Bob Scott's TOP 100 VARs 2018

Spring 2018

Growth and Transition

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Top 100 VARs 2018
Growth and Transition

When Dave Kerr sold the majority ownership of the reselling firm he founded in 1987 to private equity firm Proviso early last year, it did a lot more than just provide him with resources to expand Sage business. It was for his family.

"It's probably the most unselfish thing I have done in my entire life," says Kerr.

Many resellers have been Kerr's position, looking for a way to receive as much value as possible from the businesses they have operated for decades. And in the mid-market, where there are ample numbers of gray-haired owners, figuring out how to cash out is a major issue.

David Kerr, *Kerr Consulting*

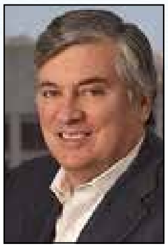
However, Kerr's story also illustrates other trends in the industry—the expansion of firms to follow multi-site clients who purchase higher-end systems such as Enterprise Management (formerly X-3).

With the investment, Kerr acquired Atlanta, Ga.-based SoftwareLink, with the likelihood of more acquisitions and expansion a possibility. "We wanted to expand our X3 practice and add Sage 100 expertise," says Kerr, who remains as CEO of the Woodlands, Texas-based reseller.

And although the firm only has one true cloud product, Sage Intacct, there is the oft-touted wisdom the subscription revenue provides a predictable revenue flow that makes businesses easier to sell.

The issue of transition is an important one. A third of the Top 100 firms were founded before 1990 (not including several firms that listed the founding date of the parent accounting firm) and substantial part of the list formed before 2000. Only two have been formed since 2010.

Those longer-lived CPA firms are playing an important part in that transition as they acquire reselling firms. "It's CPA firms who are doing acquisitions," says Taylor Macdonald, SVP of channel sales for Sage Intacct. "If you are the size of Arxis, who is going to be big enough to buy you other than a CPA firm?"



Taylor Macdonald, *Sage Intacct*

Arxis Technology, long part of Top 100 lists, was acquired by RKL eSolutions, an arm of accounting firm RKL, in December.

Macdonald notes the resources accounting firms bring to the game. While VAR-VAR deals often involve stock, which may not deliver the value expected to the seller, "If you sell to a big CPA firm you, are assured of getting whatever they promised you," he says.

A standard reason given for the re-emergence of CPAs in this space is that the cloud products do not require them to build infrastructures laden with technology specialists. They can concentrate on services that fall into their expertise in finance and business operations.

There have already been two notable moves by CPA firms this year: The purchase of Tempe, Ariz.-based TrueCloud (founded in 2008) by Eide Bailly and the pending acquisition of Explore Consulting (founded in 2001) by RSM US. Both of the targets are NetSuite resellers.

While firms still represent a small part of the Top 100—sixteen of the entries are firms or their technology affiliates—they are concentrated in the upper end of the selection. Four of the Top 10 members are CPA firms; six of the Top 20; 10 of them in the Top 50.

The M&A Game

The big always get bigger but in the last year consolidation has been notable at the top of the list as four of the Top 5 VARs have been involved in deals—some of them large for this market.

Leader RSM US is acquiring Explore Consulting, not large by its standards. But others involved deals in which the purchased company was large in comparison to the

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BSI's TOP 100 VARs

	Company	Revenue ($MM)	Staff	Product Line
1	**RSM**, Chicago, Ill.	308.6	1100	Dynamics AX/GP/SL/NAV/365/BC/FO, Intacct, NetSuite
2	**Columbus**, Copenhagen, Denmark	201.8	920	Dynamics AX/NAV, M3
3	**Tribridge**/DXC, Tampa, Fla.	180	NA	Dynamics AX/GP/NAV/SL NetSuite
4	**Crowe Horwath**, Chicago, Ill.	117.7	644	Dynamics AX/365
5	**Edgewater Technology**, Wakefield, Ma..	111.75	441	Dynamics AX
6	**Armanino**, San Ramon, Calif.	102.3	313	Dynamics AX/GP/365/FO, Intacct
7	**Velosio**, Columbus, Ohio	85	320	Dynamics GP/SL/NAV/365/BC/FO, NetSuite, Sage 100, Syspro
8	**Sikich**, Naperville, Ill.	71	300	Dynamics AX/GP/NAV/SL/365/BC/FO
9	**Vision33**, Irvine, Calif.	54.8	177	SAP B1, B1Cloud, B1 Hana
10	**Net@Work**, New York, N.Y.	49.9	187	MIP, NetSuite, Sage 100/300/500/EM
11	**Wipfli**, Milwaukee, Wis.	43.3	250	Intacct, Dynamics AX/GP/SL/BC/FO, NetSuite, QB
12	**Sunrise Technologies**, Winston-Salem, N.C.	36.87	160	Dynamics 365
13	m**caConnect**, Denver, Colo.	35	150	Dynamics 365
13	**Western Computer**, Oxnard, Calif.	35	150	Dynamics AX/NAV/BC/FO
15	**SWK Technologies**, East Hanover, N.J.	34.9	158	Acumatica, BWorks, NetSuite, Sage 100/100c/500/EM
16	**ADSS Global**, Miami, Fla.	31.5	120	Sage Financials/100c/300c
17	**BDO Solutions**, Toronto, Ont.	31.3T	250	Dynamics AX/GP/NAV/365/BC/FO
18	**NeoSystems**, Tysons Corner, Va.	30.5	150	Deltek Costpoint, NetSuite
19	**Aktion Associates**, Maumee, Ohio	30	140	Acumatica, Infor WD/ CSD/SXe/FACTS/A+, Sage CRE: 100/300, Spectrum, Vista
19	**CliftonLarsonAllen**, Milwaukee, Wis.	30	85	Intacct
21	**AKA Enterprise Solutions**, New York, N.Y.	29	120	Dynamics 365 Operations
22	**Blytheco**, Laguna Hills, Calif.	28.76	100	Acumatica, NetSuite, Sage 100/500/EM
23	**Clients First Business Solutions**, Holmdel, N.J.	25	99	Acumatica, AX/NAV/365/BC, Epicor, B1
24	**NexTec Group**, Seattle, Wash.	23.6	110	Acumatica, Dynamics GP/SL, Sage 500/EM

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Bob Scott's

TOP 100 VARs *continued*

	Company	Revenue ($MM)	Employees	Financial Software
25	**BAASS Business Solutions**, Thornhill, Ont.	21.5T	127	"Intacct, Sage Financials/300,/EM"
26	**Rand Technology Group**, Houston, Texas	21.1	101	ByD, Dynamics AX/GP/NAV/365/BC/FO, NetSuite
27	**RKL eSolutions**, Lancaster, Pa.	21	92	Intacct, Sage 100c/300c/500/EM
28	**BKD Technologies**, Springfield, Mo.	20.68	42	Dynamics AX/GP/355, eoStar Intacct, Sage 100/500/EM
29	**Archerpoint**, Atlanta, Ga.	20.2	97	Dynamics NAV/365/BC
30	**Eide Bailly Technology Consulting**, Fargo, N.D.	20	130	Dynamics GP, NetSuite, Sage 100/500
31	**Encore Business Solutions**, Winnipeg, Manitoba	19.5T	117	AX/GP/NAV/365
32	**Navigator Business Solutions**, Salt Lake City, Utah	17.2	75	SAP B1/B1 Cloud/ByD, VIridian
33	**Cargas Systems**, Lancaster, Pa.	17	105	Dynamics GP/BC, Intacct
33	**Central Consulting Group**, Minneapolis, Minn.	17	45	Deltek Vision, Intacct
35	**Stoneridge Software**, Barnesville, Minn.	16.8	100	Dynamics AX/GP/NAV/365/BC/FO
36	**Crestwood Associates**, Mount Pleasant, Ill.	16.1	61	Acumatica, Dynamics GP/SL/365, Greentree
37	**Copley Consulting Group**, East Greenwich, R.I	16	55	Infor Industrial Cloud Suite
38	**Leaf Software Solutions**, Carmel, Ind.	15.9E	45	Dynamics GP/365, Intacct
39	**FMT Consultants**, Carlsbad, Calif.	15.18	67	Dynamics GP/BC NetSuite
40	**BroadPoint**, Bethesda, Md.	15	77	Dynamics GP/NAV/BC, Navigator
41	**Logan Consulting**, Chicago, Ill.	14.1	40	Acumatica, Dynamics AX/GP/NAV/BC/FO, QAD
42	**LBMC Technologies**, Nashville, Tenn.	13.7	56	Dynamics GP/SL/365 for Financials, Intacct
43	**Collins Computing**, Mission Viego, Calif.	12.3E	38	Acumatica, Dynamics AX/GP
44	**DSD Business Systems**, San Diego, Calif.	12	150	Acumatica, Dynamics 365, Intacct, Sage 100/300/500
44	**Explore Consulting***, Bellevue, Wash.	12	NA	NetSuite
44	**SIS**, Duluth, Ga.	12	53	Dynamics AX/SL/365
47	**Acct Two Shared Services**, Houston, Texas	11.8	56	Intacct
47	**Microaccounting**, Dallas, Texas	11.8	48	Intacct, Sage 100/100c/500/EM
49	**Accordant**, Morristown, N.J.	11.5	30	Sage 100 Contractor, 300 CRE
50	**Warren Averett Technology Group**, Birmingham, Ala.	11.1	44	Dynamics GP/NAV/365/FO, Sage 100/100c, QBES

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Bob Scott's

TOP 100 VARs *continued*

	Company	Revenue ($MM)	Employees	Financial Software
51	**Cre8tive Technology & Design**, San Diego, Calif.	10.5	75	Epicor
52	**Merit Solutions**, Wheaton, Ill.	10.3	70	Dynamics 365/FO
53	**Answer Company** , New Westminster, B.C.	10.2	76	Acumatica, Intacct, NetSuite, Sage 100/300/500, EM
53	**Kerr Consulting & Support**, The Woodlands, Texas	10.2	65	AccountMate, BWorks, Intacct, Sage 100/300/500/EM
55	**Epicenter**, Westfield, Mass.	10	67	Epicor
55	**Guide Technologies**, Cincinnati, Ohio	10	50	Infor Cloud Suite Industrial/LN/XA
57	**Godlan, Clinton Township**, Mich.	9.81	55	Infor Cloudsuite Industrial (SyteLine)
58	**Indusa Technical Corp.**, Oakbrook, Ill.	9.7	300	Dynamics AX/365
59	**CompuData**, Philadelphia, Pa.	9.6	37	Epicor, Intacct, JobOps, Sage 100c
60	**Business Technology Partners**, Deerfield, Ill.	9.3	45	Intacct, Rootstock, Syspro
61	**Guru Solutions**, Montreal, Quebec	9.25T	100	NetSuite
62	**TM Group**, Farmington Hills, Mich.	9.2	40	Intacct, Dynamics GP/NAV/SL/365 for Financials
62	**White Owl Solutions**, Miami, Fla.	9.2	75	Blackbaud, Dynamics AX/GP/365, Intacct
64	**Optimus Business Transformation**, Miami, Fla.	9	120	Acumatica. Dynamics AX/GP/NAV/SL, JDE
65	**BCS/ProSoft**, San Antonio, Calif.	8.57	36	Deltek Pro Services/Vision, NetSuite, Sage 100
66	**Turnkey Technologies**, St. Louis, Mo.	8.5	43	Dynamics AX/GP/BC/FO, Intacct
67	**Stambaugh Ness Business Solutions**, York, Pa.	8.3	27	Deltek GCS/Vision
68	**Innovia Consulting**, Onalaska, Wis.	8	29	Dynamics BC/NAV
69	**e2b teknologies**, Chardon, Ohio	7.72	49	Epicor, Intacct, Sage 100/500
70	**T3 Information Systems**, Washington, D.C.	7.7	29	Dynamics GP/SL/BC Intacct
71	**BrainSell**, Topsfield, Mass.	7.3	56	Intacct, QB, Sage 50/100/300/500/EM
71	**Mibar Computer Services**, New York, N.Y.	7.3	28	AccountMate, Acumatica, Batchmaster, Dynamics GP, NetSuite
73	**JMT Consulting Group**, Patterson, N.Y.	7.1	30	Intacct, MIP Fund Accounting
74	**Faye Business Systems Group**, Woodland Hills, Calif.	6.9	30	NetSuite, Sage 100
75	**Third Wave Business Systems**, Wayne, N.J.	6.8	32	B1, B1 Cloud, Dynamics GP
76	**Algorithm**, Dublin, Ohio	6.7	26	Acumatica, Macola

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acquirer.

No. 2, Columbus, based in Denmark, purchased a Swedish company iStone. That is a big boost as iStone expected 2017 revenue of about $95.9 million while Columbus revenue for the year was approximately $201.8 at exchange rates at the time results were reported. Although iStone has operated predominately in Sweden, Columbus signaled plans to strengthen its role as a global player by taking iStone's Infor M3 (Lawson) software line global.

No. 3 Tribridge was acquired by DXC, which was itself formed by the combination last year of the former Computer Science Corp. and part of the enterprise group of Hewlett-Packard. Tribridge, which was expecting $180 million in revenue for 2017, according to founder Tony DiBenedetto in an October interview with a Florida business publication, about the time he left his position as CEO.

In 2016, CSC purchased Australia-based UXC, whose Eclipse operations had $86 million in revenue in 2015. This year, DXC acquired eBecs and Sable67. Its total midmarket revenue probably rivals RSM but it remains to be seen how free the company will be with numbers once the operations are combined under the DXC name.

Another deal that has the potential for creating a much larger channel player is Alithya's pending acquisition of No. 5. Edgewater Technology. Edgewater had revenue of $111.8 million in revenue 2017 and Alithya has $150 million. Edgewater is publicly held and Alithya will take over the role as a publicly held company.

Meanwhile, another player, Velosio, cracked the top ten through the merger of the SBS Group and Socius, to reach No. 7.

There were also important changes among the vendor community, none more visible than Sage's purchase of Intacct for about $850 million, following on the heels of Oracle's buying NetSuite in 2016.

A family affair saw three manufacturing packages—JobBoss, Macola, Max—shifted from Exact to ECI Solutions. Private equity firm Apax Partners owns Exact, based in the Netherlands, and acquired ECi as the new home for the three manufacturing applications.

In one specialized area, construction software, there were a series of changes. Viewpoint acquired veteran software company Dexter+Chaney and then Viewpoint itself was purchased by Trimble to form a unit with a $1-billion annual run rate. Another specialist changing hands was Abila, which markets the MIP Fund Accounting line. It was acquired last year by newly formed Community Brands, which purchased several fundraising software packages.

There were also structural changes in the effort to reach the market through the channel. SAP's on again, off again push in the channel took a step forward.

A year ago, SAP made a major push for its SMB businesses by prominent executives at its partner summit and its Sapphire conference and proclaimed its long-troubled Business By Design cloud application was still alive and kicking. While there has been little public information since then, in April the company unified the structure for ByD and Business One under Michael Schmitt, who had been responsible for ByD since July 2014.

ByD is hard to find on the Top 100. SAP loyalist Navigator Business Solutions continues to carry it but FMT sold its ByD business to VistaVu Solutions last year and moved on to other things with the acquisition of the Salesforce practice of Red Sky Solutions this year.

Still, there was a notable development on the ByD front as the Rand Group picked up the product. It is the first prominent member of the Dynamics channel—indeed much of the traditional ERP channel—to add the cloud application in several years. Rand, which describes itself as the fastest-growing Dynamics VAR in America, says it opted for the SAP package "enabling us to offer clients a full breadth of solutions that can handle any size, industry, and need."

The Sage Look Changes

The Intacct deal last year gave Sage a much-needed, mid-market cloud product. United Kingdom-based Sage soon fit Intacct under the umbrella Sage Business Cloud, which includes Sage Accounting (formerly Sage One), Sage Financials (formerly Live) and Enterprise Management (formerly X-30), along with the HR package, Sage People.

Right now, the suite is more marketing that reality as the products are not interoperable. However, Sage expects to integrate the applications in the next two years.

Scott Ehmen, *Sage*

Developing the suite will require changes in the Sage channel. Scott Ehmen, VP of North American partners and sales, expects to add about 100 VARs over the next year. While existing Sage VARs have been adding the cloud-based Intacct, which still operates a separate channel program, to their product portfolio, Ehmen says the new recruits will come from outside the Sage family.

An important source for new recruits is expected to be CRM VARs that carry Salesforce.com. Sage Financials is built on the Salesforce platform. "Our Salesforce partners are turning out to be a great addition to the mix," says Ehmen. "They are diversifying their portfolios beyond CRM."

He also noted the need to add larger VARs to handle Enterprise Management (formerly X-3). "Our growth is going to come from an expanded ecosystem," Ehmen says. Of the Top 20 VARs, only five carry Sage products and EM requires dealing with more complex and more costly sales and implementations.

Resellers on the high-end will need skills in markets served by software publishers such as SAP in products that have multi-national and multilingual capabilities. Playing at that level requires more rigor, discipline and quality of consulting, Ehmen says. "I am not looking for consolidated [Sage VARs]. I need net new larger, bigger partners, who know how to do their bigger projects."

Intacct's Macdonald says since the acquisition of his company by Sage, fourteen Sage VARs have added Intacct to their product line. While many important Sage resellers had turned to other cloud products, several of them dropped these other products once they started selling Intacct, he continues.

Lisa Pope, *Epicor*

Epicor Software has also made significant changes and is well along in implementing a new channel program. "We needed to focus on a restructuring plan for a channel," says Lisa Pope, the EVP for the America, who came on board the software company in March 2017 to do that.

A major thrust was defining the markets to be addressed by the direct sales force and the resellers. Previously, Epicor was not actively managing to avoid conflict, Pope says. Now, the company has established rules of engagement.

The rough dividing line is target companies with $20 million annual revenue. Above that figure is the territory for direct sales. Below that, leads belong to the channel. However, partners can go after larger deals "based on that partner and our assessment of whether they can run the sales cycle and win the deal", Pope says.

In some cases, Epicor may work with the reseller to land a deal. The company has also created a Platinum reseller level to enable resellers "to go outside their geographies," she says, and it carved out roles for channel members who wish to implement and provide services, but not sell.

In addition, Epicor has intensified efforts to help customers use its software more effectively through its Value Exchange Workshop. "We go into a customer site after they have made a purchase and observe how they are using the software," Pope says. If the team observes areas that need improvement, "we do what we can do immediately for some quick wins." Currently, the program is available only for direct sales. But after seeing "results have been outstanding," Pope says it will be rolled out to the channel.

Besides selling Epicor ERP, VARs in this market will be given the chance to sell more Epicor products with Profit 21, a business suite for distributors, the most likely to be made available to them. Pope says that will probably happen because the company's direct sales team has been going after larger prospects.

"Our direct side, which sells Profit 21, has moved upstream. Last year, they wouldn't even let me say Profit 21," Pope says.

While other vendors are emphasizing targeting vertical markets, that approach is somewhat built into the fact Epicor focuses on four verticals: manufacturing, retail, distribution and services with products for such markets as automotive aftermarket, gun range management and lumber and building materials.

Epicor has given resellers leeway in reaching

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Bob Scott's
TOP 100 VARs *continued*

	Company	Revenue ($MM)	Employees	Financial Software
76	**Raffa**, Washington, D.C.	6.7	24	Dynamics GP/SL/365, Intacct, Jamis Prime
76	**Resource Group**, Renton, Wash.	6.7	25	Dynamics GP, Intacct
79	**Technology Management Concepts**, El Segundo, Calif.	6.5	27	Dynamics GP/NAV/SL/BC
80	**Accountnet**, New York, N.Y.	6.2	21	Dynamics GP/SL/365 for Financials
81	**Central Data Systems**, Farmington Hills, Mich.	6	38	Acumatica, Infor CloudSuite Distribution/Facts/SX.3
81	**Intellitec Solutions**, Wilimington, Del.	6	26	Dynamics GP/NAV/SL/ BC, Intacct
83	**CAL Business Solutions**, Harwinton, Conn.	5.9	28	Acumatica, Dynamics GP
84	**Express Information Systems**, San Antonio, Texas	5.8	15	Dynamics GP/365, Intacct
84	**Sererra Consulting Group**, Newport Beach, Calif.	5.8	28	NetSuite
86	**Oasis Solutions**, Louisville, Ky.	5.75	21	NetSuite, Sage 100c
87	**Six S Partners**, Waterloo, Ont.	5.7T	52	Epicor
88	**Boyer & Associates**, Minneapolis, Wis.	5.63	17	Dynamics GP/NAV/SL/BC
89	**Fourlane**, Austin, Texas	5.6	25	Acumatica, QBES
89	**SouthEast Computer Solutions**, Miami Lakes, Fla.	5.6	27	Acumatica, Sage 100/100c/300c/500/EM
91	**Interdyn Artis**, Charlotte, N.C.	5.5	22	Dynamics GP/NAV/365
91	**SSI Consulting**, Vienna, Va.	5.5	16	Dynamics GP/SL/BC, Intacct, Unanet
91	**TrueCloud***, Tempe, Ariz.	5.5	35	NetSuite
91	**WAC Consulting**, Northborough, Mass.	5.5	35	Acumatica, MIP, Sage 50/100c/300c, NetSuite, ProERP, EM, QBES
91	**Njevity**, Denver, Colo.	5.5	25	Dynamics GP, Power GP Online
96	**ACE Microtechnology**, Atlanta, Ca.	5.4	31	Dynamics GP/365 BC
96	**DWD Technology Group**, Fort Wayne, Ind.	5.4	25	Acumatica, BWorks, MIP, Sage 50/100
98	**Martin & Associates**, Cincinnati, Ohio	5.3	22	Acumatica, Dynamics GP, Sage 100/500
99	**ComTec Solutions**, Rochester, N.Y.	5.2	40	Epicor
100	**Synergy Business Solutions**, Portland, N .Y.	5.1	24	Dynamics NAV/SL/BC, JAAS

*NOTES: E: Revenue Estimated by Bob Scott's Insights. T: Translated from Canadian Dollars. *RSM purchase of Explore Consulting pending, **True Cloud purchased by Eide Bailly, effective May 1.*

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these markets. "We have a number of partners who have become experts in certain areas," says Pope. "One is doing very well with the Department of Defense and has resources that can implement solutions. We have given them a number of SIC codes they can run with." Epicor might not address verticals for such efforts, but can provide support through its services team, among other methods.

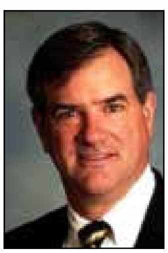
Accounting Firms

Intacct's Macdonald is not the only one promoting the importance of CPA firms in selling cloud products. NetSuite has also been active in recruiting these organizations in the last two years. This year, it has signed BPM, which operates in the San Francisco Bay area. Last year, it added MossAdams and WithumSmith+Brown after picking up CohnReznick in 2016.

The firms are contributing to consolidation of the NetSuite channel as they pick up Top 100 VARs. Effective May 1, Fargo, N.D.-based Eide Bailly acquired TrueCloud of Tempe, Ariz., while the purchase of Explore Consulting by RSM McGladrey is expected to close by July 1.

RSM US has climbed to the No. 1 position in the Top 100 with a combination of acquisition and organic growth.

The firm had $174 million in revenue when its year ended on April 30, 2015. The unit is now up to $308.6 million, with a sizable chunk of the increase coming late in 2015 when it added about $50 million with the purchase of Dynamics AX reseller, Junction Solutions. The pending deal to acquire Explore Consulting, another NetSuite reseller, will add $12 million.



Steve Ems,
RSM US

The firm carries three cloud lines—NetSuite, Sage Intacct and Dynamics 365 for Finance and Operations and Business Central. Its goal can be stated very simply:

"Our goal is to be recognized as the No. 1 cloud provider to the midmarket," says Steve Ems, the firm's principal and national business applications leader.

The firm is unusual in carrying cloud products from Intacct NetSuite, and Dynamics. Only a handful of the Top 100 handle three lines—DSD Business Systems is another. While RSM competes in all three areas, it has a clear favorite in its worldwide operation, not just in the United States.

"We have established NetSuite as our go-to global platform," Ems says. The firm is dominant with the cloud application in several places. Ems believes it is the largest NetSuite reseller in at least eight countries. RSM UK has become the dominant NetSuite reseller in EMEA, after purchasing another NetSuite reseller last fall, Ems says. RSM US also is seeking to establish itself as a major player in Canada.

"We have not had a strong position in Canada," he said. But RSM acquired Collins Barrow Toronto and established RSM Canada, which in partnership with RSM U.S. set up RSM Consulting, "a beachhead in Toronto to represent both Microsoft and NetSuite solutions," he says.

Greg Kaupp,
ArcherPoint

RSM pitches the product lines in different ways. Many customers simply want to be on Microsoft products, including those with desktop Dynamics sites, who wish to migrate to the cloud. The new Business Central "can pay in three different direction," Ems says. That includes volume core business. The multi-language application also offers flexibility stemming from its ability to be modified. "I also see it as a complex, manufacturing, supply chain, financial place, for a larger organization," he says.

Intacct is strong with nonprofits and also in grant accounting and the "core simplicity of the system," he says. Ems also cites the accounting system's multi-entity capabilities.

The Name Game

The last year has also been one of product names changes by Microsoft and Sage. As mentioned Sage revamped its product line, placing four products under the label the Sage Business Cloud. Microsoft did more than its share of renaming.

The result was that resellers of both lines submitted Top 100 forms that had a variety of old and new names.

Last year, Microsoft changed the name of Dynamics AX to Dynamics 365 for Operations and Finance Enterprise Edition while NAV became the Business Edition. Having two products with similar names and separated only by "edition" confused resellers customers. Interviewed at the time, RSM's Ems said, "I think it is a problem."

This year, Microsoft cleared up part of the confusion by labelling the cloud version of Dynamics NAV Dynamics 365 Business Central. And that made many VARs happy. "We are getting a unique brand with a clearer message from Microsoft to go head to head with NetSuite," says Greg Kaupp, CEO of Atlanta, Ga.-based Archerpoint, which has historically sold Dynamics NAV.

But beyond naming confusion, Kaupp points to a change in the concept of ERP/financial applications. Microsoft has introduced a common data model for Dynamics 365 with the system tied into its Azure platform. Kaupp says this means computing is moving away from single-point solutions.

"I can imagine a future not too far away where it will harder and harder to articulate this is ERP; this is CRM; this is point of sale," he says.

New Ways

It is not just the model for how software is structured that has changed. The model for operating a reseller business is evolving rapidly. Resellers are moving from selling software and then providing services—and receiving a large chunk of the money upfront—to selling subscriptions, which require fewer services, and receiving payment over the life of the subscription.

The traditional model also rewards those who made products more difficult to consume, says Geoff Ashley, Acumatica's VP of partner strategy and programs. That was because so much of the sale involved services.

Geoff Ashley,
Acumatica

The cloud model is moving towards making products easier to consume and that is starting to produce prepackaged versions of the cloud applications to introduce core applications at a more affordable pricing and being able to use the software sooner.

Ashley pointed to rival NetSuite's SuiteSuccess as an example.

Acumatica has made big strides in overwhelming one of its biggest problems, the lack of name recognition. A recent nine city-road show produced attendance than was larger than the numbers registered.

Ashley said results also show that seminars, which tanked by 2007, are becoming draws again and much of the revival is about users' needs to understand the tangle of technologies they must

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Choosing the Top 100

The ranking of the Top 100 mid-market reselling firms is based solely on annual revenue. When more than one company reported the same revenue, they are listed as tied.

Few of the companies chosen or considered are public companies that report results with readily available revenue figures. These are SWK Technologies, through its parent SilverSun Technologies and Columbus. Edgewater Technology, which will be renamed Alithya after its purchase by a company of the same name, is also public.

Other revenue figures were submitted by the companies themselves. In cases in which resellers declined to provide revenue, estimates were made. Factors utilized in estimating include the number of employees reported and the typical selling prices of the products they carry.

Other publicly available sources of information were considered, and information provided for Bob Scott's VAR Star selection last fall was also used.

All companies considered carry products other than financial software, and revenue from those products is included the totals reported here.

ORACLE NetSuite
Acumatica The Cloud ERP
Avalara Tax compliance done right

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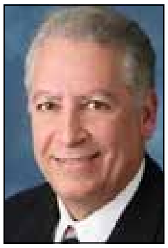
learn.

If a sponsor can provide a topic that resonates with attendees, seminars can have an impact on business. "People want to learn and want to know. It's driving business," Ashley says. "It's shortening sales cycles."

The major lesson VARs must learn is that reaching new customers, not just servicing an installed base, is the goal. "This is all about customer acquisition," he says. To grow revenue, resellers must acquire customers to build revenue coming from subscriptions, instead of the typical on-premise sell, install and implement. As sales build, subscription payments over an increasing number of customers can become significant.



Doug Deane, *DSD Business Systems*

Like Intacct and NetSuite, Acumatica has benefited from enlisting resellers of other companies which sell desktop products. Among these is Columbus, Ohio,-based Algorithm. In its twenty-fifth year as a Macola VAR, Algorithm has more than 300 customers for that manufacturing package.

However, the reseller expects Acumatica to comprise 50 percent of revenue this year. In its Top 100 submission, Algorithm reported, "We are thrilled with every aspect of that relationship, from product direction to their channel-only strategy."

Similarly, DSD Business Systems of San Diego, Calif., a historical Sage reseller, took on Acumatica in 2015 and made that application its growth product. This year, the firm also started handling Intacct and Dynamics 365. When DSD made the move, owner Doug Deane noted, "Acumatica will factor heavily into our future product lineup."

The Oracle Connection

Noting the recently announced purchases by Edie Bailly and RSM US, Craig West, SVP of channel sales, for NetSuite says, "It is safe to assume they are not the last."

Perhaps as big an opportunity for resellers is the ability of resellers to represent other Oracle products. "We have enabled the Oracle planning and cloud service, " says West who notes those application can be integrated with NetSuite.

Craig West, *Oracle NetSuite*

NetSuite officials say another important benefit is that Oracle is taking care of infrastructure—its worldwide data centers and development centers in China, India and Japan—leaving NetSuite to concentrate on applications.

In its existing reseller approach, NetSuite is emphasizing microverticals—very narrowly focused markets.

In general, specialization continues to be a theme stressed by vendors. The argument is a simple one: By having expertise in narrow fields, resellers have fewer—if any competitors—and can realize higher margins.

"We think the big opportunity is going to continue be the microverticals," says West.

It has taken three years for the program to mature, but West now expects reseller applications to come to market quickly. "There are 12 [reseller] solutions that have referenceable customers and probably double those in development and pre-market availability," West says.

He points to these markets as easy to fund. "These things end up customer funded—you get first customers; they pay for it and you've got a vertical," West continues.

Guide to Software Products Listed

Last year's product guide represented the biggest change in names in the history of this Top 100 ranking because of changes to the Dynamics lines. This year saw as much evolution with new products, new names and new owners for some established products.

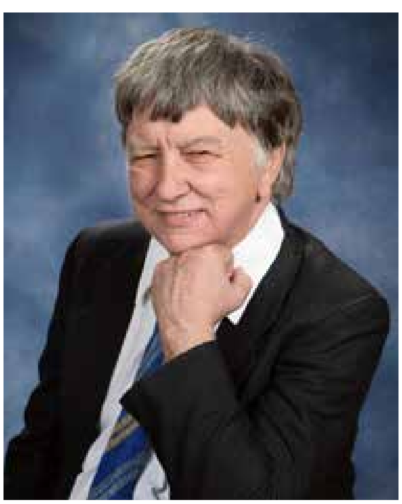
This 2018 list reflects the new ownership of Macola by ECI Solutions and MIP Fund Accounting by Community Brands. Sage rebranded X-3 as Enterprise Management and Microsoft changed the Dynamics mix with the debut of Business Central, a cloud version of Dynamics NAV.

Not all Microsoft and Sage resellers have caught up new names and so a combination of old and new were part of the submissions by VARs carrying applications from those two companies. In the case of Microsoft, this list gives product names as submitted by the resellers.

There is also the continued spread of specialized products. Gravity Software, based on Dynamics CRM, makes its first appearance on this list. So does Rootstock and Power GP Online. Viridian Services for the cannabis industry made its second appearance.

Here is the key to products listed in the Top 100 2018 chart by vendor. When abbreviated, the abbreviations are listed first with the fuller name in parenthesis. In many cases, the name of the company is also the name of the basic product

AccountMate
Acumatica
BatchMaster
Blackbaud: *Financial Edge*
Community Brands: *MIP (MIP Fund Accounting)*
Deltek: *Costpoint, GCS, Premier, Pro Services (Deltek for Professional Services), Vision*
ECi Software Solutions: *Macola*
eoStar
Epicor
Gravity Software: *Gravity*
Infor: *Infor Wholesale Distribution: CSD/SXe/FACTS/A+*
Intuit: *(QB), QuickBooks, QBES (QuickBooks Enterprise Solutions)*
JAAS Systems: *JAAS (JAAS Advanced Manufacturing Software)*
JAMIS Software: *JAMIS Prime*
JobOps
Microsoft Dynamics: *AX, GP, NAV, SL, 365, BC (Business Central), FO (Finance & Operations*
MYOB: *Greentree*
Oracle: *JDE (J.D. Edwards)*
PowerGP Online
QAD
Rootstock
SAP: *B1 (Business One), B1 Cloud, ByD (Business ByDesign)*
Sage North America: *BWorks (BusinessWorks), Live, Sage 50, Sage 100, 100c (100cloud), Sage 300, 300c (300cloud), Sage 500, Sage 100 Contractor, Sage 300 CRE (Construction & Real Estate); EM (Enterprise Management, formerly X3), Pro (SagePro ERP), Sage 100 Manufacturing (formerly JobOps)*
Serenic: *Navigator*
Syspro
Viridian Sciences: *Viridian*



Bob Scott has been informing and entertaining the mid-market financial software sector with his email newsletters for 22 years. And he has been covering this market through print and Internet-based publications for 27 years, first as technology editor of *Accounting Today* and then for 12 years as the editor of the former *Accounting Technology*. He has been executive editor of *The Progressive Accountant* and Bob Scott's Insights since 2009.

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