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2020

CDN TOP 100 SOLUTION PROVIDERS INDUSTRY BENCHMARK REPORT



ABOUT OUR SPONSOR

Jabra is a leader in engineering communications and sound solutions – innovating to empower both consumers and businesses. Proudly part of the GN Group, we are committed to letting people hear more, do more, and be more than they ever thought possible. Through sound and video, we help transform lives. Jabra engineering excellence leads the way, building on 150 years of pioneering work. This allows us to create integrated headsets and communications tools that help professionals work more productively; wireless headphones and earbuds that let consumers better enjoy calls, music, and media; and pioneering video conferencing solutions, enabling seamless collaboration between distributed teams.

As part of GN Group, we've been bringing sound to people's lives for 150 years. We were the first to lay telegraph cables connecting Europe and Asia, the first to create ultra-noise-cancelling microphones, and the first to put an in-ear heart rate monitor in a pair of sports earbuds. So, when it comes to high-quality sound in all its forms, you could say we're the experts. We're the only company in the world to combine consumer, professional and medical grade sound together under one roof, and it's this combined expertise that allows us to create the intuitive solutions Jabra is so well-known for. Our founder started GN with a vision: to connect the world. One hundred fifty years later, we're still working hard to make that vision a reality, by pioneering technology that keeps you connected, helping you hear more of what matters.



INTRODUCTION

Each year Channel Daily News, a digital media property of ITWC, creates a detailed snapshot of Canada's leading IT solution providers. CDN collects and analyzes submissions provided by Canada's leading IT solution providers — managed services providers, cloud solution providers, systems integrators, value-added resellers and IT consultants from across the country.

Our latest snapshot was made possible thanks to 115 respondents representing a wide range of resellers and managed services providers. The information for this study was drawn from surveys completed by solution providers between January and March 2020, with revenue numbers based on calendar year 2019.

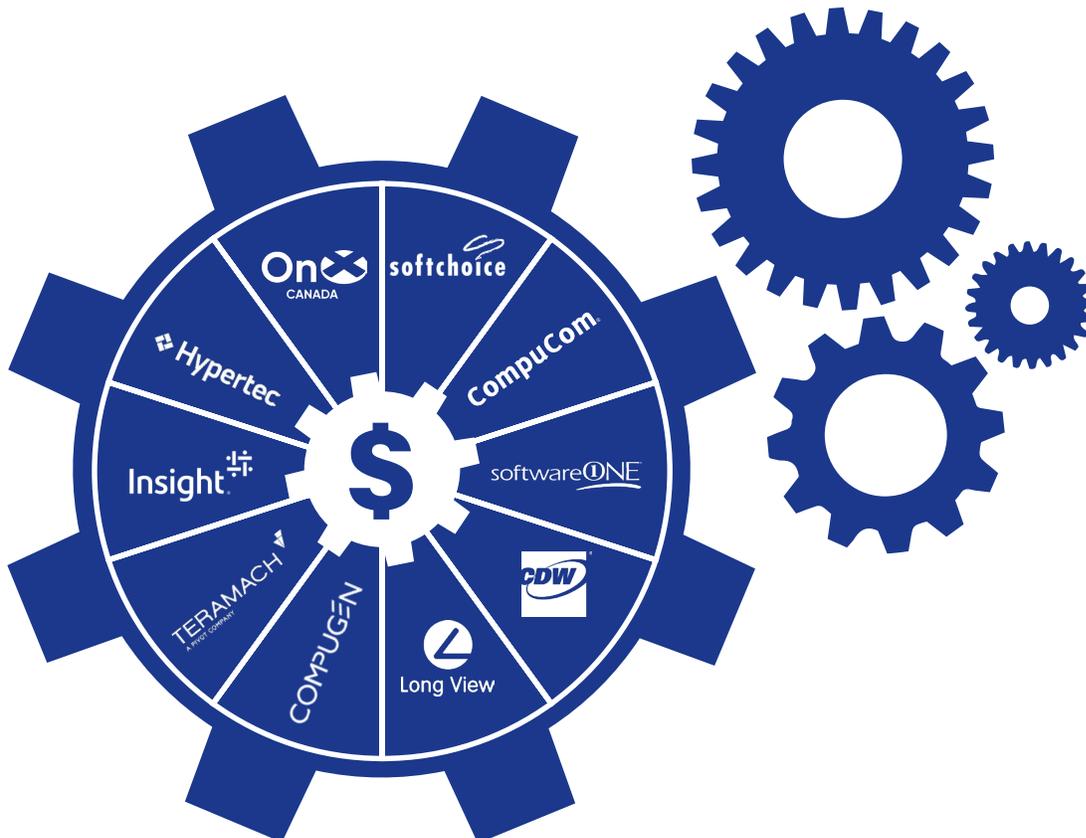
And what a year 2019 was. Total revenue for the 2019 Top 100 Canadian Solution Providers was slightly over \$10B, up 3.2%

from \$9.7B in 2018. The Canadian channel market is now a \$10 billion industry, with the top 10 solution providers accounting for 63% of total revenue.

The survey information was collected by CDN and verified by IDC, the premier provider of market intelligence and advisory services for the information technology, telecommunications, and consumer technology markets. It's crucial we track the steady growth of Canada's

63%

TOP 10 SOLUTION PROVIDERS ACCOUNTED FOR 63% OF TOTAL REVENUE IN 2019



IT channel, which makes a substantial contribution to Canada's GDP.

In 2018, the Canadian IT sector's GDP was \$86.6 billion (in 2012 constant dollars) and accounted for 4.5% of national GDP⁽¹⁾. In the first quarter of 2019, Canada's ICT sector contributed \$88.7 billion Canadian dollars to the country's gross domestic product⁽²⁾.

The global economy finds itself in tremendous uncertainty right now, and

while it's difficult to quantify what impact the coronavirus will have on it in the coming months, we can with certainty say that the Canadian IT channel entered these unusual times stronger than ever before. Last year's Top 100 Solution Providers list saw the first \$1 billion revenue years from Softchoice and CDW. That trend continued this year.

EXECUTIVE SUMMARY

SUBMITTED BY IDC CANADA

Total revenue for the 2019 Top 100 Canadian Solution Providers was slightly over \$10B, up 3.2% from \$9.7B in 2018. The Canadian channel market is now a \$10 billion industry, with the top 10 solution providers accounting for 63% of total revenue. Consolidation among the leading players has seen leaps into ever-higher revenue ranges and dramatic shifts in the ranking.

Among the top 20 solution providers, making up 76% of the revenue, many reported strong double-digit growth and one-fifth of the Top 100 had growth rates greater than 25%.

One of the fastest rising major players is Insight Canada, entering the Top 5 in 2019 in 3rd place, up from 7th place ranking the previous year. CDW took the top spot followed by Softchoice, Insight, Compugen and Compucom. All the Top 5 Canadian

solution providers recognized revenue ranging between \$600M and \$1B plus.

Besides high growth, notable recent acquisitions that changed the rankings include CDW's acquisition of Scalar and Insight's acquisition of PCM. A total of 112 companies participated in the Top 100 survey this year, down slightly from 2018. There were 11 newcomers making submissions in 2019 and nine of these qualified for the Top 100 list.

LAST YEAR AT A GLANCE

In 2018, the top three industries partners sold into were the following:



Government
36%



Financial
35%



Professional /
Business services
30%

According to Steve White, Program Vice President, Channels & Alliances: "IDC research suggests that the market is firmly into the digital era. Customer expectations have changed, customer success is becoming central to vendors and their partners, and in particular the wealth of new technologies presents opportunities for partners to expand the mix of their business. Although COVID-19 is dominating the news and we are already seeing the impact on technology spending, IDC feels this challenging time is magnifying recent trends, and allowing partners to invest in new skills ready for the upturn."

The key technology solutions offered by Canadian service providers in 2019 remains largely the same from previous years. They include IT Consulting Services (**80%**), followed by Security (**74%**) and Cloud - Infrastructure (**71%**), which has

shown an increase. Potential demand for solutions over the next 12 months is expected to come from Security (**56%**), Cloud – Infrastructure (**35%**) and Cloud – Public (**32%**).

Solution providers saw the greatest revenue derived from resale of software, resale of hardware, and professional and support services.

The top 3 industries the solution providers sell into are Financial/Insurance/ Real Estate (**73%**), Government, Municipal, Federal, Provincial (**65%**) and Professional Business Services (**64%**).

For 2019, 97% of respondents (vs. 94% in 2018) will be looking to hire over the next 12 months. Forty per cent of solution providers plan to increase staff by 6-10%.

MOVERS & SHAKERS

Important M&A activity and other big moves in the channel last year included:



WBM Technologies Announces the Acquisition of Ricoh Canada Operations in Manitoba – July 3, 2019

WBM Technologies Inc. and Ricoh Canada Inc. announced a strategic acquisition that will see WBM take over the Manitoba operations of Ricoh Canada, including the legacy operations of Ikon Canada (previously acquired by Ricoh as part of a global takeover in 2008). The move is effective immediately.



SHI Posts \$7.57 Billion in Revenue Year to Date, Growing 8% Year Over Year revenue

SHI International Corp. grew revenue to \$7.57 billion year to date, an 8% rise year over year. Revenue in Q3 hit \$2.67 billion, also up 8% year over year in a quarter that also saw the completed construction of SHI's Ridge Integration Center focused on data center technology. VMware, Amazon, and Pure Storage continued to lead SHI's strong networking and data center partner growth in Q3 and throughout the year, each showing at least 30% year-over-year growth through three quarters.



Carbon60 Expands to Eastern Canada with Acquisition of Cirrus9 – December 2019:

Carbon60 acquired Cirrus9, a managed cloud and hosting solutions provider based in Saint John, New Brunswick, providing Carbon60 with a national presence.



Herjavec Group Announces Partnership with Chronicle, Now Part of Google Cloud, to Bring Advanced Security Solutions to Market in Canada – August 27, 2019

Herjavec Group, the leader in global cybersecurity operations, specializing in Managed Security Services and Incident Response, is the first service provider across Canada to leverage and be certified in Chronicle's security intelligence products: Backstory and VirusTotal. Herjavec Group is the Security Provider of Choice to bring the emerging Chronicle toolset, now part of Google Cloud, to enterprises across Canada.

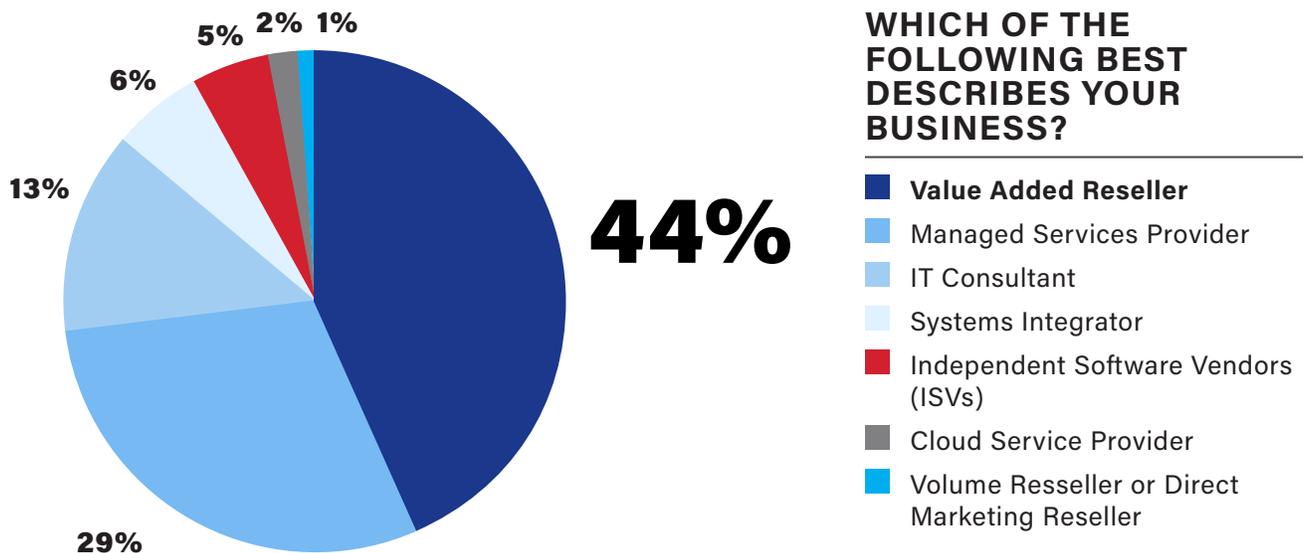


COMPAREX Announces Brand Change to SoftwareONE – April 1, 2019

The rebranding is part of an ongoing integration process following the acquisition of COMPAREX by SoftwareONE completed on February 1, 2019. As a combined company under a common brand name, SoftwareONE will further deepen its expertise in software and managed services, allowing the company to drive the digital transformation of its customers' businesses, and be at the forefront of innovative cloud and technology solutions.

CHANNEL PROFILE

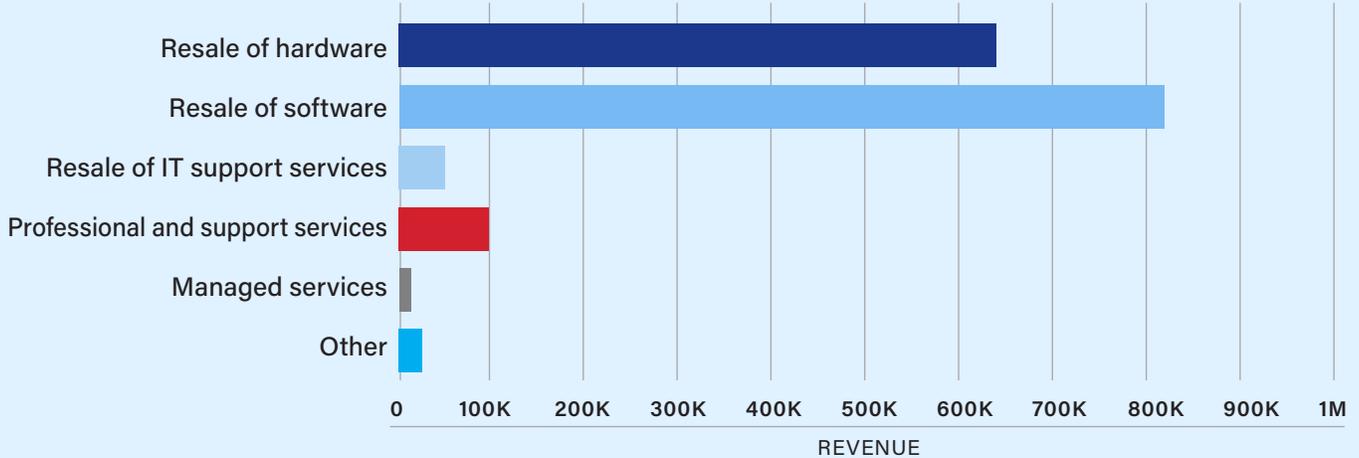
The Canadian IT channel is made up of a wide range of business types, but value-added resellers continues to make up the largest slice of the pie.



LAST YEAR AT A GLANCE

In last year's Benchmark report, 50% of solution providers categorized themselves as VARs.

WHERE DOES THE REVENUE COME FROM?



The biggest chunk of revenue came from the resale of software.

Only 17% of respondents said that more than 50% of their revenue comes from a single industry.

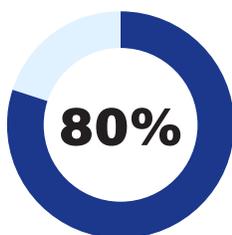
Added focus on security

Security solutions became a top focus for the channel in 2019, behind only IT consulting services. It's no

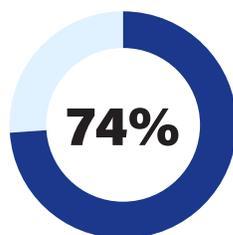
surprise, because 2019 saw Canadian organizations victimized like never before.

One of the ugliest data breaches in Canadian history happened last year. The theft of personal information on 15 million people in Ontario and B.C., held by medical test laboratory LifeLabs, created a firestorm of discussion and public scrutiny⁽³⁾. The stolen data included patient names, addresses, email addresses,

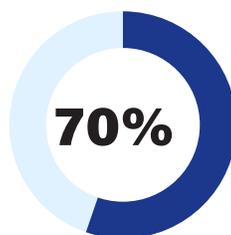
TOP SOLUTIONS PROVIDED BY PARTNERS



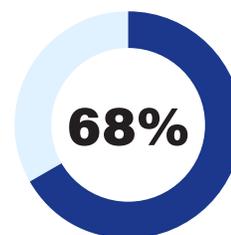
IT Consulting Services



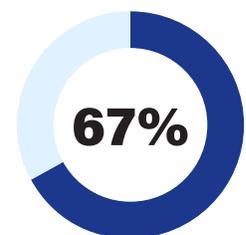
Security



Cloud (Hybrid)



Network/Infrastructure Design and Implementation



Data/Disaster Recovery/Business Continuity

WHAT SOLUTIONS ARE IN DEMAND?

We asked partners to identify what solutions will see increased demand over the next 12 months

	INCREASE SIGNIFICANTLY	INCREASE	REMAIN UNCHANGED	DECREASE	DECREASE SIGNIFICANTLY	DON'T KNOW
Security	57%	36%	6%	0%	0%	2%
Cloud (Infrastructure)	35%	54%	7%	0%	0%	4%
Cloud (Public)	33%	51%	10%	0%	0%	7%
Cloud (Storage)	32%	59%	6%	0%	0%	4%
SaaS	28%	51%	7%	2%	0%	12%
IT Consulting Services	26%	57%	12%	0%	0%	4%

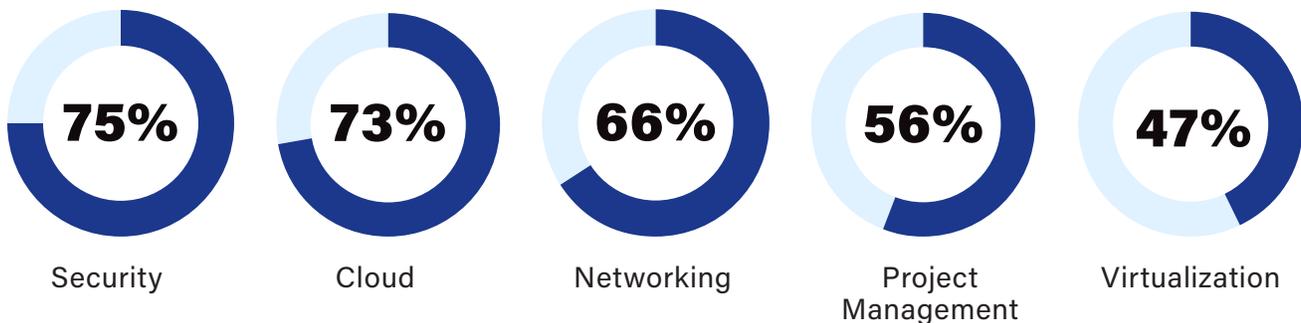
login passwords, dates of birth, health card numbers and in some cases lab test results. Last year we also saw the theft of information on all 4.2 million personal banking customers in Quebec and Ontario of the DeJardins credit union⁽⁴⁾.

The onslaught of cyber attacks, increasingly targeting our critical infrastructure and placing an enormous burden on the

jurisdictions tasked with managing them, paved the way for data loss prevention and endpoint protection solutions.

The majority of businesses are having to accept an uncomfortable reality — a security breach is inevitable, which is why the topic of security is not fading away in the next 12 months. Not to mention the added focus on remote work.

CERTIFICATIONS THAT ARE MOST IMPORTANT TO YOUR BUSINESS

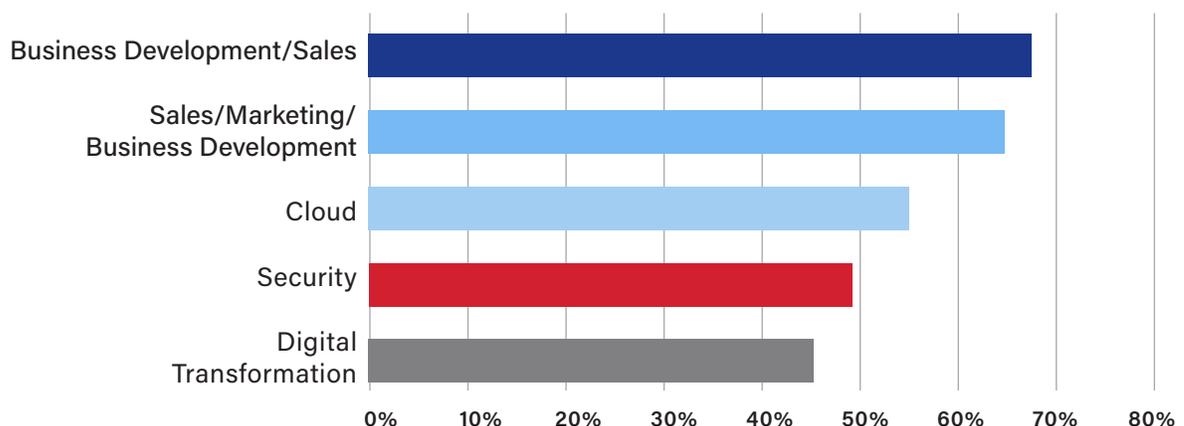


HIRING INTENTIONS

While the current financial climate may change this sentiment, 97% of respondents indicated that they were planning to hire in the next 12 months. Forty-one per cent say they're planning to expand their workforce by 6 to 10 per cent. More than 10% of respondents said they were planning to expand their headcount by 26% or more.

Getting solutions to market and hiring sales and marketing talent was the top priority for partners, according to last year's Top 100 report, but this year the

majority of partners said they are most likely to hire for business development/sales roles.



CHALLENGES

This year we also asked survey participants, for the first time, to elaborate on the top challenge they face as a channel partner.

We received more than 80 detailed responses. The answers contained several commonalities, but there were a few that shed light on the unexpected. We've

collected some of those responses below. Each speech bubble represents a different respondent's answer to the question.



Focusing on managed security services as “the next big thing” in managed services. This misses the point entirely. Of course, security is important to any business, and there is of course money to be made. But what is really needed is a deeper understanding of the business' data itself, not just blind protectionism. Businesses should be protected not just from external and internal data security threats, but also from retaining data they ought not to hold in the first place. But most MSPs cannot do this. And yet most businesses that retain MSPs expect them to be able to manage their data in this way. MSPs that focus on delivering technology-based services, not data services, are missing out on an opportunity and putting their clients at risk.



The top challenge that is being faced in the channel right now is business going direct to our technology partners, rather than clients working with us, and utilizing our expertise and product offerings.

Though this is not always something we can control, this does challenge us to continually innovate and learn new technologies, offer a full scope of capabilities, and build great relationships with our partners and clients. You can no longer be successful in the channel by being just a reseller. You need to offer your clients more value and give them a reason to work with you."



Eroding product margins and vendor partnerships — we are seeing more traditional partner-led hardware/software vendors compete directly with the channel (Dell, Microsoft ... just to name a few). This has been a trend over the years and emphasizes the need for a strong value proposition as a vendor partner.



Emerging vendors have compensation plans that are evolving. We, as a company and industry, need to adjust our revenue planning, (related ROI) and sales compensation to adapt to the new model introduced by these emerging vendors along with challenging a direct-selling mindset. These disruptive technologies often have a birthplace in the U.S. and take more time to develop in Canada so the investment upfront for an outcome-based, solution seller becomes more difficult. On top of this, but somewhat related, is getting the field staff on board with pushing a more services-centric model with a less defined compensation program. We are identifying the gaps, helping to create awareness and value through improved program development and channel leadership. I know there is an opening to help solidify improvements and believe that we will get there with joint commitment and open communication about where the opportunity lies. We all want to do the right thing for our clients, find ways to differentiate and impact the outcome.

THE FINAL TOP 100 LIST

Rank	Company	Revenue Range	Web Site
1	CDW Canada	\$1-\$2B	www.cdw.ca
2	Softchoice	\$1-\$2B	www.softchoice.com
3	Insight Canada	\$700-\$750M	www.insight.ca
4	Compugen	\$650-\$700M	www.compugen.com
5	CompuCom - Grand & Toy	\$600-\$650M	www.compucom.com
6	OnX Enterprise Solutions (a CBTS company)	\$500-\$550M	www.onx.com
7	Hypertec Group	\$450-\$500M	www.hypertec.com
8	Long View Systems	\$400-\$450M	www.longviewsystems.com
9	SoftwareONE Canada Inc.	\$150M-\$200M	www.softwareone.com
10	TeraMach a Pivot Company	\$150M-\$200M	www.teramach.com
11	Microserve	\$150M-\$200M	www.microserve.ca
12	SHI Canada	\$125-\$150M	www.shi.ca
13	Convergint Technologies LTD	\$125-\$150M	www.convergint.com
14	Herjavec Group	\$125-\$150M	www.herjavecgroup.com
15	FlexITy Solutions Inc.	\$125-\$150M	www.flexity.com
16	Northern Micro, a Converge Company	\$125-\$150M	www.northernmicro.ca
17	Micro Logic	\$125-\$150M	www.micrologic.ca
18	Esri Canada	\$100-\$125M	www.esri.ca
19	Decisive Technologies	\$100-\$125M	www.decisive.ca
20	MicroAge	\$100-\$125M	www.microage.ca
21	Powerland Computers Ltd.	\$75-\$100M	www.powerland.ca
22	Audcomp Group Inc	\$75-\$100M	www.audcomp.com
23	WBM Technologies Inc.	\$75-\$100M	www.wbm.ca
24	CPU DESIGN INC.	\$75-\$100M	www.cpu.ca
25	ESI Technologies	\$75-\$100M	www.esitechnologies.com

Rank	Company	Revenue Range	Web Site
26	Telecom Computer Services	\$75-\$100M	www.telecomcomputer.com
27	Stoneworks Technologies (SWTI)	\$75-\$100M	www.swti.ca
28	NTT Canada Inc. (including Dimension Data)	\$75-\$100M	www.hello.global.ntt
29	Benchmark Corp	\$50-\$75M	www.benchmarkcorp.com
30	Charter	\$50-\$75M	www.charter.ca
31	DirectDial.com	\$50-\$75M	www.directdial.com
32	PureLogic IT Solutions	\$50-\$75M	www.purelogicit.com
33	Technology Integration Group	\$50-\$75M	www.tig.com
34	Optiv Security	\$50-\$75M	www.optiv.com
35	Epic Information Solutions Inc.	\$50-\$75M	www.epic.ca
36	Connex Telecommunications Inc	\$50-\$75M	www.connexservice.ca
36	CentriLogic	\$50-\$75M	www.centrilogic.com
38	Sudden Technologies	\$50-\$75M	www.sudden.ca
39	Coreio Inc.	\$40-\$50M	www.coreio.com
40	PrintersPlus	\$40-\$50M	www.printersplus.net
41	SourcetekIT	\$40-\$50M	www.sourcetekit.com
42	ISA Cybersecurity Inc.	\$40-\$50M	www.isacybersecurity.com
43	Groupe Access Inc	\$35-\$40M	www.groupeaccess.ca
44	Quartech	\$35-\$40M	www.Quartech.com
45	F12.net Inc.	\$35-\$40M	www.f12.net
46	CBCI Telecom Canada	\$35-\$40M	www.cbcitelecom.com
47	Annex Consulting Group Inc.	\$35-\$40M	www.annexgroup.com
48	Vendasta	\$30-\$35M	www.vendasta.com
49	Caretek	\$30-\$35M	www.caretek.ca
50	Unity Connected Solutions	\$30-\$35M	www.unityconnected.com
51	QRX Technology Group	\$30-\$35M	www.qrxtech.com
52	IT Weapons, A Division of Konica Minolta Canada	\$25-\$30M	www.itweapons.com
53	PC Corp	\$25-\$30M	www.pccorp.com
54	Brains II Solutions, Inc.	\$20-\$25M	www.brainsii.com
55	BAASS Business Solutions Inc.	\$20-\$25M	www.baass.com
56	4 Office Automation Ltd.	\$15-\$20M	www.4office.com
57	Data Integrity Inc.	\$15-\$20M	www.dataintegrity.com
58	HighVail Systems Inc.	\$15-\$20M	www.highvail.com
59	SmartPrint Inc.	\$15-\$20M	www.smartprint.com
60	SolutionStack	\$15-\$20M	www.solutionstack.ca
61	Asca Office solutions.com	\$15-\$20M	www.ascaofficesolutions.com
62	Encore Business Solutions	\$15-\$20M	www.encorebusiness.com
63	ProServeIT Corp	\$15-\$20M	www.proserveit.com
64	Carbon60	\$15-\$20M	www.carbon60.com

Rank	Company	Revenue Range	Web Site
65	End to End Networks Inc.	\$15-\$20M	www.endtoend.com
66	BrunNet Inc.	\$10-\$15M	www.brunnet.com
67	Smartone Solutions	\$10-\$15M	https://smartone.solutions/
68	Triware Technologies Inc.	\$10-\$15M	www.triware.ca
69	Softlanding Solutions Inc.	\$10-\$15M	https://www.softlanding.ca/
70	My Blue Umbrella	\$10-\$15M	www.mbu.ca
71	Calligo	\$10-\$15M	www.calligo.cloud
72	Think Communications	\$10-\$15M	www.thinkcommunications.ca
73	Commerx	\$10-\$15M	www.commerx.ca
74	Think On Inc.	\$10-\$15M	www.thinkon.com
75	Nucleus Networks	\$10-\$15M	www.yournucleus.ca
76	Difenda	\$10-\$15M	www.difenda.com
77	SysGen Solutions Group	\$10-\$15M	www.sysgen.ca
78	ITERGY	\$10-\$15M	www.itergy.com
78	MYRA Systems Corp.	\$10-\$15M	www.myra.com
80	WatServ	\$10-\$15M	www.watserv.com
81	Arctiq Inc.	\$10-\$15M	www.arctiq.ca
82	Lanworks Inc.	\$10-\$15M	www.Lanworks.com
83	Binary Stream Software Inc	\$5-\$10M	www.binarystream.com
84	CloudOps Inc.	\$5-\$10M	www.cloudops.com
85	CENTRE D'ORDINATEURS STO INC	\$5-\$10M	www.sto.qc.ca
86	User Friendly Systems Inc.	\$5-\$10M	www.ufs-inc.com
87	Maestro Technologies inc	\$5-\$10M	www.maestro.ca
88	Conpute	\$5-\$10M	www.conpute.com
89	WebSan Solutions Inc.	\$5-\$10M	www.websan.com
90	FenceCore Solutions	\$5-\$10M	www.fencecore.com
91	Synerion North America Inc	\$5-\$10M	www.synerion.com
91	TechReset	\$5-\$10M	www.techreset.com
93	Infinite IT	\$5-\$10M	www.8it.ca
94	Commsoft Technologies Inc	\$5-\$10M	www.commsoft.ca
95	Kamloops Computer Centre	\$5-\$10M	www.kcc.ca
96	Clear Concepts	\$5-\$10M	www.clearconcepts.ca
97	Access Group	\$5-\$10M	www.access.on.ca
97	pavliks.com	\$5-\$10M	www.pavliks.com
99	Eastbay I.T. Consulting Inc.	\$5-\$10M	www.eastbay.ca
100	TheIteam Ltd.	\$5-\$10M	www.theiteam.ca
100	FoxNet Inc.	\$5-\$10M	www.foxnetsolutions.com
100	M.I.T. Consulting	\$5-\$10M	www.mitconsulting.ca
100	MBC Managed IT Services	\$5-\$10M	www.mbccs.com
100	Live Assets Ltd	\$5-\$10M	www.liveassets.ca

ADDITIONAL REFERENCES

- 1) https://www.ic.gc.ca/eic/site/ict-tic.nsf/eng/h_it07229.html
- 2) <https://www.statista.com/statistics/535586/canada-big-data-services-market/>
- 3) <https://www.itworldcanada.com/article/cyberattack-on-lifelabs-puts-private-information-of-millions-of-canadians-at-risk/425293>
- 4) <https://www.itworldcanada.com/article/huge-data-theft-at-canadian-credit-union/419264>