: £29.6m

Operating profit margin: 2.3%

Plying its trade since 1964, this Dartford-based audiovisual specialist now has 260 staff, serving customers in the UK, Europe, the Middle East, Africa and Asia. Installing a videowall in the Hindhead tunnels on the A3 is among the case studies listed on its website. Its revenues bulked up 15 per cent in its year to 31 December 2016, with operating profit hitting £688,000, compared with a £369,000 loss a year earlier.

110 Novatech

Revenue: £29.5m

Operating profit margin: 0.4%

This Portsmouth-based PC builder highlighted its 'special projects business' – which sees it supply complex technical rack and server builds for the simulation and security infrastructure markets – as a strategic growth area in its recently filed annual accounts. Its revenues continue to head south, hitting £29.5m in its year to 30 April 2017, compared with £33.8m in 2016 and £36.8m in 2015. Operating profits sank by 80 per cent to £130,000.

111 Teneo

Revenue: £29.2m

Operating profit margin: 1%

Two small US acquisitions helped "minimise the impact of the challenges of the UK" for this Reading-based Riverbed partner in its year to 30 June 2016. Its operating profits halved to £300,000, despite an 11 per cent uplift in revenues. US revenues doubled to £8.5m, while sales generated in the UK dipped from £14.7m to £13.7m.

112 Commercial Ltd

Revenue: £28.6m

Operating profit margin: 2.2%

This Cheltenham-based office supplies specialist recorded a 16 per cent annual revenue spike thanks to a "strong run of business wins" towards the end of its year to 31 January 2017. Majoring in print, office supplies, interiors and IT services, Commercial Ltd racked up capital costs of £241,000 during the year as it rolled out a new Microsoft Dynamics ERP system. Operating profit sagged by 29 per cent to £628.000.

113 Spectrum Computer Supplies

Revenue: £28.4m

Operating profit margin: 5.8%

This Bradford-based computer supplies specialist has operated a hybrid model of selling to both

Blame it on the Brexit

It would be tempting to blame Brexit for the annual fall in operating profit margins among the Next 100 players, as explored on p6.

And indeed, many of those that suffered a downturn in fortunes did finger the uncertainty and currency-exchange havoc caused by the June 2016 referendum as the culprit.

#169 player Reynolds and Reynolds said the decline in the value of the British pound resulted in a £1.7m foreign exchange loss during its year. #193 outfit Risual, meanwhile, said the 'purdah' caused by the referendum delayed many public sector opportunities, while #150-ranked OGL Computer Services said it was behind forecast revenue and profit growth as a result of "turbulent" market conditions following the vote.

"The Group saw its customers and potential customers take stock of the economic situation, with some customers delaying investing in new ERP systems and their IT infrastructure in the short term," the latter said.

Despite enjoying profit and revenue growth in its fiscal year, #142-ranked Brookcourt Solutions also said the 'Brexit effect' would hit spending in its core FT500 client base.

"Weakening sterling has already driven up tech cost for UK purchases which threaten to reduce/delay the number of planned client projects," it said.

However, most firms didn't mention Brexit at all, with some citing it only to say that they felt it had not impinged on their trading. #184 outfit Lima Networks, which doubled profits in its year ending 31 December, for instance, said:

"Overall, while business conditions continued to be challenging, the potential impact of Brexit and other political changes had no bearing on business."

end users and resellers for 30 years. Although its revenues have shrunk from over £50m to £28m in the space of three years, operating profits for its year to 31 October 2016 rose handsomely, from £1.4m to £1.7m. It counts its ability to carry out next-day delivery from its central distribution warehouse as a differentiator.

114 Olive Communications

Revenue: £28.3m

Operating profit margin: -10.4%

Vodafone and Mitel partner Olive claims it is beginning to reap the rewards of its decision to morph from a mobile reseller into a managed communications provider. The High Wycombe-based firm is now seeing "significant growth" in unified communications, offsetting a decline in its core mobile sales. In its year to 31 January 2017, revenues rose three per cent to £28.3m as operating losses widened to £2.9m.

115 Q Associates

Revenue: £28.3m

Operating profit margin: 1%

Having swung to a hefty loss in 2016, Q Associates enjoyed a rebound in its year ending 31 March 2017, with revenues up 22 per cent and operating profits hitting £278,000. In August, it forged a strategic partnership with Intuitive Systems and Networks that will combine its infrastructure capabilities with the latter's network and security skills. The duo previously collaborated on a project for the University of the Creative Arts (*see interview, p7, for more*).

116 Northdoor

Revenue: £28m

Operating profit margin: 9%

No doubt eager to broadcast its bumper results, this London-based big data consultancy filed its accounts for the year to 30 June 2017 in double-quick time. Operating profits hit £2.5m on revenues that boomed 51 per cent. Its website cites IBM and Microsoft as its key vendors and insurance, retail, media and public sector as its four focus verticals.

117 Axial Systems

Revenue: £27.4m

Operating profit margin: 6.3%

The Maidenhead-based network security VAR enjoyed a bumper year to 31 May 2016, as revenues boomed 37 per cent and operating profits rose from £1.2m to £1.7m. Traditionally a McAfee and Gigamon partner, in 2017 it added emerging brands to its portfolio, including security container specialist Aqua Security and cloud and data security player Guardicore.

118 SecureData

Revenue: £26.9m

Operating profit margin: -9.4%

This cybersecurity provider blamed a "poor" year on "ineffective management execution" and "an aborted but very distracting M&A process". For the 12 months to 31 July 2016, the Maidenhead-based outfit swung to a £2.5m operating loss on revenues that fell 18 per cent. Since year end, it has appointed a new executive chairman, acquired £9m-revenue VAR Cygnia, and increased its stake in consulting arm SensePost to 100 per cent.

119 Civica Services

Revenue: £26.4m

Operating profit margin: 2.7%

Revenues for public sector software giant Civica's volume licensing arm, Civica Services, fell for a second successive year, with operating profit also down slightly, from £933,000 to £721,000. Some 38 of Civica's 3,500 staff sit within this division, which counts Microsoft and Snow Software among its key vendor allies.

120 Albion Computers

Revenue: £25.6m

Operating profit margin: 2.1%

This Apple Premium Reseller manages and operates nine iStores in the UK, including its flagship outlet in the Strand. It claims it increased its market share in its year to 31 December 2016 as revenues vaulted 23 per cent. Operating profit also increased marginally, from £438,000 to £545,000.

121 Ampito Group

Revenue: £25.5m

Operating profit margin: 9%

This self-styled "hybrid IT solutions group" comprises eight distinct business units, namely Nubeon, Matelco, Object Source, Mavoda, Vanix, Matec Global, Appcelerate and Amvima. It branded its performance for its year to 31 December 2016 as "strong", despite registering a seven per cent dip in sales. Operating profit also fell slightly, from £3m to £2.3m.

122 CCL Computers

Revenue: £25.2m

Operating profit margin: 2.7%

CCL makes own-brand PCs for gaming, education and professional users, and wholesales and retails PC components and peripherals. Run by "enthusiasts not shareholders", it has a showroom in Tong – halfway between Leeds and Bradford. Despite "subdued" trading in its first half, revenues for its year to 31 August 2016 were roughly flat, with operating profit bulging from £514,000 to £690,000.

123 The IT Lab

Revenue: £25m (pro rata)

Operating profit margin: 6.3%

An official technology services provider to the McLaren Technology Centre, this London and Manchester-based MSP posted revenues of £37.5m in the 18-month period to 31 March 2016. That equates to £25m on a pro-rata basis, up 76 per cent year on year as recent acquisition JMC IT and Green Fields Technology bolstered the top line. Operating profits hit £2.3m, or £1.6m on a pro-rata basis.

124 PCS Business Systems

Revenue: £24.7m

Operating profit margin: 4.6%

In business since 1995, this Kettering-based reseller and MSP recently launched a slick, superhero-themed website. For its year to 31 May 2017, revenues inched up three per cent. That was more than matched by a 19 per cent hike in operating profits, to £1.1m.

125 Roc Technologies

Revenue: £24.5m

Operating profit margin: 14.1%

Formed in 2011, this fast-growing, highly profitable, Newbury-based services outfit is run by several former 2e2 executives, including founder Steve Shirley. Organic growth in its year to 31 March 2017 fuelled a 55 per cent rise in revenues at parent Agibility. Since year end, it has hit the M&A trail, using part of a £10m investment from the British Growth Fund to buy Chelmsford-based firm City Change Management.

126 Pinewood Technologies

Revenue: £24.5m

Operating profit margin: 43.2%

This Nottingham-based ISV aims to make car dealerships more profitable with its dealership management software. It also holds six Microsoft Gold competencies. Operating profits last year of £10.6m, up from £9.5m a year earlier, make it the most profitable firm in the entire Next 100. Its revenues rose seven per cent last year.

127 Novosco

Revenue: £23.3m

Operating profit margin: 10.2%

Belfast-based Novosco provides managed cloud, connectivity, security and infrastructure to

Q&A: Alex Tupman, Connected Managed Services

Connect Managed Services CEO Alex Tupman offers his tips on how to carry out a successful buy-and-build in the ICT channel

You announced ambitious growth plans for Connect Managed Services when you took the helm in a management buyout in 2014. What progress have you made since then?

Initially, we needed to stabilise the business and make some investments. Without creating a proper stable platform it's quite difficult to grow, whether that's organically or inorganically. We started our first phase of significant growth in 2016. We did about 40 per cent growth organically, and this year will grow probably about 30 per cent – and obviously we've made the recent acquisition of PC-1.

We are very focused on contact centre and UC, so it's a challenge to find businesses that are like us in terms of acquisitions. Our latest accounts are way out of date – we are now on a run rate of £26m revenues and £3.5m EBITDA.

What is your exit strategy?

We need to get to a scale that makes us interesting to a potential acquirers. When we get to that point we could decide to do a secondary buyout, to IPO the business, or indeed we could sell to a trade buyer. We're not there yet but in a few more years I'm sure we will be.

You've been involved in more than one buy-and-build. What advice do you have for other entrepreneurs looking to scale up through M&A?

It's essential that if you have a buy-and-build plan that you also keep a focus on organic growth, otherwise you can get side-tracked into thinking you've got a great growing businesses, when in actual fact all that's happening is you are bolting things on. One and one has to equal at least three. You have to get the synergies, but also the rationale has to be right such that you can then grow organically through cross-selling and upselling into the customers you acquired, and vice versa.

Also, make sure you do due diligence. Your advisers will do the financial and legal due diligence, but it's down to you to make sure it makes sense commercially and has all the things you think it has.

Connect is backed by Lloyds Development Capital. What are the advantages and disadvantages of working with a private equity backer?

You have the cheque book and you've got some expertise there as well – those are the key advantages. I've heard some horror stories of some PE houses that sit on your shoulder the whole time and don't let you get on and run the business, but our experience of working with LDC has been very, very good.

What has been your biggest mistake in business so far?

My biggest mistake – and something I would advise people to avoid – is, as a CEO, trusting people too much. Don't employ friends and family; make sure you've got a high-quality team around you, but don't get too close. You have to be able to enjoy their company, but make sure they're not someone you're going to invite around to dinner at your house every other night.

mid-market and public sector organisations. Its June 2016 acquisition of Mancunian security VAR Network Defence fuelled a 12 per cent revenue hike for its year to 31 December 2016, with operating profits clambering from £2.2m to £2.4m. In August it bagged a £10m contract with UK housing association Notting Hill Housing.

128 Inoapps

Revenue: £23.1m

Operating profit margin: -0.7%

This Oracle Platinum partner blamed a £172,000 loss for its year to 31 July 2016 on costs incurred from its expansion into the US and Malaysia. Backed by the Business Growth Fund, Inoapps is intent on 'internationalising' its business, but it drew just £5m of its £23.1m revenues from overseas in fiscal 2016, down from £10.1m in 2015.

129 OCF

Revenue: £23.1m
Operating profit margin: 4%

Following a mixed 2016, this high-performance computing ace saw revenues balloon 37 per cent in its year to 31 March 2017, with operating profits climbing from £721,000 to £919,000. In May the Sheffield-based firm deployed a 600-teraflop supercomputer at the University of Bristol.

130 Block Solutions

Revenue: £22.7m
Operating profit margin: 0.4%

This Cisco Gold partner was content with posting flat revenues in its year to 30 June 2016 as it complained of straitened budgets in its core public sector and healthcare stronghold. Its investments in cloud, particularly its own Luminosity-branded guest wireless software product, continue to deliver "significant pipeline". In April it acquired healthcare reseller Innov8, a week after its co-founder and CEO, Jon Pickering, cut ties with the firm.

131 Vision Group

Revenue: £22.7m
Operating profit margin: 7.4%

This Hertford-based managed print specialist enjoyed "another successful year of strong organic growth", according to its directors' report, as its revenues for the 12 months to 30 September 2016 hiked 11 per cent and operating profits climbed from £1.5m to £1.7m. The closure of its office supplies business during the year resulted in exit costs of £319,000.

132 Perfect Colours

Revenue: £22.6m (pro rata)
Operating profit margin: -0.6%

This large-format print specialist recorded revenues of £30.1m in the 16-month period to 31 December 2016. That equates to £22.6m pro rata, a 24 per cent annual hike the London-based outfit said is in line with its five-year growth strategy. The HP, Epson, Canon and Jetix partner has posted a small loss in each of its last three sets of annual accounts.

133 Highlander Computing Solutions

Revenue: £22.1m
Operating profit margin: 4.9%

This Sheffield-based IT and telecoms VAR claims it staved off "challenging" trading conditions in its year to 31 August 2016 by investing in its staff and business systems. Operating profits virtually trebled to £1.1m, with revenues plumping up 13 per cent. It counts Microsoft among its key vendors.

134 Version 1

Revenue: £22.1m
Operating profit margin: 6.6%

Founded in Dublin in 1996, this Oracle, AWS and Microsoft partner now has 900 employees and says it is on course to turn over €100m this year. In its year to 31 December 2016, its UK arm posted operating profits of £1.5m on revenues that rose 31 per cent to £22.1m. Version 1 recently moved Bournemouth Borough Council's IT infrastructure from Oracle's E-Business Suite to Oracle Financials Cloud.

135 Dacoll

Revenue: £22m
Operating profit margin: 3.9%

The reseller arm of this Scottish group, Dacoll Limited, saw revenues bounce 16 per cent to £15.5m in its year to 31 March 2016. Parent Dacoll Holdings, which also makes automatic number plate recognition software for the police and government agencies, reversed a 2015 loss to a £846,000 profit this time around on revenues of £22m.

136 Capital Document Solutions

Revenue: £21.8m
Operating profit margin: 6.5%

Capital Document Solutions claims to be Scotland's leading managed print player, with over 200 staff and offices in Edinburgh, Glasgow, Dundee, Aberdeen, Inverness and Shetland. Founded in 1979 by owner Tom Flockhart, the Canon partner registered an operating profit of £1.4m on revenues of £21.8m in its year to 31 March 2016, with both figures roughly flat year on year.

137 ACS Systems

Revenue: £21.8m
Operating profit margin: 1.2%

The first two customers won by ACS following its launch in 1995 are still customers today, according to the Northampton-based office furniture and IT solutions specialist's website. Revenues for its year to 31 March 2017 shrank by 12 per cent, as operating profits fell steeply to £252,000.

138 Caretower

Revenue: £21.8m

Operating profit margin: 1.9%

A three per cent annual revenue slide at this cybersecurity VAR was blamed on "uncertainty in economic activity and specifically in the public sector". Operating profits for the year to 31 December 2016 also sagged slightly to £413,000, with average staff numbers dipping from 98 to 82. Last January, the London-based McAfee partner launched a 30-day money-back guarantee for customers adopting its managed security services.

139 IDNS

Revenue: £21.7m

Operating profit margin: 1.7%

This Bolton-based audiovisual and IT supplier recently designed and specified all AV system requirements for the University of Cambridge's new David Attenborough Building. Revenues and operating profits for its year to 31 July 2016 were both roughly flat, at £21.7m and £374,000 respectively. It counts NEC, Clevertouch and HP among its key partners.

140 Arrow Business Communications

Revenue: £21.6m

Operating profit margin: 5.5%

This acquisitive comms provider made three purchases in 2017 after taking on strategic investment from Growth Capital Partners in August 2016. This includes Pulse Business Energy, a deal which marked its diversification into the energy sector. It's a safe bet that Arrow's revenue run rate is now well ahead of the £21.6m sales it recorded for its year to 31 December 2016, down nine per cent annually.

141 Celerity

Revenue: £21.4m

Operating profit margin: 4.5%

Having recently celebrated 15 years in business, this Preston-based IBM partner enjoyed a bumper year to 31 December 2016. Revenues flew up 35 per cent, while operating profits hit £955,000, compared with £58,000 in 2015. It claims to protect over three petabytes of public data and has its own ISO 27001-compliant datacentre.

142 Brookcourt Solutions

Revenue: £21.2m

Operating profit margin: 10.3%

This highly profitable security and networking reseller saw revenues power up 33 per cent in its year to 31 March 2016, with growth being led by advanced cyber-threat solution sales. Based in Redhill, Surrey, Brookcourt counts Skyhigh Networks, Resilient Systems, Radware and Juniper among its vendors. Uncertainty sparked by the 'Brexit effect' would hit spending among its FT500 client base, however, it said.

143 Blue Chip Data Systems

Revenue: £21m

Operating profit margin: 15%

This Poole-based managed services provider was snapped up by #62 Top VAR GCI in July, but currently still operates under its own brand. It has one of the healthier bottom lines in the top 200, with operating profits of £3.1m on revenues of £21m in its year to 30 September 2016 equating to a 15 per cent margin. GCI bought 190-strong Blue Chip for its national IT support capabilities.

144 CCE

Revenue: £20.5m

Operating profit margin: 4.1%

This West Drayton-based player provides IT infrastructure, cloud and managed print solutions to over 400 customers. For its year to 31 March 2016, revenues breached the £20m barrier following 16 per cent growth, while operating profits grew marginally to £846,000. It claims to be among a small number of UK companies delivering the HP Pagewide managed print solution.

145 Castleton Technology

Revenue: £20.2m

Operating profit margin: 0.9%

AIM-listed Castleton aims to be the go-to supplier for software and managed services in the social housing market. "Early teething issues" relating to its integration of seven small acquisitions made in previous financial years have been "dealt with", the Sutton Coldfield-based firm said in its accounts for the year to 31 March 2017, which showed revenues rising 13 per cent. Operating profits hit £189,000, compared with a £1.5m loss a year earlier.

146 Tangible Benefit

Revenue: £20.1m

Operating profit margin: 6.2%

This reseller claims it can deliver overnight shipments from its London warehouse in one hour

The year in quotes

"BGF's long-term, non-controlling approach was a good fit with our own ambitions. The BGF team has a growing reputation in the tech industry and in particular with some of our delivery partners."

#125 Next 100 outfit Roc Technologies' decision to bring in the British Growth Fund as an external equity investor was not taken lightly, according to CEO Matt Franklin (pictured left)

"Increasingly, the company's services are being taken up via cloud-based CRM and ERP revenue streams such as Microsoft Dynamics 365 and Netsuite."

#196 Next 100 outfit m-hance said the rise of cloud in its market had left a big mark on its results.

"We have for many years worked almost exclusively as an IBM Business Partner and this could be considered detrimental in the sense of 'all our eggs in one basket'. In recognition of this we have diversified the business significantly into other IT vendors..."

#159 Next 100 outfit Meridian IT revealed it had moved to dilute its focus on shrinking vendor Big Blue during its year to 31 March 2017.

"Our team has unrivalled experience and expertise working in the sector, which has been a key factor in us securing the contract."

Novosco managing director Patrick McAliskey attributed a £10m contract win with Notting Hill Housing in June to the #127 Next 100 outfit's expertise in the sector.

"The poor results were due to ineffective management execution, a lack of leadership and also an aborted but very distracting M&A process. The latter resulted in an exceptional charge of almost £1.1m."

#118 Next 100 outfit SecureData pulled no punches as it explained why it sank to a £2.5m operating loss in its fiscal 2016.

"We identified EACS through a mutual friend and heard that the owner was starting to think about moving on... I was talking to the chief executive of one of the big software providers for tools in this space. He made the really interesting point that 80 per cent of MSPs are either looking to buy or looking to sell."

Kevin Timms (pictured right) on industry consolidation following his firm Streamwire's reverse takeover of #162 Next 100 outfit EACS in May.

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ETA. For its year to 31 March 2017, its revenues soared 17 per cent, with operating profits climbing from £1m to £1.3m. It claims to have a commercial arrangement with "every major vendor and distributor in the UK", and in July was promoted to Lenovo Platinum status.

147 Datel

Revenue: £20.1m

Operating profit margin: 5.1%

This Warrington-based outfit bills itself as Sage's largest UK partner, specialising in Sage X3, Sage 1000, Sage 200, Sage Line 500 ERP and Sage CRM. Revenues in its year to 31 May 2016 rose four per cent, with 52 per cent of the £20.1m total drawn from annual support contracts. Headcount rose from 161 to 174 as it added more Sage X3 specialists and R&D staff.

148 Servium

Revenue: £19.6m

Operating profit margin: 3%

This 'nationwide solutions provider' has grown sales by an average of 21 per cent annually since it began on 1 January 2010. Revenues for its year to 31 December 2016 beefed up 30 per cent, which the Chessington-based firm attributed to increased levels of activity among existing customers, as well as expansion of its customer base. Operating profits rose from £364,000 to £593,000.

149 Acora

Revenue: £19.5m

Operating profit margin: 3.3%

This IT managed services and IT outsourcing specialist invested £440,000 in ServiceNow's ITSM platform during its year to 30 April 2016. The Burgess Hill-based Microsoft and Dell EMC partner saw revenues rise by 12 per cent during the period. Operating profit came in flat at £644,000. In October, it acquired Haywards Heath-based managed services provider Just Computing, pushing its headcount to 200.

150 OGL Computer Services

Revenue: £19.4m

Operating profit margin: 10.4%

Having started life over 40 years ago selling Olivetti typewriters, this Worcestershire-based outfit today counts Microsoft, HP, WatchGuard and Kaspersky among its key vendors and also develops its own-brand business software. Revenues rose five per cent in its year to 31 December 2016, but operating profits fell from £2.5m to £2m, which it attributed to investing in more software developers.

151 Charterhouse Voice & Data

Revenue: £19.3m

Operating profit margin: 6.9%

The business review for this London-based UC specialist described the 12 months to 30 November 2016 as a "very good year" in a "challenging economic environment". Revenues rose seven per cent to hit a record £19.3m, while operating profits more than doubled to £1.3m. The 116-employee firm counts Avaya, Mitel, BlackBerry and EE among its key vendor partners.

152 Columbus Global UK

Revenue: £19.2m

Operating profit margin: 20.4%

This Denmark-headquartered Microsoft Dynamics specialist bolstered its UK business in December 2016 by acquiring 71-employee Dynamics 365 ace Cambridge Online Systems. Globally, it turns over £110m. Its UK arm, based in Nottingham, saw revenue rise three per cent to £19.2m in its year to 31 December 2016, with operating profit down fractionally at £4.1m.

153 swcomms

Revenue: £19m

Operating profit margin: 1.9%

Founded in 1983 by its CEO, Tony Rowe OBE, this Exeter-based comms specialist counts Alcatel-Lucent, ShoreTel and Toshiba among its vendors. In its year to 31 December 2016, revenues rose three per cent, and operating profit doubled to £368,000. It draws roughly 30 per cent of sales from hardware and installation, and the rest from maintenance and network/hosting services.

154 Freedom Communications

Revenue: £18.8m

Operating profit margin: -0.4%

Upon snapping up Freedom in January, the CEO of new owner GCI told *CRN* the unified comms specialist had "limitless potential" if run as a "proper" rather than "lifestyle" business. GCI was attracted to Freedom's 40,000-seat Skype for Business install base. Watford-based Freedom, which for now retains its own brand name, posted a small loss on flat sales in its year to 31 March 2016.

155 Transputec

Revenue: £18.3m

Operating profit margin: 5.7%

Special powers

End-user research conducted as part of companion report *Top VARs 2017* suggested that IT purchasing decision makers are buying from a widening array of IT suppliers and are increasingly putting a premium on specialisation. This will be music to the ears of firms in the Next 100, which tend to be more specialised – either by vertical or by technology expertise – than their top 100 brethren.

Of the Next 100, nine focus on business apps, five are in cybersecurity, 11 play mainly in print and audiovisual, and 13 are comms specialists.

When asked what had happened to the number of IT suppliers they work with in the last few years, the largest number of respondents (39 per cent) in our end-user research said it had increased a little, with eight per cent saying it had increased greatly. Only 17 and 3.7 per cent, respectively, said it had decreased a little or greatly. Specialism, meanwhile, was rated above price in the most important factors when choosing IT suppliers.

Business applications specialists

	Revenue	Operating profit margin
Sapphire	£31.2m	8.3%
Zensar	£27.8m	11.0%
Inoapps	£23.1m	-0.7%
Version 1	£22.1m	6.6%
Datel	£20.1m	5.1%
Columbus	£19.2m	20.4%
QuantiQ	£13.9m	-4.3%
m-hance	£12.6m	-6.1%
Majenta Solutions	£12.1m	2.2%
Average		**4.7%**

Print and audiovisual specialists

	Revenue	Operating profit margin
Midshire	£31.2m	10.5%
Pure Genius	£30.3m	1.1%
Electrosonic	£29.6m	2.3%
Vision Group	£22.7m	7.4%
Perfect Colours	£22.6m	-0.6%
Capital Document Solutions	£21.8m	6.5%
IDNS	£21.7m	1.7%
ASL	£16.1m	4.4%
Stanford Marsh	£15.1m	1.6%
York Telecom	£13.3m	-1.9%
Reflex	£12.8m	2.3%
Average		**3.2%**

Comms specialists

	Revenue	Operating profit margin
Excell Group	£33.2m	9.7%
Elite Telecom	£33.1m	9.9%
Olive Comms	£28.3m	-10.4%
Arrow Business Comms	£21.6m	5.5%
Charterhouse Voice & Data	£19.3m	6.9%
swcomms	£19m	1.9%
Freedom Comms	£18.8m	-0.4%
G3 Comms	£16.5m	12.8%
Solar Comms	£14.8m	0.8%
Bistech	£13.7m	29.6%
Britannic Technologies	£13.4m	9.7%
Connect Managed Services	£13.3m	3.6%
JT (Global)	£12.8m	-0.8%
Average		**6.1%**

Security specialists

	Revenue	Operating profit margin
SecureLink	£34.3m	7.9%
Axial Systems	£27.4m	6.3%
SecureData	£26.9m	-9.4%
Caretower	£21.8m	1.9%
Brookcourt	£21.2m	10.3%
ECS Security	£15.3m	18.0%
ITC Global Security	£14.3m	7.2%
Average		**6.0%**

This MSP launched an Israeli office in 2016 with a view to developing its cybersecurity practice. Despite revenue falling 10 per cent and operating profit slipping from £1.1m to £1m in its year to 31 March 2016, the London-based outfit said in its accompanying director's report that it remains "cautiously optimistic" for the future.

156 IP Integration

Revenue: £18.2m

Operating profit margin: 4.1%

The directors declared themselves "very pleased" with the annual results of this contact centre specialist, which showed revenues for the 12 months to 30 September 2016 swelling by 30 per cent and operating profits hitting £746,000. Last November, the Reading-based firm, which was formed in 2001 through a management buyout from Cable & Wireless, bagged Diamond status with Avaya.

157 Portal

Revenue: £17.9m

Operating profit margin: -0.03%

This IBM Platinum partner was acquired by #28 Top VAR Bell Integration in November 2016, but still operates under its own brand name. During its year to 31 March 2016, uncertainty surrounding further-education funding prompted it to refocus its efforts on developing analytics solutions for the public sector. Although revenues rose 19 per cent, it slipped to a small £5,000 operating loss.

158 D4t4

Revenue: £17.7m

Operating profit margin: 24.3%

Having rebranded from IS Solutions in 2016, this highly profitable, AIM-listed data specialist endured a five per cent revenue drop in its year ending 31 March 2017. Some 28 per cent of the total was generated by Celebrus Technologies, the data collection software business it bought in 2015. Its fiscal 2018 has got off to a slow start, with interim revenues to 30 September 2018 halving to £4.8m.

159 Meridian IT

Revenue: £17.5m

Operating profit margin: 5.1%

The pitfalls of putting all eggs in one basket prompted this IBM Business Partner to diversify its vendor portfolio in its year to 31 March 2017. It also acquired a small software services business during the period. Meridian's latest accounts show a four per cent uptick in revenue, although operating profits fell to £889,000.

160 Escape Technology

Revenue: £17.3m

Operating profit margin: 0.7%

Based in Wardour Street in central London, Escape Technology is a reseller and service provider for visual effects, serving verticals such as gaming, architecture, design, automotive and television. Having made a sizeable operating loss in 2015 and 2016, in 2017 it posted a £114,000 profit, as revenues swelled by 47 per cent. It is part of Boston Limited, a £72m-revenue OEM with more than 100 staff.

161 Gaia Technologies

Revenue: £17.2m (pro rata)

Operating profit margin: 17.1%

This North Wales-based education specialist has developed its own 3D visual learning software and several apps, as well as a Primary Computing Framework for five to 11-year-olds. It recently realigned its financial year with the government's, in recognition of the fact that 98 per cent of its business comes from government departments. For the 15 months ending 31 March 2017, operating profit hit £3.7m on sales of £21.6m, a six per cent rise pro rata.

162 EACS

Revenue: £16.9m

Operating profit margin: 0.04%

This Huntington-based VAR was the subject of a reverse takeover by Streamwire in May, but the enlarged firm has now assumed the EACS brand name. New CEO Kevin Timms, a former IT director at Ford, told *CRN* his goal is to create a £50m-revenue managed services provider. The headline figures in this profile reflect EACS' last full-year accounts, for the year to 31 March 2016.

163 Pure Technology Group

Revenue: £16.7m (pro rata)

Operating profit margin: 2.5%

The Pure Technology Group brand was launched in 2016, uniting Pure Data Solutions and Servatech – a firm Pure acquired in 2014 – into one entity. In its maiden results, the Leeds-based Huawei and Microsoft partner posted an operating profit of £482,000 on revenues of £19.1m for the 417 days ending 31 May 2016. The headline figures in this profile have been converted to a pro-rata basis.

164 ACS Business Supplies

Revenue: £16.5m
Operating profit margin: 1.9%

This Bedfordshire-based IT and office equipment reseller's efforts to grow in the corporate and public sector took a short-term toll on its profitability, according to its accounts for its year to 31 December 2016. Revenues were flat, while operating profits sank to £321,000, compared with £492,000 a year earlier.

165 G3 Comms

Revenue: £16.5m
Operating profit margin: 12.8%

A founding member of the Avaya global partner network Aura Alliance, G3 posted "exceptional" results for its year to 30 April 2016. A nine per cent revenue hike was more than matched by the bottom line, as operating profits expanded by 17 per cent to £2.1m. It also operates a channel-only brand as Genius Networks.

166 Solutions Inc

Revenue: £16.5m
Operating profit margin: 0.3%

This Apple Premium Reseller has stores in Hove, St Albans, Bournemouth, Chichester, Guildford and Chelmsford. Although Apple allowing APRs to sell iPhones buoyed its retail sales in its year to 30 June 2016, iPad rollouts in the education sector dried up. This meant revenues rose a modest six per cent. It posted a small £42,000 operating profit.

167 Tectrade

Revenue: £16.1m
Operating profit margin: 8.2%

This Godalming-based data infrastructure specialist attributed a 30 per cent annual sales leap to its decision to diversify its vendor roster. While IBM remains a core partner, the addition of Dell EMC to its portfolio helped propel revenues for its year to 31 March 2017 from £12.4m to £16.1m. Operating profits virtually halved to £1.3m, however.

168 Automated Systems Group

Revenue: £16.1m
Operating profit margin: 4.4%

Cambridge-based ASL claims to be one of the UK's largest independent managed print specialists, with 5,000 customers and revenues in its year to 30 September 2016 of £16.1m, up five per cent year on year. It is backed by Mobeus Equity Partners and counts Kyocera and Ricoh as its two principal vendors. Its operating profits rose from £536,000 to £708,000 last year.

169 Reynolds and Reynolds

Revenue: £16m
Operating profit margin: 0.8%

On top of providing IT solutions and managed services under the IT Specialists brand, this Birmingham-based firm doubles up as a maker of automotive dealership software. Its revenues slipped seven per cent in its year to 31 December 2016 due to a decline in ad-hoc IT projects. Operating profits fell by three quarters to £133,000, with average staff numbers falling from 258 to 244.

170 IT Professional Services

Revenue: £16m
Operating profit margin: 3.1%

This Gateshead-based datacentre, backup and UC specialist saw revenue tumble by 10 per cent in its year to 31 May 2016 as its focus shifted towards securing more slow-burning services contracts of a recurring nature. Annual operating profits rose from £460,000 to £501,000. Between 2014 and 2016 it made a "significant" investment in a tier 3 datacentre.

171 High Point Solutions

Revenue: £15.9m
(historical conversion)
Operating profit margin: -1.1%

Based in the US, this Cisco Gold partner's UK arm reports its UK numbers in dollars because most of its trading activity is denominated in the currency. For the year to 31 December 2016, operating losses hit $211,000 on revenues that fell from $35.9m to $19.5m. The firm specialises in network hardware components, hardware support and professional services.

172 Niu Solutions

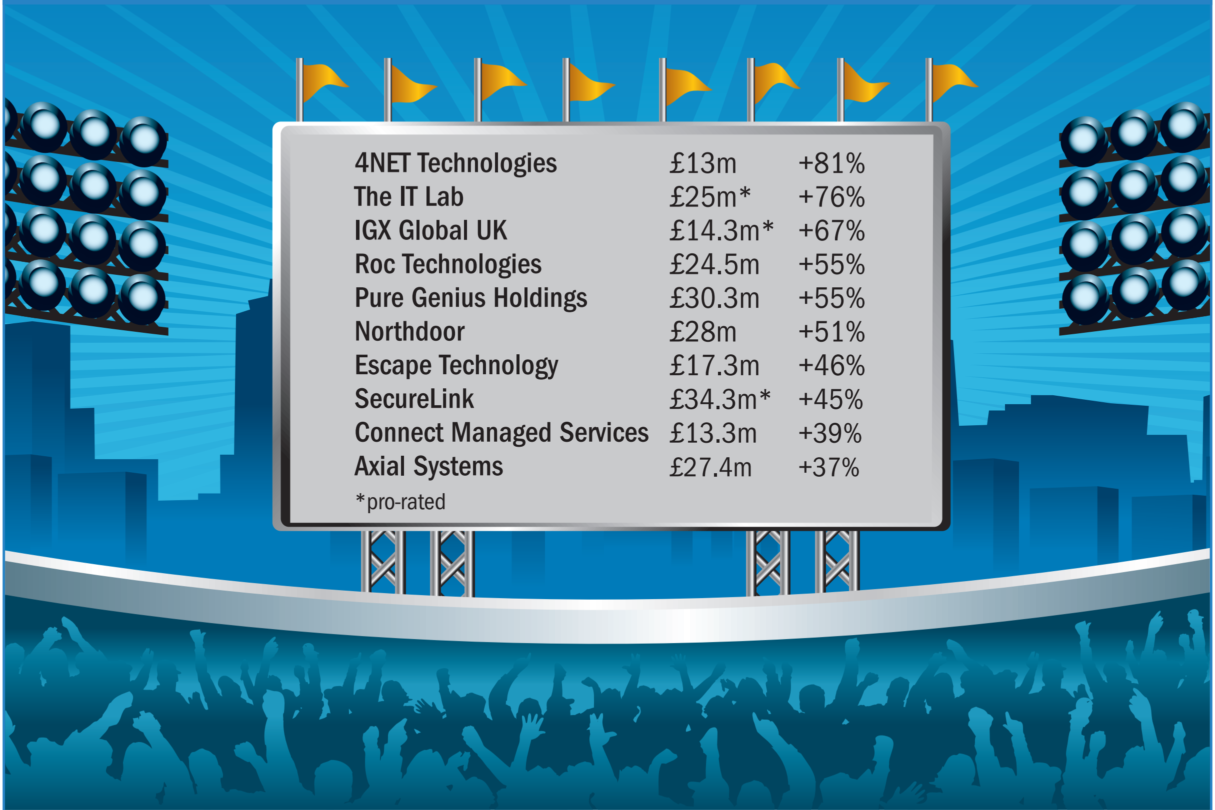
Revenue: £15.7m
Operating profit margin: -51.3%

This IBM partner suffered a 16 per cent fall in revenue and sank to an ugly £8m operating loss in its year to 31 December 2016 after losing a major client. During the year, four out of the top five new opportunities it won were delivered in the public cloud, where the Bagshot-based firm is initially partnering with IBM Softlayer. Niu serves the mid-market, with a particular focus on the finance sector.

173 Pinacl Solutions

Revenue: £15.5m
Operating profit margin: 2.5%

Growth leaderboard



4NET Technologies	£13m	+81%
The IT Lab	£25m*	+76%
IGX Global UK	£14.3m*	+67%
Roc Technologies	£24.5m	+55%
Pure Genius Holdings	£30.3m	+55%
Northdoor	£28m	+51%
Escape Technology	£17.3m	+46%
SecureLink	£34.3m*	+45%
Connect Managed Services	£13.3m	+39%
Axial Systems	£27.4m	+37%

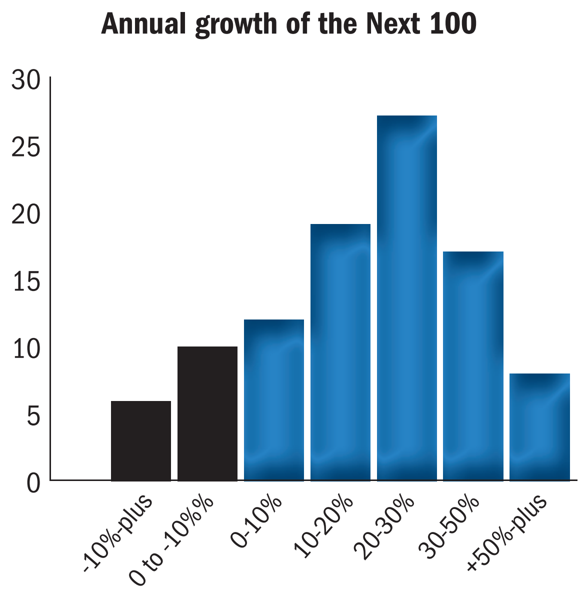
*pro-rated

The 10 fastest-growing outfits in the Next 100 grew sales by between 37 and 81 per cent annually, though a mixture of organic and acquisitive growth.

Collectively, the Next 100 posted revenues of £2.02bn, up 9.6 per cent annually allowing for the fact that one firm, Pure Data, didn't report revenues in the previous year. Of the 99 firms where a comparison was possible, 74 grew and 25 shrank.

The 100 firms above them in the rankings posted collective revenues of £13.6bn, up 15 per cent annually, although a good chunk of that growth was driven by transformative acquisitions, such as Apogee buying Danwood and Daisy buying Alternative Networks.

Of the 10 high-growth firms listed above, many expanded purely through organic growth. This includes Manchester-based contact centre specialist 4NET, Newbury-based Roc – a firm founded by several former 2e2 executives – London-based IBM and Microsoft partner Northdoor, and Maidenhead-headquartered network security outfit Axial Systems.



This Welsh managed services provider built an Internet of Things (IoT) network across Newport at the start of 2017. Revenues for its year ending 31 March 2017 pogoed 24 per cent to £15.5m. Operating profit followed suit, widening from £326,000 to £385,000. It recently launched a new entity to help it fulfil international projects with like-minded partners across the globe.

174 ECS Security

Revenue: £15.3m

Operating profit margin: 18%

The security arm of this Scottish IT services powerhouse saw revenues power up 25 per cent in its year to 31 December 2016, as operating profits widened from £2.2m to £2.8m. It recently invested in its own multi-tenanted secure operations centre and saw average staff numbers grow from 77 to 111 during the year.

175 Stanford Marsh

Revenue: £15.1m

Operating profit margin: 1.6%

This software plotting and print specialist claims it created a "major UK-wide 3D print provider" in February 2017 when it acquired Tritech Engineering and merged it with its existing 3D print arm, SMG3D. The Worcester-based outfit, which also owns Autodesk Gold partner Cadspec, saw revenues rise four per cent in its year to 31 January 2017, with operating profit hiking from £202,000 to £238.000.

176 Solar Communications

Revenue: £14.8m

Operating profit margin: 0.8%

This Chippenham-based Mitel and Shoretel partner is seeking to transition from a traditional telephony reseller into a provider of cloud communications, according to its annual accounts for the year to 31 December 2016. During the year its revenues spiked 11 per cent, but operating profits narrowed to £122,000. In September 2017 it acquired Cardiff-based Mitel partner TWL.

177 Technoworld

Revenue: £14.3m

Operating profit margin: 3.9%

Despite alluding to uncertain market conditions, this London-based electronics retailer grew revenue by 23 per cent in its year to 30 September 2016. The HP Gold partner, which targets education customers as well as consumers, also saw profits fatten up from £509,000 to £559,000.

178 ITC Global Security

Revenue: £14.3m

Operating profit margin: 7.2%

This cybersecurity specialist was acquired for £24m in November 2016 by tech investment firm C5 Capital. It bills its managed infrastructure and security services offering, NetSure360, as the "jewel in our crown". A 25 per cent revenue rise in its year to 31 May 2016 was more than matched by the bottom line, as operating profits swelled from £722,000 to £1m.

179 Jarvis Tech

Revenue: £14.3m

Operating profit margin: 4.9%

Jarvis Tech claims to be the UK's largest stockist of HP Renew and end-of-line HP equipment. The East Sussex-based firm registered a slight fall in both its top and bottom lines in its year ending 31 March 2016, with revenues down two per cent and operating profits tumbling from £988,000 to £708,000.

180 IGX Global UK

Revenue: £14.3m (pro rata)

Operating profit margin: 3.0%

This US-based security, datacentre and infrastructure specialist was acquired by Cisco partner ePlus Technologies at the end of 2015. Its UK arm, which is based in London, posted revenues of £17.9m in the 15 months ending 31 March 2016, up a whopping 67 per cent on a pro-rata basis. Operating profits hit £534,000 for the period.

181 ONI

Revenue: £14.2m

Operating profit margin: 2.0%

After stumbling to a sizeable loss the previous year, this Luton-based Cisco Gold partner returned to the black in its year ending 31 March 2017. Operating profit hit £280,000, as revenues rose five per cent to £14.2m, with over half that total drawn from recurring revenues. It claims to provide a full range of IT infrastructure services, from co-location to complex managed and cloud services.

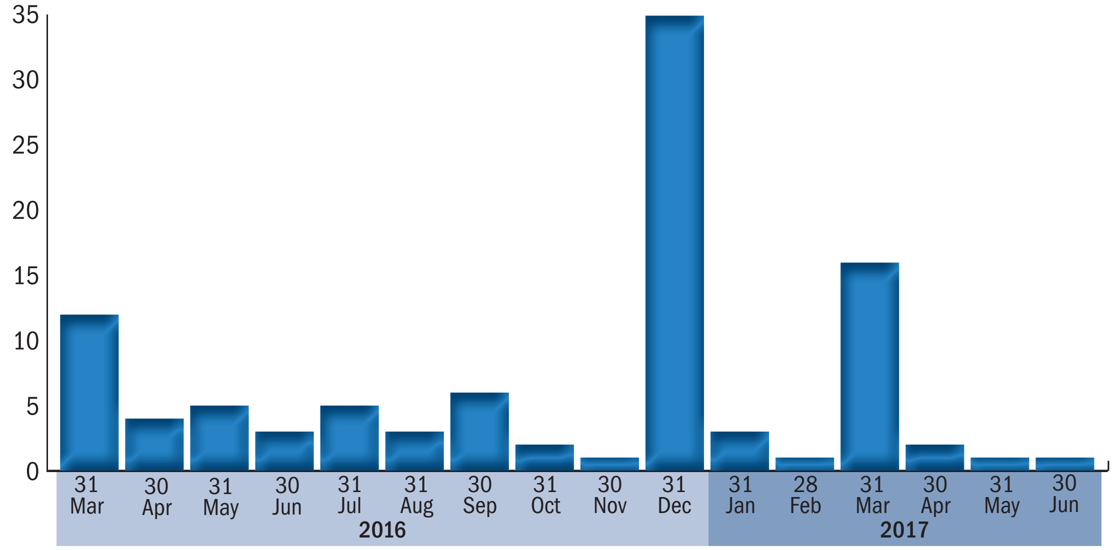
182 Complete IT Systems

Revenue: £14.2m

Operating profit margin: 4.4%

All the numbers went north for this Bradford-based IT support provider in its year ending 30 April 2016, with revenues up 17 per cent and operating profit doubling to £627,000. It partners

Year ends



The most recently filed accounts for our Next 100 cover a wide array of year ends, from March 2016 to June 2017. A plurality – 35 – had their year ends on or near 31 December 2016, meaning their last accounts coincided almost exactly with the build-up and aftermath of the EU referendum.

with the likes of VMware, Microsoft, Kaspersky Lab, Sophos and Avocor.

183 QuantiQ

Revenue: £13.9m

Operating profit margin: -4.3%

London-based QuantiQ claims to have 870 years of combined Microsoft Dynamics experience across its organisation. Although revenues shot up 20 per cent in its year to 31 December 2016, it slipped to a £597,000 operating loss, compared with a £365,000 profit the previous year. Staff numbers rose from an average of 77 to 105 during the year.

184 Lima Networks

Revenue: £13.8m

Operating profit margin: 8.9%

This Salford Quays-based IT infrastructure solutions specialist enjoyed a bumper year, with revenues rising 24 per cent and operating profits doubling to £1.2m in its year ending 31 December 2016. During the year it invested in a new CRM and service management system in an effort to boost service levels. Lima stressed that it has seen no fallout from the Brexit vote or other political changes.

185 MBA IT

Revenue: £13.8m

Operating profit margin: -4.5%

This London-based player sank to a £624,000 operating loss in its year to 31 December 2016, but says it is making money again after downsizing and focusing on its core VAR business. The HP, IBM, Lenovo, Dell, Cisco and Microsoft partner's annual revenues slumped 14 per cent due to a tail-off in business from its largest customer. It sold off its managed services business in December 2016.

186 Bistech Group

Revenue: £13.7m

Operating profit margin: 29.6%

One of the most profitable firms in the Next 100, this Dorset-based comms and networking specialist has a slick website featuring video case studies from a range of clients including motor dealerships, law firms and retailers. In its year to 31 July 2016, revenues soared 14 per cent, with operating profits hitting an impressive £4m, up from £3.2m in 2015.

187 Britannic Technologies

Revenue: £13.4m

Operating profit margin: 9.7%

This Guildford-based Avaya and Mitel partner replaced its core infrastructure with new, 'leading-edge' Juniper infrastructure during its year ending 31 March 2017, technology it said it would release to its customers throughout its current year. Though broadly flat on the previous year, revenue and operating profit have risen from £10.2m to £13.4m, and from £168,000 to £1.3m, respectively, since 2013.

188 Connect Managed Services

Revenue: £13.3m

Operating profit margin: 3.6%

This ambitious contact centre specialist created a £26m-revenue "powerhouse" in June 2017 when it bought rival PC-1. Headed up by serial entrepreneur Alex Tupman (*see our interview on p11*), Lloyds Development Capital-backed Connect saw revenues rise 39 per cent in its year to 31 December 2016. Managed services sales rose 26 per cent to £7.3m, while operating profit hit £478,000.

189 York Telecom

Revenue: £13.3m

Operating profit margin: -1.9%

Despite referencing "uncertainty" in the UK economy, the UK arm of this US-based videoconferencing VAR grew revenues seven per cent in its year to 31 December 2016, with gross margin and profits also improving. The Basingstoke-based Cisco, Polycom and Vidyo partner saw operating losses widen from £19,000 to £253,000, however.

190 Krome Technologies

Revenue: £13.2m

Operating profit margin: 1.4%

This Dell Premier partner posted a slight dip in operating profits in its year to 31 October 2016, despite revenues rising three per cent. A recent project to redesign the network and audiovisual infrastructure of pharmaceutical firm Otsuka is listed among the case studies on its website. It also partners with the likes of Microsoft, Palo Alto and VMware, billing itself as vendor-agnostic.

191 Western Computer

Revenue: £13.2m

Operating profit margin: 1.2%

Western operates six Apple Premium Reseller stores in Cheltenham, Cirencester, Oxford, Leamington Spa, Preston, and its native Bristol. It attributed a nine per cent revenue hike in its year to 4 January 2017 to Apple's move to enable it to stock iPhones. The shift in its revenue mix, however, hit its gross margins, and operating profits fell slightly to £155,000.

192 4NET Technologies

Revenue: £13.0m

Operating profit margin: 5.9%

This Manchester-based Avaya Diamond Edge partner recently took on investment from private equity house YFM. In its year to 31 March 2017, its revenues rocketed 81 per cent on the back of some bumper wins in the utilities and government sectors, making it the fastest-growing outfit in the entire Next 100. Operating profit rose to £768,000, from £168,000 a year earlier.

193 Risual

Revenue: £12.9m

Operating profit margin: 2.3%

This Microsoft partner said the 'purdah' caused by the EU referendum delayed many opportunities in its year ending 31 December 2016, due to its business being weighted towards the public sector. Although operating profit slumped from £1.7m to £294,000, revenues rose 10 per cent. It runs a Microsoft apprenticeship scheme, and revenues from its education activities exceeded £500,000.

194 Reflex Limited

Revenue: £12.8m

Operating profit margin: 2.3%

This "full-service" audiovisual integrator said it was disappointed that revenue and operating profits were both down – by nine and 50 per cent respectively – in its year to 31 December 2016. But the Reading-based firm said it harbours "ambitious" growth plans for the next five years following the recent retirement of managing director Roland Dreesden.

195 JT (Global)

Revenue: £12.8m

Operating profit margin: -0.8%

Having raked in an impressive £1.7m in operating profits in 2015, this Jersey-based voice, data and contact centre specialist slumped to a £103,000 loss in its year to 31 December 2016. Revenue slid 13 per cent. It blamed the downturn on a slowdown in its rollout programme with a key customer, Kraft Heinz, adding that group recharges also hit its results.

196 m-hance

Revenue: £12.6m

Operating profit margin: -6.1%

Opinion: Marc Sumner, Robertson Sumner

Stop searching for miracle candidates

Marc Sumner, founder of specialist IT sales and recruitment firm Robertson Sumner, explains how small to mid-size resellers should recruit to keep growing in a competitive market

The UK is still facing a skills shortage in the IT market and this is particularly relevant in the reseller/managed services space. However, at Robertson Sumner the reseller market still represented 64 per cent of our revenue stream in 2017, showing that this is one of the biggest growth areas in the IT sector. But only a small proportion of that percentage was us placing candidates with a 'book of business'. We now have to educate every client we speak to so they stop wasting time and resource searching for miracle candidates and instead hire candidates for their strong IT sales skills from other areas of the IT sales channel – or go down the graduate route. You shouldn't just take my word for this, some of our clients and the most successful resellers over the past decade, now in the top 50 VARs, have grown more than tenfold by operating an organic growth method – the likes of Storm Technologies and Softcat.

Another reason successful resellers prosper by avoiding targeting 'big billers' is because the supply is so small and demand is so high that these so-called miracle candidates have all the power and can name their price. We have found that what you can get for your money over the past five years has changed dramatically, and is now roughly as shown in the table below.

Resellers are still hiring and extremely active in the market. All are looking for the miracle candidate who can bring a book of business transacting £15,000 per month, but there is a lack of these candidates looking for a move. Larger VARs can afford to take the risk and wait for the talent, but the smaller, sub-£30m companies should be less picky and think outside the box. A small percentage of them realise this and will take on junior candidates from outside the industry. Salespeople approach us daily from a distribution background who may have one to two years' experience and want to take the step up, but their CVs are rejected with the reasoning "doesn't have a book", "isn't coming from a reseller" or "not relevant". It is our job to educate our clients to think of a plan B.

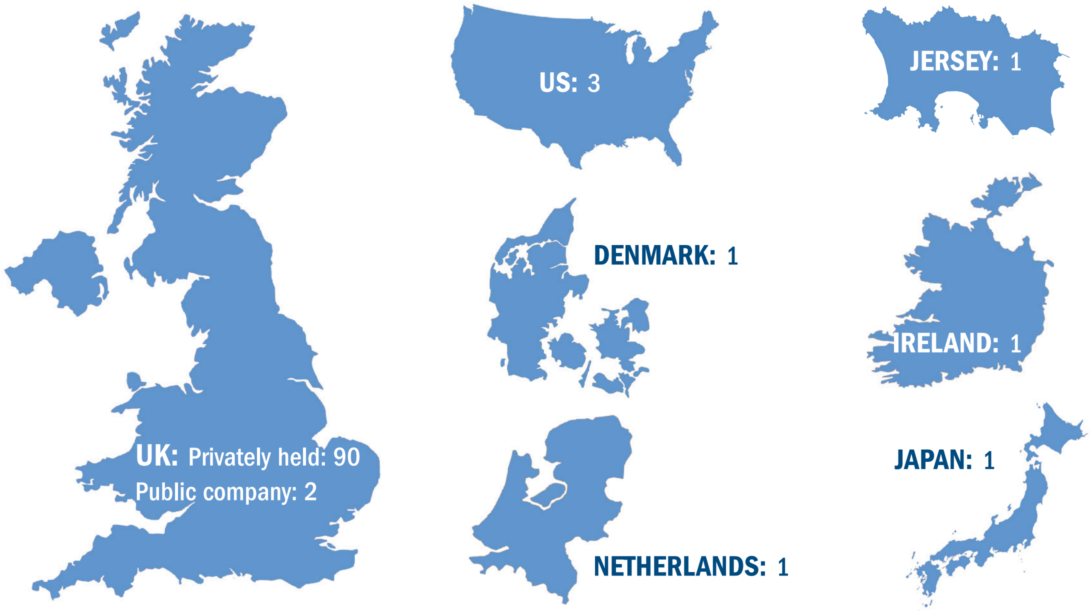
Experienced sales and marketing professionals from other sectors are keen to move into the IT industry because of the sector's exponential growth and they can see a long-term career in IT. The industry is a true meritocracy and one where fast promotions are possible. Yes, people new to the sector do require product training and coaching in the short term, but there is evidence that it pays off tenfold.

Our top tip for growth and longevity would be for start-ups/sub-£30m resellers to start looking at alternatives to the miracle candidate.

We believe that 2018 is a great time to be a sub-£30m reseller as the sector is no longer dominated by a couple of key players and there are many smaller partners doing really exciting things in the market. However, to keep growing and prospering in this market, leaders must think differently about hiring. Paying over the odds should be a thing of the past for sub-£30m resellers. Finding your own stars with less experience who can be moulded to your company culture and ethos will lead to a more loyal, together and engaged workforce.

Gross profit generated (monthly)	2013 basic salary	2018 basic salary
£5,000-£10,000	£20,000-£25,000	£30,000
£10,000-£15,000	£25,000-£30,000	£35,000-£40,000
£15,000-£20,000	£30,000-£37,500	£40,000-£45,000
£20,000-£30,000	£37,500+	£50,000+

Origins of the Next 100's ultimate parent



This London- and Stockport-based outfit claims to be the largest Microsoft Dynamics GP partner in Europe. Revenues for its year to 31 December 2016 dropped 10 per cent, which it said reflected its transition to recurring, cloud-based revenues, together with the disposal of its small Sage business unit in June 2016. Operating losses narrowed from £1.1m to £750,000.

197 Port-P

Revenue: £12.4m
Operating profit margin: 5.0%

Port-P's core business involves supplying run-rate IT items such as PCs and software, but the Birmingham-based firm referenced its efforts to bolster its skills in servers, storage and networking in its accounts for the year to 31 December 2016. Revenues rose 11 per cent and operating profits improved from £437,000 to £620,000 during the year. It also has offices in Manchester and London.

198 Computerworld

Revenue: £12.4m
Operating profit margin: 1.5%

This Bristol-based IT solutions provider said in its results for its year to 31 December 2016 that it was planning to change its compensation scheme to reward the shift towards a managed services, recurring income model. Revenues fell four per cent, while operating profits grew slightly to £189,000. It sold off its managed print arm in Q3 of 2016.

199 Prodec Networks

Revenue: £12.3m
Operating profit margin: 1.7%

This Berkshire-based networking specialist saw revenues hike by a fifth in its year to 30 April 2016, and also posted a £207,000 operating profit, following a loss the previous year. The Cisco, Aruba and Fortinet partner bagged "significant" new business wins incorporating network design, build, infrastructure and services during the year. Parent company Barstone Limited turned over £15.6m.

200 Form IT Solutions

Revenue: £12.3m
Operating profit margin: 3.7%

This Luton-based outfit was born in 1983 as Premier Computer Supplies. Today it trades under the Form IT Solutions brand, holding badges with Microsoft, VMware, Citrix, Check Point and Symantec. Revenue in its year to 31 March 2016 fell six per cent, a second consecutive annual decline, with operating profits thinning from £606,000 to £461,000.

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179 **Jarvis Tech** £14.3m
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The figures on this list are intended to be a fair and reasonable reflection of the annual sales of each company that are generated in this country by a UK-registered trading entity. They are based on annual accounts filed at Companies House or, in select cases, reliable first-hand testimony or informed market research. Figures may have been recalculated to account for sales or acquisitions; extended or truncated reporting periods; the identification of a UK sales figure from a larger total; or a currency conversion at a historically appropriate exchange rate.

If you have any questions, comments or complaints, please email *doug.woodburn@incisivemedia.com*

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