

Bob Scott's

Insights

Winter 2017



2017 VAR STARS

Riding the Cloud

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2017 VAR Stars

Riding the Cloud

The speculation over when the market will move to the cloud is over. Resistance has faded and however many holdouts there are, financial cloud software is mainstream.

“Very few people bring up security or ask what is uptime,” says Taylor Macdonald, Intacct’s VP of channels. “Now people ask for your credentials and reports that certify them.”

The change was highlighted by estimates from Steve Ems, principal and national business applications leader for RSM, about how large the cloud business has become for his firm. “A majority of our new ERP implementations are in the cloud—maybe even 70 percent of our implementations, which is a pretty significant shift,” he says.

And where resellers that carried only on-premise products once dominated the VAR Stars list, the overwhelming number of the 100 companies listed have a cloud product—especially as Dynamics VARs began reporting Dynamics 365 as part of their product line.

However, where uncertainty over the move to the cloud has largely disappeared, there probably has never been a time when the reselling market has been more confused. That has to do with the position of the software publishers in the market because of a series of acquisitions of mid-market vendors starting in October 2016.

But the most confusion surrounds the company that did not acquire any other ERP vendors—Microsoft. There has been confusion that stems from the names of various editions of Dynamics 365, the cloud version. There has also been confusion stemming from what Microsoft has said are its plans for its on-premise products.

At the annual Directions conference, a gathering

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Company	Headquarters	Product Line	Employees	Revenue \$M
Accordant Co.	Morristown, N.J.	Sage 100, Contractor/300 CRE	30	10.5
AccountNet	New York, N.Y.	Dynamics GP/SL/365	22	6.5
AcctTwo Shared Services	Houston, Texas	Intacct	55	8.9
Ace Microtechnology	Atlanta, Ga.	Dynamics GP/365 for Financials	19	3.8
ADSS Global	Miami, Fla.; Exton, Pa.	Sage 100/300, Live	150	31.5
AKA Enterprise Solutions	New York, N.Y.	Dynamics 365	130	30
Aktion Associates	Maumee, Ohio	Acumatica; Infor CloudSuite Distribution, SXe, FACTS; A+; Intacct; ThinSoft ERP	150	23
AMR Group	Toronto, Ont.	Deltek Vision, Deltek for Professional Services	10	3.1C
Answer Company	New Westminster, B.C.	Acumatica, NetSuite, Sage 100,/300/500, X3, Intacct	70	10.2C
Archerpoint	Atlanta, Ga.	Dynamics NAV	98	22
Armanino	San Ramon, Calif.	Dynamics AX/GP/ 365 Operations/365 Financials, Intacct	321	66.1
Arxis Technology	Simi Valley, Calif.	Intacct, Sage 100/300/500	25	5.8
BAASS Business Solutions	Thornhill, Ont.	Deltek Vision, Intacct, NetSuite, Sage 300, X3	135	27.5
BCS/ProSoft	San Antonio, Texas	Sage 100, Deltek Vision, Deltek for Professional Services, NetSuite	40	7.8
Bennett Porter	Tigard, Ore.	Acumatica, QuickBooks, Sage 100	21	4.3
BDO Solutions	Toronto, Ont.	Dynamics AX/GP/NAV/365 Business/365 Enterprise	250	32.9C
Big Bang ERP	Montreal, Que.	NetSuite	79	5.4C
Blytheco	Laguna Hills, Calif.	Acumatica, Sage 100/500, X3, NetSuite	100	29
Boyer & Associates	Plymouth, Minn.	Dynamics GP/SL/NAV/365	20	5.4
Brainsell Technologies	Topsfield, Mass.	Intacct, Sage 50/100/300/500, X3, QuickBooks	62	8.1
Bredet Services	Oakville, Ont.	Dynamics 365/ Sage 300	11	1.1C
CAL Business Solutions	Harwinton, Conn.	Acumatica, Dynamics GP	28	6
Cargas Systems	Lancaster, Pa.	Dynamics GP, Intacct	99	15
Central Consulting Group	St. Paul, Minn.	Deltek Vision, Intacct	40	15
CliftonLarsonAllen	Minneapolis, Minn.	Intacct	80	27

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Company	Headquarters	Product Line	Employees	Revenue \$M
Collins Computing	Mission Viejo, Calif.	Acumatica, Dynamics GP	38	12.7E
CompuData	Philadelphia, Pa.	Epicor, Intacct, Sage 100	40	7.8
ComTec Solutions	Rochester, N.Y.	Epicor	40	5.2
Copley Consulting Group	Woburn, Mass.	Infor CloudSuite Industrial	55	16
Cre8tive Technology and Design	San Diego, Calif.	Epicor	60	10
Crestwood Associates	Mount Prospect, Ill.	Acumatica, Dynamics GP/SL/365, Greentree	67	13.9
CS3 Technology	Tulsa, Okla.	Acumatica, Sage 100/500	18	3
DFC Consultants	Fargo, N.D.	Dynamics GP/365	20	3.5
DSD Business Systems	San Diego, Calif.	Acumatica, Intacct Sage 100/300/500	130	11.5
DWD Technology Group	Fort Wayne, Ind.	Abila, Acumatica, BusinessWorks, Sage 50/100	25	5
Eide Bailly	Fargo, N.D.	NetSuite, Sage 100/500	125	17.7
Explore Consulting	Bellevue, Wash.	NetSuite	55	10.3
Faye Business Solutions	Woodland Hills, Calif.	NetSuite, Sage 100, QuickBooks	30	5.8
FMT Consultants	Carlsbad, Calif.	Dynamics GP/365, NetSuite	69	13.4
Fourlane	Austin, Texas	QB Online, Pro, QBES	25	5.9
Godlan	Clinton Township, Mich.	Infor CloudSuite Industrial	45	9.6
Guru Solutions	Montreal, Que.	NetSuite	75	7.6
Indusa Technical Corp.	Oakbrook Terrace, Ill.	Dynamics AX/365	300	8
Information Integration Group	Glendale, Calif.	Acumatica, Sage 100	40	2.5
Innovia Consulting	Onalaska, Wis.	Dynamics GP	42	7.3
Intellitec Solutions	Wilmington, Del.	Intacct, Dynamics GP/SL/NAV/365	27	6.2
Interdyn Artis	Charlotte, N.C.	Dynamics GP/NAV/365	22	5.6
Isoft Systems	Apple Valley, Calif.	AccountMate	6	0.492
JMT Consulting Group	Patterson, N.Y.	Abila MIP, Intacct	30	6.8
Kennedy Vomberg	Toronto, Ont.	Deltek Vision, Deltek for Professional Services	3	1.4C
LBMC Technologies	Nashville, Tenn.	Dynamics GP/SL/365, Intacct	56	14.2



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www.acumatica.com/why-acumatica-cloud-erp/



Company	Headquarters	Product Line	Employees	Revenue \$M
Leap the Pond	Milford, Conn.	Intacct	19	3.7
Logan Consulting	Chicago, Ill.	Acumatica, Dynamics AX/GP/365, QAD	50	13.5
Maner Costerisan	Lansing, Mich.	Dynamics GP/365 Financials, Intacct	15	3.4
Martin & Associates	Cincinnati, Ohio	Acumatica, Dynamic GP, Sage 100/500	22	5.1
Massey Consulting	Raleigh, N.C.	Dynamics GP, Intacct	8	1.85
mcaConnect	Greenwood Village, Colo.	Dynamics 365	150	35
Merit Solutions	Wheaton, Ill.	Dynamics AX/365	70	10.5E
Mibar	New York, N.Y.	AccountMate, Dynamics GP, NetSuite	28	7.3
Navigator Business Solutions	Salt Lake City, Utah	SAP All-in-One, Business 1, Business 1 Cloud, Business ByDesign; Viridian Sciences (Cannabis)	75	16.7
Net@Work	New York, N.Y.	Abila, Sage 100/300/500, X3	200	47.5
Nexlan	Danville, Ill.	AccountMate	10	1.6
NexTec Group	Seattle, Wash.	Acumatica, Dynamics GP/SL, Sage 500, X3	100	21
Nexvue Information Systems	Stamford, Conn.	Acumatica, Dynamics SL	15	4.7
Oasis Solutions	Louisville, Ky.	NetSuite, Sage 100/110c	20	4.8
Optimus Business Transformation	Miami, Fla	Acumatica, Dynamics AX/GP/NAV/SL, Oracle JD Edwards	120	9
PC Bennett	North Bend, Wash.	Acumatica	17	2.5
Practical Software Solutions	Concord, N.C.	Sage 100/500, X3; Sage CRE 100/300	18	3.3
Raffa Technology Consulting	Washington, D.C.	Intacct, Dynamics GP/SL/365, Jamis	28	7
Rand Group	Houston, Texas	Dynamics AX/GP/NAV/365 Finance and Operations Enterprise, Business Editions, NetSuite	99	18.1
Resource Group	Renton, Wash.	Intacct, Dynamics GP	27	5.5
RKL eSolutions	Lancaster, Pa.	Sage 100c/500, X3	73	14.6
RSM	Minneapolis, Minn.	Dynamics AX/GP/NAV/SL/365, Intacct, NetSuite	1000	271.2
SBS Group	Edison, N.J.	Dynamics GP/NAV/SL/365 Finance and Operations-Enterprise, Business	160	42
Sikich	Naperville, Ill.	Dynamics AX/GP/NAV/SL/365, NetSuite	280	78

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Company	Headquarters	Product Line	Employees	Revenue \$M
Silver Edge Solutions	Schaumburg, Ill.	Deltek Vison, Deltek Professional Services Automation	5	2.7
SIS	Duluth, Ga.	Dynamics AX/SL/365	57	13.8
Six S Partners	Waterloo, Ont.	Epicor	47	8.5 ^c
Socius	Dublin, Ohio	Dynamics AX/GP/NAV/SL/365, NetSuite, Sage 100/500, Syspro	160	37
SouthEast Computer Solutions	Miami, Fla.	Acumatica, Sage 100/100c/300	27	5.4
SSI Consulting	Vienna, Va.	Dynamics GP/SL/365, Intacct	18	6
Stambaugh Ness Business Solutions	York, Pa.	Deltek GCS, Vision	28	8.8
Sunrise Technologies	Winston-Salem, N.C.	Dynamics 365	140	30.6
SWK Technologies	Livingston, N.J.	Acumatica, NetSuite, Sage 100c, X3	150	34.1
Synergy Business Solutions	Portland, Ore.	Dynamics NAV/SL/365 Business Edition	22	6
T-3 Information Systems	Washington, D.C.	Dynamics GP/ SL/365 Business Edition, Intacct	30	5.7
Tamlin Software Developers	Dallas, Texas	AccountMate	11	3.2 ^ε
Technology Management Concepts	Marina Del Rey, Calif.	Dynamics GP/NAV/SL/365	26	6.8
Third Wave Business Systems	Wayne, N.J.	Business One, Business One Cloud, Dynamics GP	38	6.8
TM Group	Farmington Hills, Mich.	Dynamics GP/SL/NAV/365, Intacct, NetSuite	39	8.6
Turnkey Technologies	St. Louis, Mo.	Dynamics GP/365 Enterprise/365 Business	43	8.9
VARC Solutions	Friendswood, Texas	QuickBooks	12	2
Vision33	Irvine, Calif.	Business One, Business One Hana	194	44.4
WAC Solution Partners	Northborough, Mass.	Abila, Acumatica, Sage 50/100/300. Sage Pro, NetSuite, QBES	40	6.3
Warren Averett Technology Group	Montgomery, Ala.	Dynamics GP/365 Financials, Intacct, QuickBooks Sage 100/100c	58	11.3
Websan Solutions	Toronto, Ont.	Dynamics GP/NAV/365 Business	30	4.1 ^c
Western Computer	Oxnard, Calif.	Dynamics AX/NAV/365	150	35
Wipfli	Milwaukee, Wis.	Abila, Intacct, Dynamics AX/GP/SL/365, QuickBooks	247	43.3
WJ Technologies	Herndon, Va.	Deltek, Intacct, Jamis, Unanet	14	4

Notes: ^c Canadian \$; ^ε BSI Estimate



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of Dynamics NAV resellers, Microsoft representatives baffled the crowd with the way they talked about Dynamics 365, especially when one said Microsoft would not allow them to sell the SMB products—Dynamics GP/NAV/SL—under the Microsoft name, but would require them to white label the applications.

"It's not only confused, but unapologetically confused," says Geoff Ashley, the recently hired VP of partner strategy for Acumatica. "What Microsoft has said is just bizarre, letting people who don't have facts make announcements," Ashley says.

It is not just competitors pointing to confusion. Ems, agrees the confusion is a problem for RSM, a major Microsoft reseller, which handles the four on-premise products, Dynamics AX/GP/NAV/SL and the 365 cloud line.

"I think it's a problem," says Ems. "The market wants to have some clarity from a branding perspective, when we are marketing our perspective, we can't keep changing the names of the product." The confusion over Dynamics affects not only customers, but also members of the firm. "It is confusing to us internally. What we have done is come up with our own definitions" he says.

So with the biggest player in a state of flux and the ownership of software vendors changing like fall fashions, the one constant in the market in this year has been the success of cloud products.

In the Deltek world, Kennedy Vomberg of Toronto, Ont., claims it, "leads all Deltek partners



Geoff Ashley,
Acumatica

with the highest percentage of their client base now deploying their applications in the cloud," according to principal Don Kennedy.

Kennedy attributes his firm's high rate of cloud adoption to some factors specific to the Canadian market. One of those is the concentration of clients around the greater Toronto and Montreal areas; "as compared to many of our U.S. counterparts who have clients scattered geographically across multiple states."

Also working in favor of cloud sales, Kennedy says is Canadian demographics with most clients in the 'sweet spot' range of 30 to 70 employees, which he says makes cloud deployments both affordable and appealing.

Then, there is simply luck when downsizing organizations seek to get away from licensing fees. "Just this past month, we had the 20-person Canadian operations of a U.S.-based engineering firm, which has more than 100 people using an on-premise version of Vision, receive permission to break-away from the U.S. deployment and set up their own instance of Vision running in the cloud," he says.

With the question of the cloud largely settled, a greater deal of uncertainty stems from changes in ownership and leadership of software vendors—changes that leave at least mild unease over the direction of companies.

This started in a big way in October 2016

when Oracle completed its acquisition of cloud vendor NetSuite to boost Oracle's own wobbly cloud effort. That same month, Epicor Software was sold by Apax Partners to KKR—from one private equity firm to another. In April, Community Brands was formed by putting together a company from a number of businesses,



Linda Bryan, Tamlin
Software Developers

including nonprofit vendor, Abila. Sage acquired Intacct in July, leaving Acumatica the only free-standing mid-market financial cloud software company of note. Also in July, two construction companies came together in August when Viewpoint acquired Dexter+Chaney.

In August, Apax, which owns The Netherlands-based Exact, announced plans to transfer its three American manufacturing packages—JobBoss, Macola and Max—to ECI Solutions, which was purchased by Apax as the unit to handle those software applications.

There were also important leadership changes with new CEOs at FinancialForce in January, Exact in September and Epicor in October.

So combined with the entity changes, the personnel moves meant a substantial amount of the industry came under new leadership during the course of 2017.

Channel Friendly?

The year 2017 has seen several vendors reiterating their support for channel sales. Not all of that has resulted in renewed vigor in some companies.

The theme of "We Love the Channel" came through loud and clear at SAP's Partner Summit in May. It was announced both at keynotes and through interviews during that conference and its major event Sapphire, which was held the following days.

"We believe have to do a lot more to drive the demand," Sean Thompson said during a Sapphire interview. Thompson, head of business development and partner ecosystem SMB Team, outlined the channel structure, along with the treatment of the long-suffering Business ByDesign, which will be given "a lot of love. We believe in this product."

No matter how they love the product, SAP has not made much news with its SMB applications since that conference. SAP products are carried by only three of the 100 VAR Stars and BusinessByDesign is carried by only one of the 100.

Epicor also swore allegiance to a channel strategy following its 2016 purchase by investment firm KKR. It simplified reseller pricing and launched a new support program with the company said that boosting channel investment was one of the strategies under the new owners.

"You don't expand globally as a software company without very strong partners," former CEO Joe Cowan said at the time.

The company was planning to announce



Scott Ehman,
Sage

Selecting the 2017 VAR Stars

The selection of mid-market accounting software resellers for Bob Scott's VAR Stars rest on one basic principal: quality, not revenue, as the deciding factor in picking the 100 businesses that are selected for this honor. VARs from very small shops to the largest participants in the business have been selected in past years' and in this year's rendition.

A variety of criteria go into the definition of quality including awards resellers have received from vendors, such as the Microsoft Dynamics President's Club and Inner Circle, and the President's Circle, Million Dollar Club and Chairman's Club of Sage North America. Growth, leadership in the industry and development and acceptance of important software products by the resellers are all factors in the selection. There is also an

effort to represent as many software publishers as possible. There is no ranking within these 100 firms.

Firms were asked to provide the number of employees and revenue. In cases in which businesses did not provide revenue, it was estimated based on the number of employees, also taking into account the general price range of the ERP applications that these firms handle.

In virtually every case, resellers derive revenue from sources other than the sale of mid-market financial applications. These include infrastructure and networking services and a variety of other software products. However, all VARs considered feature accounting applications as the core around which their businesses are built.



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a new channel program, Epicor officials said at the company's Insights conference in May. However, Sally Craig, who had led the channel program, left the company in May and it's not known where Epicor was in terms of developing the program at that point.

During its earnings webcast this year, Blackbaud executives also talked about their renewed channel effort. The company disbanded its prior channel in 2007, but has been rebuilding over the last few years.

The growth has been slow and Christopher Clinton, VP of global channels and ecosystems, left the company in January after four years nine months with Blackbaud. In May, Blackbaud's web site showed six VARs with a seventh testing the program. By November, the total had risen to eight.

Going Vertical

Almost all publishers are talking about encouraging their resellers to pursue vertical markets and cloud accounting unit, Sage Intacct, is one of those.

"We are seeing multiple partners continuing to have vertical and microvertical specialization and create products that go the last mile," says Intacct's Macdonald. He continues that firms which specialize will perform better than those that do not.

"We firmly believe partners should specialize," he says.



Steve Ems, RSM

While Intacct has established a reputation in the nonprofit accounting market, Macdonald notes, "NFP is not a vertical market." Increasingly, the talk about vertical involves discussion in specific industries such as funeral homes, microbreweries or rental software.

Software vendors have encouraged specialization and also established microvertical programs that help resellers move into very narrow parts of markets. Infor and NetSuite have such programs and Sage is starting to put together one. However, putting together a microvertical program does not happen quickly. NetSuite has been working on its effort for two years and it is just now starting to pick up steam.

"We are engaged in dramatically more conversation than we have ever had with partners about verticals," says Craig West, NetSuite's VP of channel sales.

Preparing for a market means taking the steps necessary to show prospects that a reseller is serious about the market. NetSuite works with the partner to "check all the boxes" and provides sales and marketing materials.

Acumatica has the same view.

"Every partner has to have IP," says Acumatica's Ashley. "With our tool set and our program and margins, they have the ability to create IP and managed services," he says. "You have the ability to create those things so there is no competition between you and the vendor."

Ashley agrees resellers need help in developing verticals. "All of the publishers say you have to go to the cloud and you have to go vertical, but nobody says how to do it," he continues. His view is vendors must enable VARs to move from very expensive professional services and change culture.

Acumatica is creating an owner-specific track to have an "adult conversation about how do you maximize the deferred revenue module. How do you make the change from standard on-premise professional services?" Ashley says.

Obviously, verticals can have their risks, such as when an industry segment tanks. Tamlin Software Developers had ridden market demands for product traceability for several years. However, the Dallas, Texas-based reseller also had a significant amount of its portfolio in the oil and gas business. The downturn in that business pushed Tamlin to the first loss in its history in 2016, says owner Linda Bryan.

"We scrambled and got more going into the food industry," she says. "We closed some really good new accounts and we have some more to close for the rest of the fourth quarter."

Demand from that sector is being spurred by the Food Safety Modernization Act. Signed into law on Jan. 4, 2011 by President Obama, the measure represents the largest revision to food safety laws since 1935. Provisions requiring the compliance of businesses with fewer than 500 employees went into effect on September 1.

In order to comply, businesses, "can do it manually, if they want to," says Bryan. "We do traceability but the thing that is really different about us is we support all the global food safety initiatives."

CPA Firms Return

For the last few years, one of the major trends in reselling has been the re-entrance of CPA firms into the market. That has continued during the last year.

NetSuite appeared to have the best year in signing up multi-office firms. In April, it added WithumSmith+Brown of Red Bank, N.J.; in July, Cherry Bekaert; and in October, Moss Adams. Intacct picked up Cohn Reznick early this year and Acumatica signed the DWD Technology Group.

The CPA organizations have done well in the



Grant Fraser, Navigator Business Solutions

cloud world—Armanino was chosen Intacct's top VAR and Eide Bailly Technology Consulting was NetSuite's Americas Solution Provider Partner of the Year for 2017. Wipfli Consulting, an arm of Wisconsin-based accounting firm Wipfli was the only CPA firm picked to the President's Club of nonprofit vendor, Abila.

Among the advantages of accounting firms is that many are accustomed to organizing practices around industries. And with operations that are more diverse than those of many VARs, and more mature in structure, a major advantage is "their ability to scale almost endlessly," Intacct's Macdonald says.

Another factor often cited by Macdonald as drawing the CPA firms in is that as the cloud market has developed there is less need for highly technologically sophisticated—and expensive—staff. The on-premise VAR business became more and more complicated and to stay in the game participants needed specialists in SQL, infrastructure, the financial software and accounting.

Craig West, NetSuite's SVP of channel sales, agrees with that assessment and says the business discipline of accounting firms makes them ideal participants in his company's channel program, along with their ability to develop leads from their other practices areas.

"The rigor of those firms aligns with our product offerings," says West. He adds accounting firms have the resources to support cloud products, especially as vendors emphasize specialization. That business arena requires functional consultants, West says, and the accounting firms' functional consultants are a great fit. Plus, NetSuite's go-to-market strategy "enables them to get into their audit and tax base," says West. When firms have meetings to discuss leads, "The partners can start raising their hands and say I have a client that has a need."

NetSuite has also expanded its channel through its NetSuite Alliance Partner Program, which was launched this year for organizations that "were more suited to the model of consulting without the reselling," West says.

The alliance program enlists global and regional systems integrators, financial and business advisory and technology consulting firms. Not limited to the ERP business, it also enlists firms addressing HCM, CRM and omnichannel ecommerce needs. Previous efforts concentrated on the global systems integrators such as Accenture and Capgemini. The alliance program expanded the model to the midmarket. "Enable-



Taylor Macdonald, Intacct

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ment is limited to the product side,” West notes.

Sage Seeks Redemption

Sage faces a particularly important decision. Intacct has kept its channel fairly small. But Sage, which has its own channel, sees Intacct as its growth engine for the mid market. So, the question is how big does the Intacct chan-



Hector Negron,
Optimum Business
Transformation

nel become and how will Sage balance recruiting new Intacct dealers or authorizing Sage VARs to carry the cloud application?

“The Intact acquisition is still running independently,” notes Scott Ehmen, VP of North American partner sales and strategy. But he agrees, “Longer term we are going to have to rationalize the partner programs.”

A lot of rationalization has been going on in Sage operations. Where before CEO Steve Kelley arrived three years ago, many acquired operations kept their pre-acquisition ways of business, under the new leader, Sage has been reducing the number of software systems, contracts, price lists and the number of Sage personnel that VARs have to deal with.

Sage is also pushing a message that it has turned away from past policies that were viewed as anti-channel. Ehmen says his company has been correcting those problems that in the past, “drove partners away from engaging and support-

ing Sage. We had a situation where those behaviors resulted in less contribution from the channel.”

Consistent with Kelly’s overall strategy, Sage is working to simplify the channel program. That includes eliminating the practice of having accountant managers for several different products calling on individual resellers. Now, “We have one partner accountant manager to deal with all product lines. We have eliminated multiple touch points,” Ehmen says.

Ehmen says Sage must support resellers in dealing with the changing structure and methodology of cloud sales in the channel. “A third of partners won’t get it and won’t make the transition,” he notes.

A big change is the knowledge buyers have when they contact a reseller. Ehmen says research shows 65 percent of B-to-B buyers “know what they want to buy before the contact sales person. A prospective customer will be doing research on the web.”

Marketing support is a major area in which Sage is investing. “We are referring them to third-party to help build up their assets,” Ehmen says. “We are getting them to coalesce on re-branding themselves.”

Sage is also planning to expand its channel for X-3, its high-end manufacturing product. “We are increasingly seeing Sage X-3 go up against Oracle and SAP,” Ehmen says.

To meet that need, Sage will court organizations such as Big Four firms. Ehmen reports Sage is looking at its whole approach to recruiting because of “that need for different partners that come into play” and also talks about moving into the enterprise area with selected

verticals.

Ehmen says Sage has had some experience with organizations at that level of the market. “We have had some good success with Deloitte and PWC in the United Kingdom,” he says. But in this country, he continues “We are in early stages of building out strategic alliances.”



Craig West,
NetSuite

The Microsoft Factor

Microsoft is the biggest mid-market player with its Dynamic operations and its shift to pushing the cloud-based Dynamics 365 line has a major impact on its resellers. It has also led to talk of confusion and problems with the names of various elements of the software line.

One well-known reseller, who did not wish to be quoted by name, spelled out his view of the situation. Dynamics 365 for Operations and Finance is the old Dynamics AX; Dynamics for Sales and Field Service is CRM; Dynamics for Talent is a hybrid which “will be the direction for the future featuring PowerApps, AX and CRM.”

“Every single Microsoft seller worldwide has a Dynamics 365 quota,” he says. That applies to those three products. As a reseller, which has built its business on those applications, “we are very happy with the direction,” he says.

The direction for those products is clear, he says. What is not clear is the direction for three other products which is where the “noise and confusion are coming from partners and customers” because Microsoft “has not been clear in articulating their future.”

Those products include the Business Edition –Dynamics NAV—which will no longer be sold by the direct sales force but which “will still have legs as a cloud solution through Tenerife [a product code name] through partners. This means MSFT is still moving NAV to Azure as a platform for partners.” The other two, Dynamics GP and SL will not move to the cloud, but there will continue to receive research and development investment as on-premise products.

Microsoft seems highly unlikely to abandon on-premise GP anytime soon. The question of Dynamics SL, the former Solomon, might be different. Solomon Cloud Solutions, based in Findlay, Ohio, the same town in which Solomon was based, calls itself “the original architect of Solomon Software” and provides software and support in the SL market. Somehow, it has always seen possible Dynamics SL could end up back there.

However, GP continues to generate a substantial amount of business. While the fact it is largely limited to the United States has hindered

Guide to Software Products Listed

Here are the products listed in this chart by vendor. When abbreviated, the abbreviations are listed first and the fuller name is in parenthesis. In many cases, the name of the company is also shown as the name of the product. Companies which have a product with the same name as the company and no variants

The major change to this year’s chart is the variety of Dynamics 365 products. This report has followed the information submitted by resellers. If they listed specific editions of Dynamics 365, that information was reported. If they did not, the charts say only, Dynamics 365.

Some firms continue to report carrying two discontinued Sage products, which they continue to support—Sage Pro and BusinessWorks.

Abila: Abila MIP

AccountMate

Acumatica

Deltek: GCS, Premier, Vision, Deltek for Professional Services.

Epicor

Greentree

Infor: Infor Distribution SX.e Infor CloudSuite Industrial

Intuit: QuickBooks, QBES (QuickBooks OEnterprise Solutions)

Jamis

JobOps

Microsoft: Dynamics AX, Dynamics GP, Dynamics

NAV, Dynamics SL, Dynamics 365

NetSuite

Oracle JD Edwards

QAD

SAP: B1 (Business One), ByD (Business ByDesign) Financials OnDemand.

Sage North America: Intacct, Live, Sage 50, Sage 100, Sage 300, Sage 500, Sage 100 Contractor, Sage 300 CRE (Construction & Real Estate); X3, Sage Pro, BusinessWorks

Syspro

ThinSoft

Unanet



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it from becoming a product that Microsoft saw as strategic, there are lots of users, and RSM's Ems says the product still generates a healthy business for his firm.

"We still do a heck of a lot of work in the GP world," says Ems. "We see continued growth year-over-year."

Others have taken a look at their Microsoft business and made different decisions.

Hector Negron, managing director of Optimus Business Transformation, says he analyzed the impact of Microsoft's moves when his firm was a Dynamics-only VAR and was winning Microsoft awards, including being named to the company's prestigious Inner Circle four consecutive years.

The analysis, Negron says, confirmed what everyone knew "Two years ago, Microsoft basically made the ERP and CRM a commodity. They over recruited (on purpose)."

Based in Miami, Fla., Optimus competes in several vertical market applications and has branch offices throughout the Caribbean region. After the analysis two-and-a-half years ago, Optimus "did a rebranding and consolidation and moved to a services and industry oriented organization," Negron says.

Not surprisingly, he found most deals were lost because of client factors, such as lack of budget or indecision and postponed buying decisions. And as equally unsurprising, of the other 32 percent of prospects that were lost, 83 percent went to other Dynamics dealers. While the rest of the losses were spread among a number of vendors, "Acumatica was winning more and more," Negron reports. One "dangerous" trend he found in the cloud business were that the vendors were increasingly invoicing the clients.

On the other hand, instead of taking control of the business, Acumatica "offers a white-label model which fits our 'source code'" model, business Negron says.

What's in Name?

The two notable changes in the cloud world in the last year were Oracle's purchase of NetSuite and the Sage acquisition of Intacct. Acquisitions also produce uncertainty, so it is not surprising resellers, if not concerned, at least have unanswered questions about the impact of the changes.

If nothing else, the deals gave the two cloud companies the backing of names that have international recognition and NetSuite's West says Oracle is having a major impact on his unit's international efforts.

"We have seen large investment in localization and we will start seeing the benefits of those in the coming months and years," he says. That includes giving NetSuite's products entre to

China and Brazil.

The Oracle involvement has also had an impact on channel recruiting. "We have a huge uptick in Oracle partners who want to represent NetSuite market," West says. That also means NetSuite resellers have been able to pick up complimentary products, particularly the Oracle planning and budgeting cloud service, which they can represent as a tool integrated into NetSuite.

Oracle's presence also means NetSuite no longer has to worry about developing products and supporting a sales force for upper end of the software market. Building a sales force for that area was very expensive for NetSuite in its last two years as an independent company.

The international NetSuite business is becoming very important to RSM. With more than 1,000 consultants in its mid-market business the firm has nearly 200 outside the United States. It is operating in seven other countries with a particularly active operation in the United Kingdom. Ems says in the international NetSuite market, RSM has "by far the largest resources, of any organization including the Big Four." Energy is going into the overseas effort because that is an important growth area.

RSM has a stake in both parts of the cloud M&A business as it carries both Intacct and NetSuite, with Intacct the newest practice area. The decision about which product to pitch to prospects depends largely on the strength each has in addressing different markets.

NetSuite is strong in technology, particularly with software companies, in fact with companies that utilize a lot of subscription pricing. Pharmaceutical and biotech companies also gravitate toward NetSuite. With Intacct, one product area immediately stands out—nonprofits. "We feel Intacct has a pretty solid product for nonprofits," Ems says. "We are going to align on nonprofits, which is a significant part of our strategy as a firm."

Retooling

The message of firms that have been successful in the cloud market is that business cannot simply start selling cloud products and keep their old business models.

At SAP's Partner Summit this year, Grant Fraser, owner of Navigator Business Solutions, provided a detailed account of how he completely revamped his business to move from on-premise license sales to cloud subscriptions. The firm changed sales quotes and revamped its delivery models.

Fraser brought in different types of consultants, but also found that some staffers who performed well in the on-premise world, did not adapt to the change. "Some of our good people left, some we dismissed," he said during a presentation at the SAP conference.

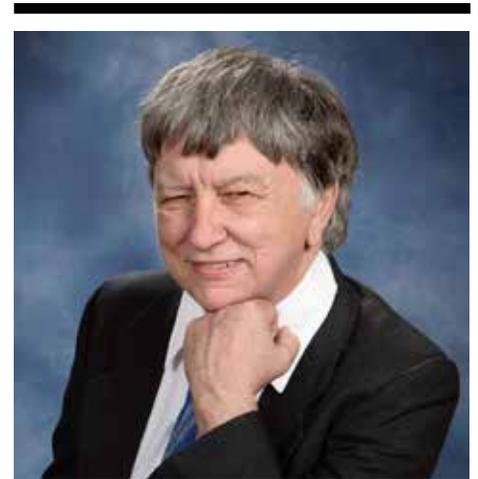
The firm also took a new look at its verticals and developed new packages, including some for different phases of the life sciences business.

Acumatica's Ashley, who was employed by SAP during that period, worked with Fraser in developing the new model. He says the goal is to make the change "without losing too many people". VARs, he says, must use organic growth to make the change. "That's what funds the practice," Ashley says.

One appeal the cloud model should have, vendors say, is that it creates a model with predictable revenue. And that is important to resellers who would like to sell. "It's amazing to me how few partners have a real exit strategy," Ashley says. There are those who say their business only performs well if they are there. "That's no exit strategy," he comments.

Once a dealer has established a solid base of subscription business, the predictable revenue will make it an easier sell. Ashley says this is a lesson learned in businesses such as insurance.

"The partners that understand the power of the deferred revenue model understand it's going to make them a lot of the money now and the future," he says.



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