ITWC The Content Experts

CDN TOP 100 SOLUTION PROVIDERS

INDUSTRY BENCHMARK REPORT 2016

CONTENTS

INTRODUCTION

Each year CDN - Computer Dealer 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. The information is collected for two purposes:

A. To develop the Top 100 annual ranking, based on revenues; and
B. To assess the state of the IT channel in Canada.

CDN is the nation's leading IT channel publication. It has been covering the IT channel since 1986. The Top 100 Solutions Provider Benchmark Report has been prepared for the past three years. It is the only publication that provides an insider's view of the 'business' of the information technology channel.

The report is based on information shared with us by solution providers about their market, their products, the companies they are selling to and the vendors and distributors with whom they deal. We ask which lines of business are contributing to their revenue and how that may change. We also ask them about their workforce, the certifications and skills they seek and whether they anticipate changes in headcount.

While the sample population represents mid- to large-sized entities, the results provide a telling examination of an industry which contributes significantly to Canada's Gross Domestic Product (GDP) and, as corporate Canada further embraces new technologies, is poised for further growth.

A close reading of the 2016 Benchmark Report shows the solution provider community is in excellent health and has adapted well to the significant changes in ways businesses are purchasing and consuming technology, particularly with the emergence of cloud computing, mobility, big data and social business tools.

There is also a cautionary tale in some of the numbers. It's clear this group must carefully navigate the road ahead if it wants to continue to be relevant in the marketplace. The pace of change has never been faster; the adoption of advanced technologies such as cloud and the Internet of Things has grown in importance.

Channel partners have never witnessed this pace, and some are at the point in their careers where they might not be able to handle it. While cloud has led many solution providers to adopt a recurring revenue model, introduce new services, and even change their new sales compensation structures, it appears the shake-up is only just beginning. The evolution of computing power to a utility model is within reach: The Internet of Things has the potential to transform every aspect of business and society, and the Uberization of business is disrupting the pipeline of the channel in ways never seen before.

In 2016 and beyond, solution providers will have to adapt and be more flexible, accepting that emerging technologies and trends will not only transform their own business but that of their customers.

To continue to find success in the marketplace, the Report suggests solution providers will need to differentiate in specific areas, hone their expertise in lucrative technology services areas, and focus on growing vertical markets while still providing a road map for legacy customers to move to the cloud and away from on-premise technology.

Solution providers must also continue to position their strategic value to the customer.

CDN is pleased to be a part of this dynamic and enterprising community. We hope you find this scorecard valuable and helpful in your entrepreneurial ambitions.

Paolo Del Nibletto
Editor, CDN

Dave Yin
Staff Writer, CDN

EXECUTIVE SUMMARY

Total revenue for the 2015 Top 100 Canadian solution providers was $6.8 billion, up just one per cent from $6.7 billion in 2014. It is below the five per cent growth increase in 2014 over 2013.

Softness in traditional hardware resale nationally, exacerbated by region resource-based weakness, combined to drag down 2015 growth. Very strong growth rates from OnX, Softchoice and Scalar Decisions helped to keep the Top 20 providers' total revenue at 2014 levels. CDW raised its revenue range to a new threshold of $600 to $650 million.

New born-in-the-cloud-players see the channel as lucrative

Of the data submissions accepted for the 2015 calendar year, 19 are new companies to the list, up from 13 in 2014. Notably, thirteen of these new companies made the 2015 Top 100 rankings. This type of reshuffling of players indicates on-going consolidation, but also signifies that new born-in-the-cloud players see this market as lucrative enough to pursue it as a business venture.

The top service provided in 2015 was Cloud (Private, Public and Hybrid), followed by IT Consulting Services and Managed Services/Hosting. Solution providers expect to see the greatest amount of growth over the next 12 months in Software Defined Storage, Cloud (Private, Public and Hybrid), BI/Data Warehousing and Recovery/ Big Data Analytics and Software Defined Networks. The greatest decline will be in Desktop/Notebook Installation/Deployment (50 per cent) and Printing and Imaging (33 per cent).

Hiring is down slightly, but 93 per cent of respondents indicated they would be looking to hire over the next 12 months. Last year 95 per cent of respondents indicated new talent acquisition was likely.

The top customer segments for 2015 were Professional/Business Services, Financial/Insurance/Real Estate, Government (Municipal Provincial/Federal/Mining/ Forestry Resources and Life Sciences.

2015 Rank	2014 Rank	Company	2015 Revenue range	Web site
1	1	CDW	$600-650 M	www.cdw.ca
2	2	Softchoice	$500-550M	www.softchoice.com
3	3	Compugen	$450-500M	www.compugen.com
4	6	OnX Enterprise Solutions	$400-450M	www.onx.com
5	4	CompuCom Canada Co.	$350-400M	www.compucom.com
6	7	Hypertec Group	$300-325M	www.hypertec.com
7	5	Long View Systems	$275-300M	www.longviewsystems.com
8	11	Scalar Decisions	$250-275M	www.scalar.ca
9	10	Insight Canada	$225-250M	www.insight.ca
10	9	Acrodex Inc.	$200-225M	www.acrodex.com

Top Three Solutions

Cloud was the number one solution

Cloud has finally come out of the shadows for the Top 100 solution providers in Canada. The top solutions in the channel's pipeline for 2015 are Cloud Services (Private, Public and Hybrid) followed closely by IT Consulting Services, Managed Services/Hosting/Cloud Services and Network/Infrastructure Design and Implementation. The prediction in last year's report suggesting solution providers would top growth in cloud proved accurate. Close to 83 per cent of the Top 100 solution providers in this year's survey chose Cloud Services as their No. 1 solution. In 2014, Cloud Services was recorded at 73 per cent. The remaining solutions were pretty much flat from 2014. There was little change in the type of solutions that resonated with the Top 100 from 2014 into 2015, with the exception of cloud which moved from the No. 2 spot in 2014 to the top of the ranking in 2015.

Other identified growth targets were Data/Disaster Recovery/Business Continuity and Security. Both areas reached 69 per cent, up from 66 and 65 per cent respectively from a year ago.

The lowest performing solution is RFID at just nine per cent.

The significant decline in Desktop/Notebook Installation and Deployment noted last year was not repeated. Responses to this year's survey indicate the solution only dropped a bit over one per cent.

Looking ahead, 44 per cent of the Top 100 solution providers expect to do even more cloud business in 2016 and 15 per cent expect to grow the Managed Services/ Hosting elements of their business. Solutions growth in other areas was limited to single digits.

Talent

Hiring in the channel dipped slightly in 2015, with just 93 per cent of the Top 100 indicating they were actively onboarding talent. That is a drop of two per cent from 2015, but still higher than the 88 per cent in 2013. The most sought after employees in the channel are business development and sales people, with an overwhelming 62.39 per cent of the respondents interested in employees with these skill-sets. Cloud professionals were next in demand at more than 58 per cent. The Canadian channel community has also acknowledged that business transformation is a trend (36 per cent) to take seriously and are looking for personnel in this area for software-defined enterprise, hybrid IT and converged infrastructure.

Partnerships and Alliances

The leading distributors and vendor partners did not change from 2014 to 2015. The top distributors continue to be the big three: Tech Data Canada, Ingram Micro Canada and Synnex Canada. The smaller distributors, or specialty distributors, failed to build on the momentum they attained in 2014. On the top vendor partners front, Microsoft remains on top, while Cisco holds steady in second place.

Products and Brands

In this survey the CDN Top 100 solution providers were asked to identify their top three choices from among the various vendor brands in the marketplace in product categories such as computing, servers, security, storage, mobility, and tablets. Mirroring last year's findings, HP Inc. and Hewlett Packard Enterprise were the top choices in the majority of the product categories.

Apple again reigned supreme in mobility, while Symantec/Norton came out on top in security again, but with a narrower margin than last year.

Markets

The top customer segments for 2015 are Professional/Business Services, Financial Services/Insurance/Real Estate, and Government (Municipal Provincial/Federal). Professional/Business Services grew significantly from a year ago indicating that cloud may have hit the mainstream. Driven by competitive pressure to innovate and stringent security requirements, sectors such as Financial Services continue to be top adopters of advanced technologies.
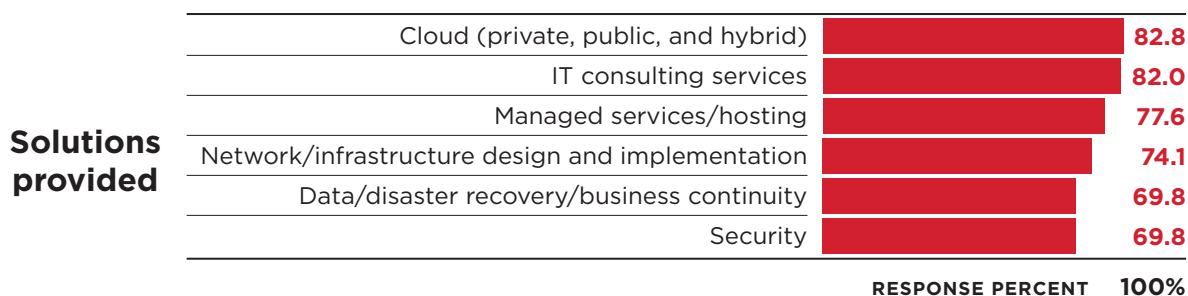
CHANNEL OUTLOOK

Cloud Dominates

In last year's CDN Top 100 Benchmark Report it was clear the Canadian channel community was on the same page when it came to market direction. In was all about the cloud. That sentiment is even stronger this year with all the Top 100 respondents indicating even more interest in cloud and all its variances. The strength of that kind of results makes it evident that solution providers have adapted to the shifting marketplace and embraced the cloud to address their customer's needs today and tomorrow while also making their own business more valuable.

The CDN Top 100 underwent a significant facelift as 19 companies from last year's list changed as part of a series of high-profile mergers and acquisitions. The unprecedented consolidation was fueled by companies seeking to scale their cloud computing efforts and solution providers approaching retirement looking for an exit strategy. It is the CDN assessment that most of the deals have resulted in true partnerships with one solution provider augmenting the offerings and services of another.

Top 5 Solutions Provided

The Benchmark Report questionnaire asked participants to identify the solutions they provide and those in which they anticipate growth. The answers revealed a change in the channel's pipeline as Cloud Services (Private, Public and Hybrid) jumped up from a fourth place rating in 2014 to overtake IT Consulting Services for the top spot.

Solutions provided

Solution	Response Percent
Cloud (private, public, and hybrid)	82.8
IT consulting services	82.0
Managed services/hosting	77.6
Network/infrastructure design and implementation	74.1
Data/disaster recovery/business continuity	69.8
Security	69.8

RESPONSE PERCENT   100%

Security caught the attention of channel players in 2015, with offerings rising by four percent over the same period last year. Voice over IP rebounded strongly in 2015, jumping up almost eight percentage points to 52 per cent. After two years of continuous decrease (65 in 2012, 65 in 2013, 64 in 2017) storage seems to stabilized this year at 64.10.

Virtualization continued its three-year decline. It was listed as a top solution by just 67.5 per cent of the respondents. Also declining is Desktop/Notebook Installation and Deployment, but the fall was less than some had anticipated. This group of channel partners still does 57.26 per cent of desktop and notebook work, down from 58.4 per cent from a year ago.

Managed Services/Hosting/Cloud Services, Network/Infrastructure Design and Implementation, Data/Disaster Recovery/Business Continuity and Security were popular solutions in the pipeline during 2015.
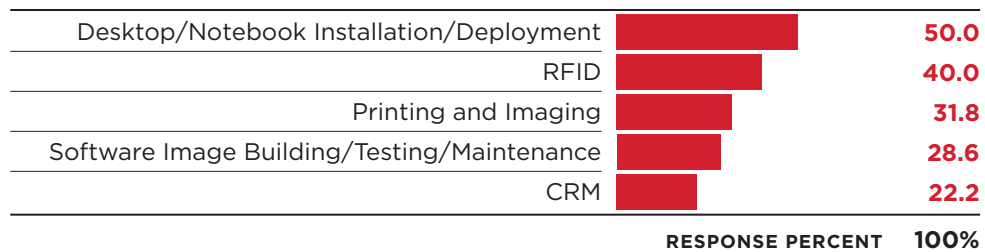
Anticipating Growth

What's in the pipeline of the channel for 2016 and beyond? The respondents are expecting growth in several areas such as Cloud Services (Private, Public and Hybrid), Managed Services/Hosting, Business Intelligence or Data Warehousing and Recovery (Big Data), IT Consulting Services, Security, Data Centres, Managed Print Services, Data/Disaster Recovery/Business Continuity, ERP and Storage. Those predictions illustrate the channel's evolution from simple box pusher to developer of solutions, and now to a professional service provider. This revamped role has made this group more profitable and increasingly strategic with its approach to its customer base.

Respondents asked to choose and rank the top three growth solutions chose cloud, managed services and big data.

- Cloud was chosen No. 1 by 44.4 per cent of respondents, an increase of more than 15 per cent over last year. Cloud as a secondary solution also rose slightly to 16.2 per cent, from 15.9 per cent. As the third choice, it grew to 11.1 per cent, from 8.8 per cent.

- Cloud growth came at the expense of Managed Services which declined six per cent from a year ago. It remained flat in the secondary portion and grew by about three per cent as the third choice solution.

- Big data jumped significantly from a year ago, with 8.5 per cent of respondents ranking it as their No. 1 solution. Last year only 5.3 per cent of the respondents chose it as the top growth solution.

Top 5 Solutions Expected to Decline

Desktop/Notebook Installation/Deployment	50.0
RFID	40.0
Printing and Imaging	31.8
Software Image Building/Testing/Maintenance	28.6
CRM	22.2

RESPONSE PERCENT   100%

Note: Solutions Identified

CLOUD OUTLOOK

In this year's Benchmark Report we take an in-depth look at cloud providers for the first time.

Cloud providers are companies that offer solution providers, or their other customers, storage or software or both through a private cloud or a public cloud. Typically they package them in the form of Infrastructure-as-a-Service (IaaS), Software-as-a-Service (SaaS) or Platform-as-a-Service (PaaS) for customers. Solution providers can also take on this role and offer their own cloud services. The research shows the Top 100 solution providers work with 12 cloud providers: four Canadian-based service providers, four cloud vendors, a global communications company, two Montreal organizations (one that was Canada's first Internet infrastructure developers that is now part of the Internap Group and the second which is a hosting provider – mostly for the Microsoft stack) and finally an actual CDN Top 100 solution provider.

What's even more interesting about this eclectic group of cloud providers is that of the 12 companies, 10 were named to the joint CDN/IDC Top providers of infrastructure, platform-as-a-Service (IaaS & PaaS).

Top Cloud Providers

Legend:
- Microsoft Azure — 30%
- AWS — 9%
- IBM — 5%
- Rogers — 6%
- Sherweb — 6%
- Other — 44%
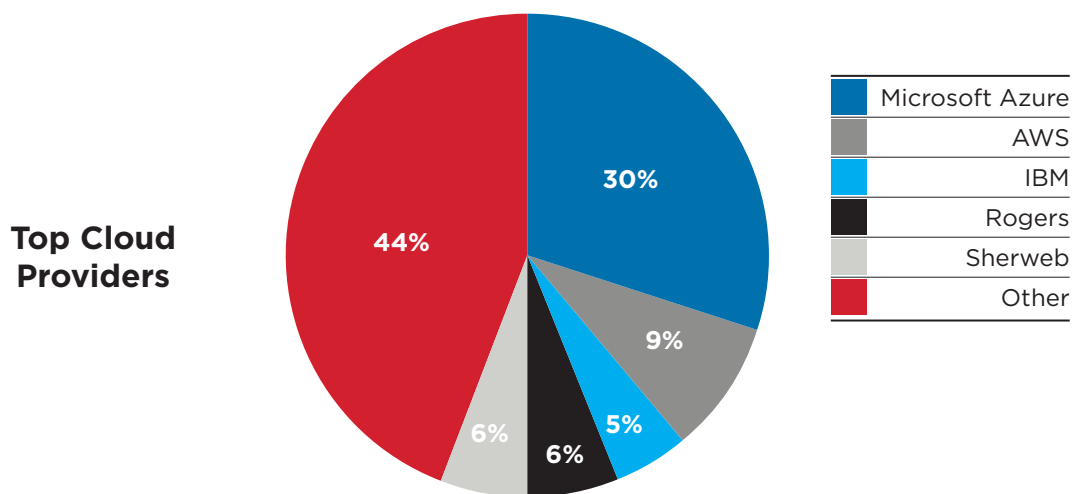
The survey results indicate there is a large number of cloud providers (35%) outside of the big 12 cloud providers as a first choice option for the channel.

The top first choice cloud provider is Microsoft Azure with a full one-third of the Top 100 using it. Another 20 per cent suggested it would be their second choice, next to their existing provider. CDN expects those strong numbers to be even more impressive next year as Microsoft Canada follows through on plans to open two huge data centres for cloud in Toronto and in Quebec City.

Amazon Web Services Canada was the second most popular choice, with just under seven per cent. Amazon Web Services is new to the Canadian market establishing roots early in 2015. In its inaugural year, it scored 16 per cent of the entire Top 100 solution providers market.

Third place went to the Seattle-based CenturyLink, which has Canadian offices in Vancouver, Toronto and Montreal. CenturyLink performed better than other Canadian-based service providers such as Bell Canada, Rogers, Cogeco and Telus as the giants work with a limited number of solution providers on the Top 100 list.

Looking below the third spot, Bell Canada, RackForce, Rogers and SherWeb of Montreal shared roughly the same penetration. RackForce and SherWeb's positioning alongside the two telco giants is based on sensational sales in the SMB and K12 education spaces. In 2015, RackForce was acquired by Toronto-based TeraGo Networks Inc., a nationwide data provider.

CDN analysis suggests that, while cloud providers are offering the Solutions Provider community with competitive options, there is limited differentiation - no one provider sticks out in terms of service offerings. As a result, price becomes an important factor in the market, especially with three-year term deals the channel provides for customers.

As this is the first year we are tracking Cloud Providers, CDN is unable to compare these results with past numbers. We will be focusing on this space in future CDN Top 100 Benchmark Reports.
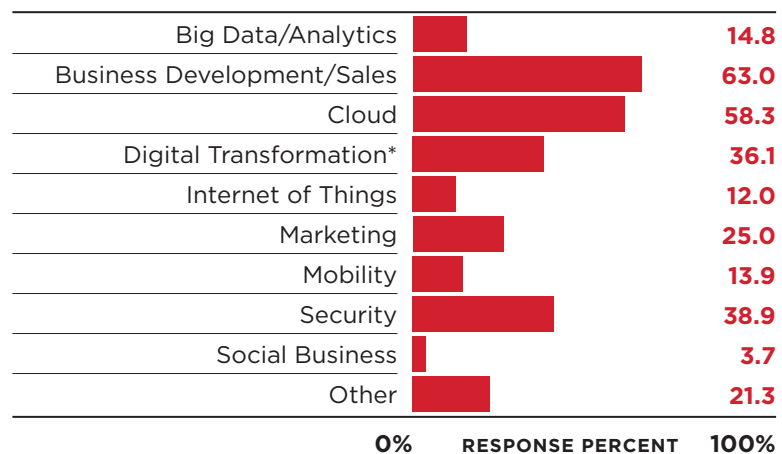
TALENT

Finding the right talent to do the job remains a significant challenge for channel partners. The overall demand for talent decreased slightly from last year, but a large portion of solution providers are still looking to increase staff by six to 10 per cent.

93% of respondents expect to hire in the next 12 months

As a whole, solution providers are seeking workers with a diverse set of skills and they readily acknowledge that more has to be done to create or enhance a pipeline for talent. The CDN Top 100 Benchmark survey respondents, as a group, are looking for a diverse set of skills.

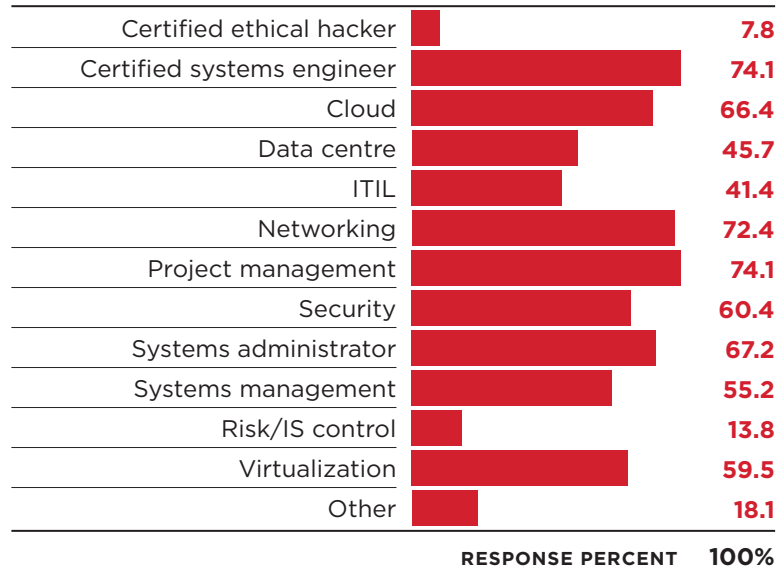**In which of the following areas do you want to hire?**

Area	Response Percent
Big Data/Analytics	14.8
Business Development/Sales	63.0
Cloud	58.3
Digital Transformation*	36.1
Internet of Things	12.0
Marketing	25.0
Mobility	13.9
Security	38.9
Social Business	3.7
Other	21.3

0%   **RESPONSE PERCENT**   100%

(*Software defined enterprise, hybrid IT, converged infrastructure)

Certifications Held

This year, the study examined competencies and the certifications coveted by the channel.

The most common specializations channel employees possess include Certified Systems Engineer and Project Management (tied), followed by Networking, all in the above 70 per cent range. Cloud certification is becoming popular, rounding

Which areas of specialization or certifications do your employees have?

Specialization / Certification	Response Percent
Certified ethical hacker	7.8
Certified systems engineer	74.1
Cloud	66.4
Data centre	45.7
ITIL	41.4
Networking	72.4
Project management	74.1
Security	60.4
Systems administrator	67.2
Systems management	55.2
Risk/IS control	13.8
Virtualization	59.5
Other	18.1

RESPONSE PERCENT   100%

out the top five in a tie with Systems Administrator (67 per cent). Security and Virtualization, both areas of growth in the industry, just missed the top five categories.

It's also interesting to note that, while the channel is likely familiar with ethical hackers, we are now seeing certifications for this role.

The number and variety of certifications held by this group reinforces the knowledge economy of solution providers. The channel's skill set can potentially provide the CIO community with a deeper bench along with line-of-business decision makers.

Areas of certification focus differ between vendors and non-vendors. Prominent among the non-vendor certifications are virtualization, storage, security, cloud, networking, unified communications, converged infrastructure, and collaboration.

In 2015, the Canadian Channel Chiefs Council introduced a certification program targeting channel sales called the Pathways Program. It is the only certification program available for channel professionals, specifically for vendor organizations in Canada.

Highly Sought Skills

While sales skills have historically been the most sought-after skill set in the channel, a focus on new technical abilities is changing that. This year, cloud led the list of technical abilities being sought, with 59 per cent of respondent companies indicating they are looking for personnel with these skills. Although the search for security talent is the second priority for the channel, it lags well behind the cloud, with only 39 per cent of companies indicating they are actively searching for security skills. Digital transformation skills, which refers to software-defined enterprise, hybrid IT and converged infrastructure, placed third on the list of skills sought. Marketing is the only other non-technical skill to make it into the top five list.

Ironically, while analysts profess there is a big need for Big Data and Analytics specialists, only 15 per cent of companies are looking to hire in this area.

PRODUCTS AND BRANDS

In product categories, the Benchmark Report identifies vendors that are truly driving business by asking solution providers to identify their top three best-selling brands. Numbers in this area will be directly comparable to the year before. This is the second report to include endpoint security in recognition of significant shifts in preference in the channel community.

Computing Brands

TOP 5

1. HP
2. Lenovo
3. Dell
4. Apple
5. Asus

By the end of the year, it was clear that, even with the release of Windows 10, a PC refresh is not on the immediate horizon, but in enterprise it continues to serve as the most basic of IT purchases and a gateway to other sources of revenue such as software, servers, mobile devices and more.

In this market, it's no surprise that three incumbent brands remain the top contenders. Confirming reports that Lenovo is making great strides in this area, the company has surpassed HP in overall popularity, although the latter remains the top choice with 41 per cent of respondents indicating it as the best-selling brand.

It should be noted that this figure indicates a 7.1 per cent dip in popularity for HP from the previous year. Lenovo is behind with 33.3 per cent of respondents indicating it as their top seller, a jump of nearly 8.3 per cent, but is also notably the second best-seller for the largest group of solution providers by far. Dell remains in third place as the best seller for 23.1 per cent of respondents, a dip from 28.6 the previous year.

The dramatic drop-off after these brands is also no surprise, given their go-to-market strategy. Apple and Asus are tied for fourth place in the top-selling category with 1.3 per cent of respondents, but Apple has the edge in leading both second and third best-selling categories.

Computing Servers

1. HP
2. Dell
3. Cisco
4. Lenovo
5. IBM

The server space has undergone significant swings in divestiture and commoditization, and this was evident in the survey responses. It's not unexpected that IBM's sale of the x86 server line has led to its decline in this product category, but what's more interesting is who, aside from Lenovo, has snatched up market share.

The top three brands have all seen a significant decline in the top seller categories. HP, which continues to be the first choice for 42.7 per cent of solution providers, while still the largest portion by far, is a 7.3 per cent drop from the previous year. Dell and Cisco have seen similar drops, from 22.5 per cent to 19.1 per cent and 21.3 per cent to 14.6 per cent respectively this year. Even as their second choice, solution providers indicated lower interest in HP and Dell compared to last year, while Cisco gained some traction rising to 10.1 from 7.5 per cent.

Lenovo, as expected, has traded places with IBM to gain the No. 4 spot with 13.5 per cent of first choice responses. It also grew marginally as the second choice. It remains to be seen whether Lenovo will be able to maintain this momentum.

Storage Brands

1. HP Enterprise
2. Dell
3. IBM
4. NetApp
5. Cisco

Storage has seen some significant shifts with EMC slipping off the Top 5 list, and being replaced by NetApp. Overall, HP Enterprise continues its dominance with 37.7 per cent of first choice responses, although this is a drop of 3.8 per cent from the previous year. (The split of HP did not impact the Top 100 support of HP in the enterprise space.) Dell, in a distant second place as a top seller, slipped 2.9 per cent but remained the best seller for 13 per cent of solution providers. This market penetration rate is similar to IBM, which rose slightly since last year, but Dell continues to have the edge among resellers as their second and third choice. It should be noted that IBM saw a drastic fall as the second choice, seeing 17.1 per cent from last year give way to 6.5 per cent.

As noted, EMC slipped off the list despite seeing a drop of only two per cent, to 6.5 per cent among first choices. That was enough, however, to allow NetApp, which gained three per cent, to become the first choice for 9.1 per cent of solution providers, cinching the No. 4 spot. Cisco remained in the fifth position.

Security Brands

Endpoint security continues to be the most hotly contested category surveyed. With 25.7 per cent of best-selling votes, Symantec continues to be a clear winner, but has plummeted in popularity by 9.9 per cent as the first choice, 5.7 per cent as second choice, and 3.8 per cent in third choice categories. Similar to HP, Symantec, too, decided to split up its operation and bring back the Veritas brand into the market.

Microsoft Security Essentials makes a surprise appearance at number two, with 13.5 per cent of respondents indicating it to be their first choice. Last year, this product was nowhere near the top five list with only 3.4 per cent of first choice votes. With a renewed channel program and focus, AVG also worked its way into the No. 3 spot with 12.2 per cent of first choice votes, up from 6.8 per cent the previous year.

Trend Micro and Intel Security are down significantly. TrendMicro saw 18.6 to 10.8 per cent this year, while Intel Security saw 15.3 become 9.5 per cent. BitDefender, which actually grew 1.3 per cent, fell off the list.

Mobile Devices

Once again by a wide margin, Apple dominated the Mobile Devices field with 54.6 per cent, a slight drop from 61.5 per cent the previous year. This market share was snatched up by Samsung, who, despite dominance in the consumer space, is now tied with BlackBerry in the first choice category. Both companies are best sellers for 22.7 per cent of solution providers. BlackBerry released two key devices, namely the Passport and Priv, that may have helped it gain traction. It also renewed its focus on mobile security and enterprise mobile management, moves that appear to have nearly doubled last year's results.

Microsoft gained some traction with the release of Windows 10 phones that, when paired with Windows 10 PCs, are beginning to unlock some unique potential. It managed the No. 4 spot despite not reaching the top five list last year. Finally, LG held onto its No. 5 position by making slight gains, landing top selling brand status among 4.6 per cent of resellers.

Going forward, it will be interesting to see whether revelations that BlackBerry gave the RCMP the global encryption key to its consumer devices will hurt its chances in the enterprise.

Top Tablets

In the tablet space, the channel crowned a new king. Windows 10, updated Surface models, and the release of the Surface Book, all helped propel Microsoft's tablets to the top. The company's first-party devices managed to become the first choice among 32.8 per cent of resellers, surpassing both Apple and HP, who are tied for 19.7 per cent in this area. Here, Apple manages to keep a slight advantage with a higher second choice figure of 11.5 per cent compared to HP's 9.8.

Despite making gains in other product categories, Lenovo's popularity dropped to 13.1 per cent from 18.6 last year. However, it came in as the strongest second choice by far with 24.6 per cent, and was also the strongest third choice.

Samsung, with renewed focus on enterprise and security with its Knox solution and partnerships with companies such as Red Hat, managed to win the number 5 position from Dell.

MARKETS AND REVENUES

Customer Segments

The challenge of moving legacy customers to digital future-fueled advanced technology solutions continued to make the channel both exciting and challenging. It is, therefore, noteworthy to see which markets are leading channel sales, as in the top customer segments by industry sector.

Overall, Professional/Business Services managed to secure the top spot when it comes to biggest markets for solution providers. This segment captured 19.7 per cent of first choice votes, and, despite only growing 2.7 per cent over the previous year, a decline in Financial/Insurance/Real Estate and Government sectors' business allowed it to rise two positions to the top. Financial Services fell 4.3 per cent to 18 per cent of first choice markets. All three levels of Government combined fell 2.6 per cent.

A sharp decline in Retail (-8.4 per cent) and Resources (-8.2 per cent) cleared the way for the rise of manufacturing (2.3 per cent) to the number four position. It was followed by Healthcare and Education, both of which fell slightly, but not as much as Retail and Resources.

Revenues

As noted at the outset, this report is based on submissions to CDN's Top 100 Solution Providers Annual Ranking. Most of the companies that participate are mid-to-large sized. There has been little movement year-over-year in terms of the top ten companies, although it is very noteworthy that Scalar Decisions, which was ranked No. 8 in the Mid-Sized Companies category moved up to the No. 1 position last year, and this year has completely switched categories, securing the No. 7 spot in the Top Ten Solution Providers category.

In the mid-sized company category, ESI Technologies, WBM Office Systems, Powerland, CentriLogic Inc. and MediSolution are all making an appearance where they did not rank the previous year. Powerland acquired Saskatchewan's FACT Computers in 2015. And, WBM acquired Agilisys, one of F5 Network's top Canadian solution providers.
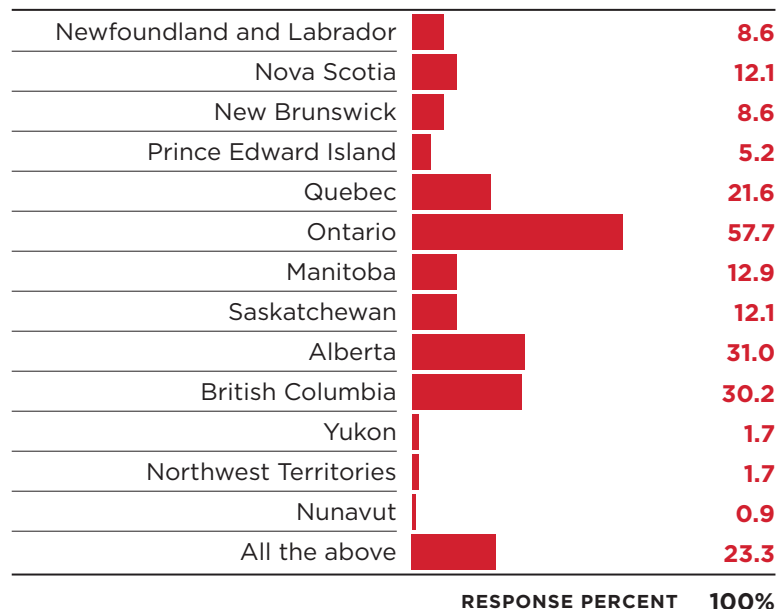
Lines of Business

Respondents were asked to prorate revenues according to the solutions offered. Managed Services continued to reign at 15.43 per cent of revenues, followed very closely by Professional Services at 15.42. In third place is Implementation and Integration, which took the spot away from Computer Sales, although the two closely contest the third and fourth places.

As expected, the cloud has seen growth from 5.8 per cent up to 8.4 per cent this year. Meanwhile, both Networking and Storage have dropped. The continued decline in servers and storage is likely indicative of a shift from these solutions hosted on-premise in the data centre to an outsourced model with a hosting services provider.

Geographic Coverage

This year, participants were asked to identify provinces where they have offices or operations. It was done so with the understanding that channel chiefs look at channel coverage to make sure the demand exists in the marketplace for the product solutions they offer.

Geographic coverage: In which provinces and territories do you have operations/offices?

Province/Territory	Response Percent
Newfoundland and Labrador	8.6
Nova Scotia	12.1
New Brunswick	8.6
Prince Edward Island	5.2
Quebec	21.6
Ontario	57.7
Manitoba	12.9
Saskatchewan	12.1
Alberta	31.0
British Columbia	30.2
Yukon	1.7
Northwest Territories	1.7
Nunavut	0.9
All the above	23.3

RESPONSE PERCENT   100%

Unsurprisingly, Ontario, Alberta and British Columbia continue to be dominant in Canadian markets, a trend we also saw last year. Following these specific choices, solution providers indicated that they operated coast to coast. As expected, the francophone market rounds out the top five.

PROFILE OF A TOP 100 SOLUTION PROVIDER

While the applicants to CDN's Top 100 Solution Provider list don't provide a statistically representative sample of the broader solution provider community in Canada, by definition, the largest solution providers in the country are represented and present an interesting portrait of a top Canadian solution provider.

What's the profile of Canada's top solution providers? Most would still classify themselves as a value-added reseller, although more and more are opting for the label of managed services provider. Most are privately held, with a few of the largest operating as publicly-traded companies.

A top solution provider is probably based in the Greater Toronto Area and most likely to have between 26 and 50 employees, although that could range from 11 all the way to 500. And, feeling bullish about the economy and their prospects, they're very likely to increase their headcount this year.

The average solution provider likely has either Ingram Micro or Tech Data as their key distribution partner. It sells solutions from Microsoft, Cisco or HP. Public sector entities, whether federal, provincial, municipal, education or health care, are a big part of their business, along with the financial services industry. There will be variation, but broadly speaking, these are the characteristics of partner companies that are experiencing the success necessary to become one of CDN's Top 100 Solution Providers.

ABOUT THIS BENCHMARK REPORT

The Top 100 Solution Providers is an annual ranking produced by Computer Dealer News (CDN) based on applications received from the information technology channel. Each year, the top ranking companies, as defined by revenue, are recognized and celebrated at a special awards gala and featured in articles across CDN and other IT World Canada (ITWC) digital media properties.

Applications are open from January to March to solution provider companies of all sizes and revenue levels. Data received from all companies is used to compile this report. Applicants complete an online questionnaire about their businesses. Revenues provided are based on a calendar year (ending December 31).

The Executive Summary of this report was prepared by Gayle Stokes of IDC.