



February 2, 2011

# Key Players In The Software Reseller Market

by Duncan Jones and Caroline Roeleveld-Hoekendijk  
for Sourcing & Vendor Management Professionals

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## Key Players In The Software Reseller Market

Sourcing Professionals Should Consider These Companies When Looking For Global Value-Added Resellers (VARs)

by **Duncan Jones and Caroline Roeleveld-Hoekendijk**

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### EXECUTIVE SUMMARY

Recent developments in the technology industry mean that VARs must focus more on the value-add part of the role they play; that's where the money is and what clients demand. Sourcing and vendor management (SVM) clients often ask Forrester who the key VARs are, and what services they provide. To help with these requests, we examined 10 key global VARs against key criteria: services offered, geographies served, and with which software publishers they partner with. In addition to standard SVM evaluation criteria, we advise you to focus on the specific team that will serve you and question them regarding how they will collaborate with you; how they proactively will support you as services increase; how they'll provide ongoing cost reductions; and how strong their relationships are with your key software publishers.

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Forrester conducted research on CDW, Computacenter, Dell, En Pointe Technologies, ePlus, Insight, PC Connection, PC-Ware, SHI International, and Softchoice.

#### **Related Research Documents**

["Channel Models In The Era Of Cloud"](#)  
November 3, 2010

["Refresher Course: Hiring VARs"](#)  
November 5, 2009

## SOFTWARE BUYERS STILL STRUGGLE TO UNDERSTAND THE VAR LANDSCAPE

Software value-added resellers (VARs) have played an important part in the software business for years, but now electronic deployment is eliminating their role in the physical supply chain. In this post-recession time frame, software sourcing professionals are updating their sourcing strategies and focusing on the longer-term outlook, while still continuing to shop for the best possible deal. As part of this, they struggle with some key questions. Related to VARs, sourcing clients consistently ask Forrester:

- **What should I expect to get from a VAR?** Clients recognize that VARs can do more than supply the software and hardware they need, but wonder which of the services that the VARs offer will be of most use to them. For instance, SVM teams may consider outsourcing tasks such as license management and desktop support to their VAR, but aren't sure if that's the optimal approach.
- **Who are the key global players?** Sourcing managers are looking for information on leading software resellers, either to create competition for the incumbent(s) or to consolidate a stable of multiple local players. They ask Forrester which VARs support which software publishers and in which geographies and what types of services they can deliver.

## Trends Shaping The VAR Market Provide Opportunities For Buyers

Over the years, the reseller market has developed into a more services-oriented line of business rather than a product-only one. To keep up with client demand and technology changes, VARs have raised their game to improve their services portfolio and increase their relevance to their customers.<sup>1</sup> The key trends that are shaping the VAR market include:

- **Software publishers refine their channel programs to create more intimate VAR relationships.** The publishers want sellers, not order takers and fulfillers. They therefore offer financial incentives for product knowledge and certification to enable the reseller to sell more effectively and also to persuade it to promote their products over competitors', because it knows them better. For example, as of November 1, 2010, Microsoft has introduced a competency classification to replace its "gold certificate" so that customers know where to go for specialized expertise in areas such as CRM and unified communications (UC). Similarly, Adobe and Cisco reward resellers for acquiring enhanced knowledge of their product portfolios.
- **Regional players partner to expand their global reach.** Partnering often provides VARs with a more effective way to provide local language skills and intimate service than establishing local branches everywhere or trying to serve many neighboring countries from one regional hub.
- **Large VARs subcontract to smaller specialists.** Many companies prefer to do business with one or a few resellers for simplicity. To help clients with this consolidation, and protect their business at the same time, some resellers are taking on the role of integrator: buying products and/or services from other resellers with other competencies that they lack. Their customers

can have best-of-breed solutions, while having the benefit of dealing with one focal point. Subcontracting is easier than forming close partnerships, which take time to establish and are hard to break. The downside for buyers is that their risk assessment is more complex if there are many subcontractors to evaluate.

## EVALUATE VARS BY WHICH SERVICES, PUBLISHERS, AND REGIONS THEY SUPPORT

Sourcing teams should take advantage of the above reseller market trends by focusing on resellers that offer the right portfolio of extra services, have sufficient depth and breadth of software product knowledge, and possess appropriate global reach, and focusing on how much power it has with its software publishers.<sup>2</sup> With recent developments buyers can:

- **Choose from a larger pool of companies, to combine local service with complete coverage.** Buyers don't have to depend on a few large players if new partnering structures enable smaller resellers to offer equivalent services via partnerships and subcontracting. Insight and Computacenter are two examples of companies with widespread networks of partners to help them serve customers more globally. One key when working with multiple firms is to clearly understand how you will escalate problems if a subcontractor underdelivers. Can the lead VAR realistically bring the culprit into line? Will it compensate you for underperformance?
- **Multisource, to cherry pick lowest prices and publisher-specific skills.** Picking one VAR that can supply all the products you need may simplify procurement and earn you economies of scale, but it's not always the best plan. Vendor specialists may offer better advice, more consistent service, and have access to promotional discounts and rebates that will enable them to beat the generalists on price.

## Additional Services Are The "V" In VARs

VARs continue to elaborate their services portfolio and are moving into the managed services arena. Some can act as a full IT shop for hardware, software, and network services. Here's an overview of services delivered that you can expect from your VAR:

- **Hardware installation and support.** In addition to delivering your hardware, most VARs can help connect your devices, servers, and routers to your network. Many offer a full range of support services, from remote fault diagnosis to a full managed service. For example Dell has expanded its services by acquisition over the past three years, including the purchase of Perot Systems to increase its capabilities in network setup and configuration.
- **Software configuration, customization, and maintenance.** Resellers have always offered basic services such as user training and support. Now, many earn extra revenue and improve customer satisfaction by tailoring software to customers' needs. This can range from slight tweaking of user interfaces to building custom applications using tools such as Microsoft SharePoint or Adobe Interactive Forms.

- **Software asset management (SAM) services.** License audit activity has increased in 2009 and 2010, and there's no sign of a decline, so SAM is very important to companies.<sup>3</sup> VARs can help you minimize your software spend and reduce risk by streamlining your SAM processes and performing some of the administrative tasks such as updating license entitlement records. For example, Computacenter can benchmark your existing SAM processes against industry best practice to identify gaps and opportunities for improvement. VARs will help you implement tools and procedures to actively track your license entitlement and monitor usage and deployment.

### The Major Players In The VAR Market Have Broad Coverage Areas, But Differentiators Exist

To help you on your way, Forrester has identified 10 large players in the VAR market and examined their coverage in terms of three key criteria: services, publishers, and geographies (see Figure 1). Some operate globally while others are more regionally focused, but all offer the scale and broad range of capability to be valid choices for enterprise IT sourcing managers. The resellers included:

- **CDW.** CDW is a private company and serves mainly SMBs, large enterprises, and public institutions in the US and Canada. It provides all services, varying from hardware installation through software asset management. CDW has 6,200 employees including account managers and technology engineers who help clients with implementation and management of the solutions. It has a separate website to serve governmental institutions.
- **Computacenter.** Computacenter is a UK-headquartered IT infrastructure services provider. It is mainly focusing on Western Europe but can serve clients globally through its partner network. Its close relationship with CompuCom is important to serve the US market. Computacenter considers its asset management services one of its key offerings. Computacenter has more than 10,000 employees and can deliver all services except software customization and configuration. It supports most of the bigger software publishers and is one of two VARs in this survey that supports BMC, SAS, and VeriSign.
- **Dell.** By acquiring Perot Systems last year, Dell increased its presence in network setup and configuration. Dell serves all regions — including Australia and Asia. It does not support Cisco very strongly but claims to be the largest reseller of VMware and Citrix. It supports IT asset management through its eSmart tool, which is an on-demand asset management solution.
- **En Pointe Technologies.** En Pointe Technologies is a technology solutions provider that only serves the US market. The company makes a clear distinction between its offerings in hardware, software, IT services, and managed services. It serves medium- to large-sized enterprises, educational institutions, government agencies, and nonprofits nationwide. It ticked all the boxes for services delivered, except for software asset management services.

- **ePlus.** ePlus is a US based technology solutions provider and has almost 700 associates. It recently acquired the operating business of Interchange Technologies, Inc. (ITI), a Tandberg Platinum Partner with advanced expertise in audio and video communication technologies. It serves government, healthcare, and commercial businesses.
- **Insight.** Insight profiles itself as an IT solutions partner, is listed on the Nasdaq, and has 4,900 employees. It offers the widest range of services and has a global reach in 22 countries directly, and 170 via global alliance partners, which makes it one of three VARs that are active in Australia and Asia.
- **PC Connection.** PC Connection is listed on the Nasdaq and provides software customization and configuration, hardware installation, and implementation of software and training, but doesn't support the other services listed. PC Connection provides services to businesses, governments, educational institutions, and consumers — and serves only US-based clients.
- **PC-Ware.** PC-Ware is an ICT solution provider located in Leipzig, Germany, and one of two European players in this list. It is listed on the Frankfurt stock exchange. PC-Ware is a Microsoft large account reseller (LAR) and it's also a major VMware reseller. Software asset management is perceived as one of its key services, and it is one of three VARs in this list that provides services in Asia.
- **SHI International.** SHI international is an international player and one of its key messages is that its retention rate is high — 99% —and it does very well on client satisfaction. It also serves public sector and healthcare industries. It has 1,500 employees worldwide.
- **Softchoice.** Softchoice is a focused reseller of hardware and software, with the narrowest range of additional services of the companies in this report. It offers what it calls IT asset management-as-a-service, in addition to unified communications and collaboration, workload optimization, and hardware rollout services. It does not support software customization, configuration, implementation, or maintenance.

**Figure 1** Overview Of Major Value-Added Resellers

	CDW	Computacenter	Dell	EnPointe Technologies	ePlus	Insight	PC Connection	PC-Ware	SHI International	Softchoice
<b>Services</b>										
Full-service hosting, monitoring, and maintenance	✓	✓	✓	✓	✓	✓		✓	✓	✓
Hardware installation	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Network setup and configuration	✓	✓	✓	✓	✓	✓		✓	✓	✓
Software customization and configuration	✓		✓	✓	✓	✓	✓	✓	✓	
Implementation of software and training	✓	✓	✓	✓	✓	✓	✓	✓	✓	
Maintenance of software	✓	✓	✓	✓	✓	✓		✓	✓	
IT shop (hardware, software, network)	✓	✓	✓	✓	✓	✓			✓	
Asset management	✓	✓	✓	✓	✓	✓		✓	✓	✓
<b>Regions served</b>										
US	✓		✓	✓	✓	✓	✓		✓	✓
Canada	✓		✓			✓			✓	✓
South America			✓			✓				
UK		✓	✓			✓		✓	✓	
Western Continental Europe		✓	✓			✓		✓	France	
Eastern Europe						✓		✓		
Africa		South Africa	South Africa			✓		✓		
Middle East			✓			✓		✓		
Australia			✓			✓			✓	
Asia			✓			✓		✓	✓	

**Figure 1** Overview Of Major Value-Added Resellers (Cont.)

Large software publishers in portfolio	CDW	Computacenter	Dell	EnPointe Technologies	ePlus	Insight	PC Connection	PC-Ware	SHI International	Softchoice
Adobe for software (other than Acrobat)	✓	✓	✓	✓		✓	✓	✓	✓	✓
BMC	✓	✓	✓							
CA (Computer Associates)	✓	✓	✓	✓		✓	✓	✓	✓	
Cisco systems	✓	✓	✓		✓	✓	✓	✓	✓	✓
Citrix Systems	✓	✓	✓	✓		✓		✓	✓	✓
EMC	✓	✓	✓		✓	✓	✓	✓	✓	
Force.com (for platform-as a-service)										
Fujitsu	✓					✓	✓		✓	
Google's App Engine (for platform-as-a service)			✓			✓ (UK)				
HP for systems management	✓	✓			✓	✓	✓	✓	✓	
IBM	✓	✓	✓	✓		✓	✓	✓	✓	✓
Infor Global Services										
Microsoft	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Novell	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Oracle	✓	✓	✓	✓		✓		✓	✓	✓
Progress Software										
Sage Software		✓	✓			✓	✓		✓	
Salesforce.com										
SAP	✓	✓		✓		✓		✓	✓	
SAS		✓	✓							
Software AG		✓								
Sun	✓	✓			✓	✓	✓		✓	
Sybase	✓	✓				✓	✓	✓	✓	✓
Symantec	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Ultimate Software										
VeriSign	✓	✓	✓						✓	
VMware	✓	✓	✓	✓		✓	✓	✓	✓	✓

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Source: Forrester Research, Inc.

## RECOMMENDATIONS

### PICK THE BEST TEAM — NOT FIRM — TO SERVE YOUR COMPANY

Forrester found little differentiation between the leading VARs in terms of the services they offer. They all provide most of the value-added services that sourcing professionals might want to procure from their VARs. There are some differences in the geographies they serve and also in the software products that they offer, but the main decision criteria will be 1) price (of course); and 2) customer-service level. The latter will depend on the knowledge and attitude of the local team that will support you as much as on the VAR's corporate ethos, procedures, and capabilities. You should therefore ask:

- **“How well will you collaborate with us?”** What processes and structures are in place to support my team? What types of tools and automation are in place to deliver services and support when needed? What will happen when we need to escalate issues higher up the VAR's organization? How much mandate does the local team have to solve challenges with software publishers?
- **“Will you proactively reduce costs and add value?”** How does the VAR educate itself about industry trends and software licensing changes? Will it suggest ways that you can reduce the amount you spend on software, or will it be happy to take its cut of your inefficiency? Will it look for products and services to sell to you, or merely react to your procurement requisitions?
- **“How close are your relationships with my key software publishers?”** How well does the local team know your most important vendors? Can it prove it has the necessary product knowledge and technical skills? Does it understand the publishers' licensing policies sufficiently well to help you navigate that labyrinth? How important is the software publisher to your VAR and vice versa? Try to get to grips with these relationships and understand how the VAR can help you escalate any challenges.

## ENDNOTES

<sup>1</sup> To identify channel partners' plans, readiness, barriers, and needs as cloud technologies emerge, Forrester Research joined with Outsource Channel Executives (OCE) to survey distributors, value-added resellers (VARs), direct market resellers (DMRs), managed service providers (MSPs), application hosting providers, and systems integrators (SIs) in the tech industry. The survey results indicate that channel partners foresee a collision with tech vendors over managed services and application hosting and that they will insist on getting their piece of the cloud. There's plenty of opportunity for both parties, as long as tech marketers apply the right combination of pressure and incentives to guide channel partners into the next phase of tech competition. See the November 3, 2010, [“Channel Models In The Era Of Cloud”](#) report.

<sup>2</sup> Most enterprises use value-added resellers (VARs), but in our research we found that clients are dissatisfied with their resellers' value for money. Sourcing managers should work out what they are spending with resellers across all product and business units and source it as a single strategic event. You may end up

awarding parts to multiple VARs, but give them the chance to bid on the package. Sourcing teams should focus negotiations on extra services the VAR can provide, its global reach, and how much power it has with its software publisher. See the November 5, 2009, "[Refresher Course: Hiring VARs](#)" report.

- <sup>3</sup> There's nothing wrong with software companies doing license audits — they have to protect their intellectual property (IP) — but sometimes audits can be painful, or even terminal, for IT sourcing and vendor management leaders. Not only did companies face increased software audit activity in 2009, but they also saw more causes of disputes and noncompliance claims. In addition to spotting genuine under-licensing, many vendors' audit teams seemed to want to meet their revenue targets by exploiting technicalities and loopholes. Smart software sourcing managers can reduce the risk of unexpected fallout from a software audit by staying in control of the process. The audit process becomes unstoppable once the vendor's compliance team spots a problem and places a dollar value on it. You can prevent this by resolving likely causes of dispute before the audit team comes on-site and limiting what they do when they're there. You may still face a bill at the end of the audit, but you will be able to limit purchases to products and capacity that you need going forward, rather than paying penalties for technical breaches that provide no value to your organization. See the January 4, 2010, "[Surviving A Software License Audit](#)" report.

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