

BOB SCOTT'S

TOP 100 VARS

2023



A Tougher Year Ahead?

A Tougher Year Ahead?

How Will a Slowdown Affect Cloud Sales?

During the COVID-19 shutdown, many businesses suffered. But much of the mid-market reselling channel experienced increased demand as remote work pushed organizations to the cloud.

So what will the experience be if there is a recession in 2023?

There have been high-publicized layoffs at major tech companies that had staffed up during Covid. And while growth continues in the ERP business, there are signs of softening.

"Sales cycles are stretching out," says Scott Irwin, CEO of Maumee, Ohio-based Aktion Associates. In similar comments, Brenda Noblezza, VP of Epicor's America's channel, says, "This is the first quarter I have seen any hesitancy from a net new customer perspective. There are more hoops to go through. Some deals are pushed out."



Scott Irwin,
Aktion Associates

While many observers predict a recession, not everyone sees signs of it. "We expect a slowdown, we haven't seen it yet. Demand for our services continues to be strong," says Matt Kenney, business application leader for RSM US.

But right now, the biggest problem facing the mid-market remains the shortage of qualified consultants because cloud subscription sales are still hot.

"The business consulting crunch is real and still there," says CJ Boguszewski, VP of partner

programs and strategy for cloud-software vendor Acumatica.

Pick your favorite statistic: BlueWeave Consulting predicts the cloud market will more than double by 2029. Most research organizations have growth predictions falling into the same range—15-percent compound annual growth for the business market.

The Covid shutdown experience suggests that a recession is likely to fuel growth as companies seek to use technology to cut expenses. Because a majority of businesses have not moved to the cloud, the demand for SaaS products may keep the pressure on the labor supply during a slowdown.

That leaves ERP vendors in the same position they were a year ago—trying to help the channel bring more consultants into the market.

Last year, Acumatica partnered with Twenty AI, which provides talent engagement services, to provide a one-stop shop, the Acumatica Talent Ecosystem, to offer services such as matching candidates to jobs with VARs and candidates able to register and create profiles.

The effort has brought more workers into the market, says Boguszewski. About 700 candidates participated in the program, with roughly 25 percent of those receiving offers.

"We have succeeded in injecting 100-plus consultants into the channel," he says. "It's about a



Brenda Noblezza,
Epicor

third to a half of what we want to see."

Similarly, last year, Sage launched a consulting pipeline program employing two outside vendors to provide a six-week course, while Oracle NetSuite offered SuiteLife Campus, working with partners who hire college graduates and do some of the onboarding.

A Sage spokesperson that since its fiscal year began on October 1, there have been three cohorts that have added about 70 consultants to the channel. In late April, another group was in training with plans to graduate another 25 to 30 new consultants. Sage reports all those who have participated have been hired by resellers.

With the SuiteCampus program, resellers can hire recent college graduates and send them to Oracle NetSuite for training.

"We have put hundreds of new grads into the market, and we continue to accelerate that," says Craig West, NetSuite's VP of alliances and channels.



CJ Boguszewski,
Acumatica

The Next Generation

The cloud is also having an impact on another issue in the mid-market channel. There are many owners of reselling firms in the later stage of their careers.

When resellers relied predominately on li-

continued on page 12



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Bob Scott's TOP 100 VARs

	Company	Revenue (\$MM)	Staff	ERP Product Line
1	RSM US, Chicago, Ill.	615	5565	Dynamics 365 BC/GP/F&SCM/NAV/SL,SCM, NetSuite, Sage Intacct
2	Alithya, Montreal, Que.	322.8C	3600	Dynamics AX/365, NetSuite, OracleFusion
3	Visionet, Cranbury, N.J.	280	8500	Dynamics BC/F&SCM, S/4 Hana
4	Columbus, Copenhagen, Denmark	200.4D	2000	Dynamics AX/GP/NAV/365, M3
5	Quisitive Technology Solutions, Toronto, Ont.	187	900	Dynamics BC/F&SCM/GP/SL, Sage Intacct, Unanet
6	Armanino, San Ramon, Calif.	181	646	Dynamics AX/BC/F&SCM/GP, Sage Intacct/Intacct Const., Workday
7	Sikich, Naperville, Ill.	134	326	Dynamics AX/BC/F&SCM/GP/NAV/SL, NetSuite, OpenAir
8	Velosio, Columbus, Ohio	129.8	450	Dynamics AX/BC/F&SCM/GP/NAV/SL, NetSuite
9	Crowe, Chicago, Il.	114.6	750	Dynamics AX/365, NetSuite
10	HSO, New York, N.Y.	97E	300	Dynamics F&SCM
11	Enavate, Denver, Colo.	86	375	Dynamics AX/BC/F&SCM/GP/NAV/SL
12	Sapphire Systems, London, U.K.	83.5P	447	Infor SunSystems, SAP B1, BYD, S4 Hana
13	Wipfli, Milwaukee, Wis.	81.6	530	Dynamics BC/GP/SL NetSuite, QB, Sage Intacct
14	Sunrise Technologies, Winston-Salem, N.C.	78.1	324	Dynamics 365 F&SCM
15	Net at Work, New York, N.Y.	73.8	290	Acumatica, MIP, NetSuite, Sage 100/300/500, Intacct, X3
16	ScaleNorth, Walnut, Calif.	71E	236	NetSuite
17	mcaConnect, Denver, Colo.	70	280	Dynamics 365 Finance & SCM
18	Stoneridge Software, Barnesville, Minn.	67.4	350	Dynamics AX/BC/F&SCM/GP/NAV
19	Aktion Associates, Maumee, Ohio	66	212	Acumatica Con/Dis/Mfg, Infor CloudSuite Distribution, CSD/SX.e FACTS/A+, Sage 100nContractor/300CRE, Intacct CRE
20	CLA, NA	65	NA	QB, Sage 100/500, Intacct
21	Copley Consulting Group/Judge, East Greenwich, R.I.	62	110	Infor Industrial Cloud Suite (SyteLine), CloudSuite Distribution (SX.3)
22	BPM, San Francisco, Calif.	59.7	269	NetSuite, Sage Intacct
23	Eide Bailly Technology Consulting, Fargo, N.D.	55	225	Dynamics 365, NetSuite
24	Vision33, Irvine, Calif.	53.9	459	SAP B1, B1Cloud, B1 Hana, Sage Intacct

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Sage

Bob Scott's TOP 100 VARs *continued*

Company	Revenue (\$MM)	Employees	Financial Software
25 ADSS Global, Miami, Fla., Exton, Pa.	45	190	Sage 100c/300c, Intacct
26 SWK Technologies, East Hanover, N.J.	44.9	180	Acumatica, Sage 100c, Intacct
27 LBMC Technology Solutions, Brentwood, Tenn.	42.66	110	Dynamics BC/GP, Sage 300 CRE, Intacct
28 Western Computer, Oxnard, Calif.	40	180	Dynamics AX/BC/F&SCM/NAV
29 Blytheco, Laguna Hills, Calif.	38.2	102	Acumatica, NetSuite, Sage 100
30 JourneyTeam, Draper, Utah	36.3	152	Dynamics BC/F&SCM/GP/NAV
31 Cargas Systems, Lancaster, Pa.	35.9	188	Dynamics BC/GP, Sage Intacct
32 AME Group, Vincennes, Ind.	35	228	Acumatica, Syspro
32 GSI, Alpharetta, Ga.	35	120	JD Edwards, NetSuite
34 Forvis, Springfield, Mo.	30	120	Dynamics AX/BC/F&SCM/GP/NAV, NetSuite, Sage Intacct
34 SIS (Strategic Industry Solutions), Duluth, Ga.	30	275	Dynamics 365 F&SCM
36 RKL eSolutions, Lancaster, Pa.	29.8	101	Sage 100c/500, Intacct, X3
37 ArcherPoint, Atlanta, Ga.; Mississauga, Ont.	29	163	Dynamics BC/NAV
38 Arctic IT Technology, Anchorage, Alaska	28.1	125	Dynamics F&SCM
39 Clients First Business Solutions, Holmdel, N.J.	28	125	Acumatica, Dynamics BC/F&SCM, SAP B1
39 Strategic Information Group, Rock Hill, S.C.	28	125	NetSuite, QAD
41 BAASS Business Solutions, Toronto, Ont., Miami, Fla.	25.4C	151	Dynamics BC/F&SCM, Sage 100, Intacct, X3
42 Optimus Business Transformation, Miami, Fla.; Exton, Pa.	24.7	227	Dynamics BC/F&SCM/GP/NAV/SL
43 FMT Consultants, Carlsbad, Calif.	24.6	81	Dynamics GP/BC NetSuite
44 Godlan, Clinton Township, Mich.	23.2	81	Infor CloudSuite Industrial (SyteLine) ERP
45 NexTec Group, Seattle, Wash.	23	127	Acumatica, Dynamics GP/SL, Sage 500, X3
46 Encore Business Solutions, Winnipeg, Man.	22.76C	107	Dynamics AX/BC/F&SCM/GP/NAV
47 Synergy Resources, Central Islip, N.Y.	22.2	110	Acumatica, Infor CloudSuite Industrial Syteline, Visual
48 Logan Consulting, Chicago, Ill.	21.8	50	Acumatica, Dynamics AX/BC/F&SCM/GP/NAV, QAD
49 Innovia Consulting, Onalaska, Wis.	21.6	90	Dynamics BC/NAV
50 Baker Tilly Digital, Houston, Texas	21.4	97	IFS Cloud, Sage Intacct, Oracle

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Bob Scott's TOP 100 VARs *continued*

	Company	Revenue (\$MM)	Employees	Financial Software
51	Accordant, Florham Park, N.J.	21	80	Acumatica Con./ Sage 100 Contractor, 300 CRE, Intacct
51	Crestwood Associates, Mount Prospect, Ill.	21	60	Acumatica, Dynamics BC/GP/SL
53	DSD Business Systems, San Diego, Calif.	20	150	Acumatica, Dynamics 365, Sage 50/100/300/500, Intacct
54	Kerr Consulting & Support, The Woodlands, Texas	19.2	130	Sage X3, Intacct, Intacct Const, Sage 100/300/500, 100 Contractor, 300 CRE
55	Dean Dorton Technology, Louisville, Ky.	18.3	52	Dynamics BC/GP, QBO, Sage Intacct
56	Answer Company, Vancouver, B.C.	17.5C	140	Acumatica, Sage 100/300/500, Intacct, X3
57	Navigator Business Solutions, Salt Lake City, Utah	17.2	45	SAP B1/B1 Cloud/ByD/S/4 Hana public edition
58	CompuData, Philadelphia, Pa.	16.1	56	Intacct, Sage 100c
58	Fourlane, Austin, Texas	16.1	95	Acumatica, NetSuite, QBE
60	Business Technology Partners, Deerfield, Ill.	15.9	58	Infor Cloud Industrial, Sage Intacct, Syspro
61	Vested Group, Plano, Texas	15.7	85	NetSuite
62	Cre8tive Technology & Design, San Diego, Calif.	15	75	Epicor
63	Stambaugh Ness Tech Solutions, York, Pa.	14.3	42	Deltek Vantagepoint/Vision
64	Alta Vista Technology, Royal Oak, Mich.	13.9	30	Dynamics BC/GP, Sage Intacct
65	Business Solutions Partners, New York, N.Y.	13.2	43	NetSuite
66	Protelo, Folsom, Calif.	12.8	43	NetSuite
67	Cumula 3 Group, Frisco, Texas	12.6	31	NetSuite
68	Technology Management Concepts, Los Angeles, Calif.	12.5	45	Dynamics BC/GP/NAV
68	Warren Averett Technology Group, Montgomery, Ala.	12.5	39	Dynamics BC/GP, Sage 100/100c, QBE
70	Algorithm, Mansfield, Ohio	12.4	40	Acumatica, Epicor
71	Collins Computing, Mission Viejo, Calif.	12.3E	38	Acumatica, Dynamics GP
72	BrainSell, Topsfield, Mass.	12.2	60	QBE, Sage 100c/300/500, Intacct
73	JMT Consulting Group, Nashville, Tenn.; Melbourne, Aust.	11.5	48	MIP, Sage 300, Intacct
74	Boyer & Associates, Minneapolis, Minn.	11.3	40	Dynamics BC/F&SCM/GP/NAV/SL
75	Mibar.net, New York, N.Y.	11.2	29	Acumatica, Dynamics GP, NetSuite
76	I-Tech Support, Ocoee, Fla.	11.1	41	Acumatica



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Bob Scott's TOP 100 VARs *continued*

Company	Revenue (\$MM)	Employees	Financial Software
77 Sockeye Consulting, Anchorage, Alaska	11	55	Sage 100 Contractor; 300 CRE, Intacct
77 Guide Technologies, Cincinnati, Ohio	11	40	Infor CloudSuite Industrial (SyteLine) ERP, XA
79 Microaccounting, Dallas, Texas	10.7	29	Sage 100/500, Intacct
80 Queue Associates, New York, N.Y.	10.2	82	Dynamics 365 BC/F&SCM
81 Oasis Solutions, Louisville, Ky.	10.17	35	NetSuite, Sage 100c, Intacct
82 Paradigm Technology Consulting, Allentown, N.J.	10	60	Dynamics BC/GP
83 Turnkey Technologies, St. Charles, Mo.	9.6	29	Dynamics BC/F&SCM/GP
84 Kopis, Greenville, S.C.	9.5	67	Dynamics BC/GP/NAV
85 Out of the Box, Tigard, Ore.	9.2	63	QBO, QB Accountant, Desktop, Diamond, Enterprise
85 TM Group, Farmington Hills, Mich.	9.2	39	Dynamics BC/GP/SL
87 WebSan Solutions, Toronto, Ont.	8.8C	50	Dynamics BC/GP
87 Central Data Systems, Farmington Hills, Mich.	8.8E	55	Infor CloudSuite Distribution
87 ComTec Solutions, Rochester, N.Y., East Berlin, Conn.	8.8	55	Epicor Kinetic
90 Cloud 9 ERP Solutions, Stamford, Conn.	8.7E	30	Acumatica
91 BCS/ProSoft, San Antonio, Texas	8.5	34	Deltek, Sage 100, Intacct
91 EthoSystems, Scottsdale, Ariz.; Lisle, Ill.	8.5	33	Sage 100CRE, 300CRE, Intacct Const./RE
93 Phoenix Systems, Portland, Ore.	8.4	35	Dynamics BC/NAV, Syspro
94 Intellitec Solutions, Newark, Del.	8.2	30	Dynamics BC/GP/SL, Sage Intacct
95 Six S Partners, Waterloo, Ont.	7.71C	60	Epicor
96 EC Solutions, Laval, Que.	7.6C	70	Epicor Kinetic
97 GoVirtualOffice, Madison, Wis.	7.6	55	NetSuite, Practice ERP
98 Aprio, Atlanta, Ga.	7.5	14**	Acumatica, Deltek, NetSuite, Sage Intacct, Intacct Const., Sage 100c, 300 CRE, Unanet
98 DWD Technology Group, Fort Wayne, Ind.	7.5	27	MIP, Sage BWorks, 50/100, Intacct
98 Express Information Systems, San Antonio, Texas	7.5	17	Dynamics BC/GP, Sage 100, Intacct

Notes: E: Estimate by Bob Scott's Insights C, Translated from Canadian dollars; D, Translated from Danish Krone, P, Translated from English Pounds; ** Plus 35 contractors



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continued from page 2

censes, owners did not have great prospects for a good return on sale of their businesses.

Generally, a VAR selling licenses for on-premise software could expect less than one-times revenue, according to Linda Rose, a former Microsoft reseller, who has worked as an M&A advisor for firms through her company, RoseBiz, since 2007.

But the sale of subscriptions provides a predictable revenue stream and investors can use that to judge the value of a target, which has brought a growing number of private equity investors into the ERP market. Of course, there is always the benefit of access to more capital.



Craig West, NetSuite

There have not been many PE deals announced. A few years ago, David Kerr sold his Kerr Consulting. Last year, private-equity firm, Accordion, acquired Abaci, a NetSuite Solution, Provider. But more are coming.

“We know there are more in flight,” says West.

Epicor is also seeing the interest of private equity firms in mid-market VARs. “This is the first year that has come up,” says Noblezza. “I have had conversations with partners that have been having conversations with private-equity companies. We are going to make a few shifts for next year to help this.”

David Smooha, owner of New York, N.Y.-based Business Solutions Partners, has received an investment of undisclosed size from Columbia River Partners, with Rose acting as his advisor. “They (Columbia) are anxious to build our business,” says Smooha, whose firm concentrates on

NetSuite sales.

He began looking for investors last year and closed the funding in January. With new capital available, BSP added three more salespeople and has also spent time identifying acquisition candidates and looking for complementary products.

One attraction for PE firms is “The stickiness of our business. It’s not easy to replace a cloud-based ERP system,” Smooha says.

BSP has focused heavily on building vertical applications. Its products include software for office and restaurant supply companies and companies in the firearms business. Smooha says, “We build out custom IP that sits on top of NetSuite.”

David Kerr didn’t simply receive an investment. He sold Kerr Consulting, although he remains CEO of the firm he founded in 1987, in 2017. The investors, Proviso Capital, “had some thoughts and ideas of how to grow the business. At the same time, they have been very respectful of how we got here,” says Kerr.

Most private equity firms have a three- to five-year timeline for holding portfolio companies says Kerr. The firm’s owners have a minimum five-year holding time and are not in a hurry to exit the investment—“more like seven or eight years”, he adds.

Proviso provided expertise on how to brand the firm’s intellectual property and for marketing that separately from other products.

A major achievement has been the promotion of Kerr’s Sage X-3 AnyWare, one of several pre-configured Anyware Apps, which combine software processes and hosting, with the firm also



Linda Rose, RoseBiz

providing training.

“It catapulted us ahead of all the X-3 partners in North America,” Kerr said. “Sage hasn’t been able to replicate that yet. They’d like to.”

That fast start process has been a hit with small and medium-sized food beverage and chemical manufacturers, which Kerr says are a “great fit” for X-3. These organizations can afford the software but cannot afford the investment in implementation.

The Kerr manufacturing approach for food beverage and distribution is hosted, preconfigured and has training and processes in place for a fixed fee of \$50,000 in contrast with typical X-3 engagements that can start at \$200,000. Kerr typically sold three to five traditional X-3 systems a year. In 2021, it sold 24 X-3 deals of its packaged system.

“It works great when you have a client that’s committed and ready to do the heavy lifting and sticks with,” Kerr says. “It fails when the client drags their feet, and you are 12 months into it.”

The firm also ramped up its technology services with the creation of a managed services business to move customer IT infrastructure to the cloud, including both voice and data communications, business continuity, and HR software. Kerr says the firm, “Took advantage of our core software and consulting staff to develop a high-margin business.”

More PE deals are likely to be announced this year. Rose has one pending that involves a \$19-million Dynamics reseller that carries the



David Kerr, Kerr Consulting

continued on page 14

Sage Developing A New Channel

A major emphasis in Sage’s channel development in the last few years, is recruiting VARs that carry legacy products to carry the cloud-based Intacct and its editions, such as manufacturing.

But it is also utilizing two acquisitions, Brightpearl and Lockstep, to grow and diversify the partner base. Sage has kept separate websites for both companies, just as it did for Intacct until the last year.

Driving the Brightpearl business is the Brightpearl Inventory planner, which came to Sage with an existing set of retail partners. Lockstep provides an API and platform for interconnecting businesses.

Brightpearl, acquired late in 2021, is described as providing a retail operating system for warehouse management, providing retail analytics and retail accounting, order processing and fulfillment.

Traditional ERP VARs are generally not a tar-

get for carrying Brightpearl, according to Marc Monday, Sage’s VP of global partner strategy and alliances. New dealers will more likely be firms with retail experience, rather than accounting VARs trying to enter the market.

“Those partners are slightly different. They are more on the agency side of business,” Monday says. And as far as any recruitment in that arena, he continues, “We are in the early days. “We will be spending time with a number of partners.”

Lockstep has payments software, but Sage views it more as an integration platform. It offers Lockstep Receivables for AR processing and integrates with a large number of ERP packages.

It also offers the Lockstep Suite an API for developing financial applications, Lockstep Self-Service, which has such features as connecting customers to accounts to enable them to make payments with Stripe and Paypal and the Lockstep Inbox for connecting email and

accounting software

Connecting products is an important initiative. Monday notes that Aaron Harris, Sage’s chief technology officer, has a product team working to develop connectors. The goal is to determine, “how do we operate more effectively with iSVs.” Monday says.

Like other vendors, Sage is helping channel members define vertical markets they might entered.

One tool for helping in that effort is Strategyzer, licensed by Sage/which is designed to generate business model. Monday says it identifies such elements as segmentation, value proposition and cost structures.

“We are spending a tremendous amount of time with partners who want sub-segmentation and micro-segmentation.” says Monday. Topics include such subjects as how to shift marketing resources to address a niche market.

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continued from page 12

full stack of Microsoft products. She notes that such dealers can cross sell and up sell in the Microsoft environment, which Rose says attracts PE investors.

Margins are a major factor in valuing resellers. NetSuite provides higher initial margins on sales—but that can drop as low as 5 percent for renewal, according to Rose. The result is NetSuite adds less to value, she says, because potential investors must “model all the way down to the lowest percentage”.

While those selling products by subscription receive higher multiples than those relying on licenses, an even highly valued group of businesses are the Managed Service Providers, a role that many VARs have adopted.

“I have MSPs who don’t have the same net income as Smootha, who are getting higher multiples, over eight times revenue,” Rose says. “They don’t have same top line, don’t have the same bottom line, but don’t have a vendor issue.”

The vendors issues are that resellers are selling someone else’s product and those organizations can terminate resellers. That’s not an issue for MSPs. Rose says resellers should diversify to protect themselves vendor actions or from over-reliance on one client.

“You never want one organization to have more than 20 percent of revenue,” says Rose. That does not mean necessary selling two ERP systems, which is difficult for small VARs, but adding complimentary products such as Adaptive Planning—which she says has good margin the first year—or other ISV products and “selling a good amount of your own IP.”

Hedging Bets

Mike Oswalt, owner of Algorithm, a Mansfield, Ohio-based reselling firm, knows about that vendor vulnerability.

A long-time Macola reseller, Algorithm was one of the businesses jarred when ECI Software Solutions, which owns Macola manufacturing software line, decided to stop using a channel, giving those VARs 90-day notice of termination in the fall of 2018. ECI also prohibited VARs from dealing with their existing Macola clients. Algorithm and other resellers sued and kept the right to service the installed base.

But they lost the ability to sell to new customers and Oswalt said that was followed by “a pretty rough 2019”.

The company pivoted quickly, picking up Acu-

matica and by 2022, it was Acumatica’s Manufacturing Partner of the Year. What made a huge difference in the turnaround was Algorithm’s relationship with its customers who Oswalt describes as “fiercely loyal”. They told him, “Whatever Algorithm is going to do next; we’ll do that too.”

The last two years have been not so rough. In 2022 comments, Oswalt said Algorithm’s annual revenue was \$6.2 million. For the top 100 submission, he reported \$12.4 million. But noting Acumatica has the same 90-day termination clauses as Macola, Algorithm which had been a one-product company throughout its history,

went on the hunt for a second line.

“This is about risk mitigation,” Oswalt says.

By 2021, he was confident enough in the momentum of Acumatica and spent 10 months in due diligence and contract negotiations, adding Epicor’s Kinetic line.

Oswalt noted the second line is more of a start-up operation, since most of the Macola business had moved to Acumatica, while Epicor sales would all be to new customers.

Few resellers have shown as clear a message about their overall strategy as Aktion Associates. Out to dominate its markets, firm has also followed a policy of having diverse products and



David Smootha,
Business Solutions
Partners

VARs: Things Slowing Down

Many observers expect a recession late in 2023. Whether they are anticipating a true recession or just a slowdown in growth, several resellers who submitted forms for this year’s Top 100 selection see signs of softening.

VARs who made submissions were asked their views on trends since the pandemic. Most pointed to the continuing demand for the cloud, persistent personnel shortages, and the rapidly developing use of analytics, artificial intelligence and other technologies. However, a noticeable minority pointed to a shift in the economy. Here are some of the comments.

Baker Tilly Digital

Since the end of the pandemic, Baker Tilly Digital has seen a significant number of businesses shifting to prepare for an economic downturn, oftentimes in a similar manner to how they navigated inflation.

Business Technology Partners

We are seeing a tightening on capital expenditures given the uncertain economic conditions, but companies still seem to be investing in technology as they seek to automate business processes and drive costs down. There is an increasing demand for business intelligence/analytics solutions and an increased migration to the cloud.

FMT Consultants

As the pandemic restrictions have lifted and the broader economic climate takes shape, we’re seeing a shift in spending anticipation from our mid-market accounts. We are also seeing more turnover in client (and partner) leadership positions and a sensitivity to inflation/threats of recession. This has served to extend sales cycles by approximately 20 percent.

Fourlane

Spending is down more. R&D credit moving to capitalizing is hurting cash flow for a lot of upper-small/lower mid-sized businesses. Employees are more scared for their jobs recently causing disruption in confidence and consulting is all about confidence.

There is a lot of fear around QuickBooks Desktop going away. We are providing options to our customers who are too large for other QuickBooks products.

GoVirtualOffice

Feels like the ERP market is softening. Assuming it is due to inflation and concerns about the economy.

Innovia Consulting

We are cognizant of people’s concerns of a recession. However, the trend we are seeing from our clients is that they are still willing to invest in their Microsoft ERP system. In fact, if the viewpoint of our customers was the only lens of which we perceived economic conditions, we would have little to no evidence to support an impending recession.

I-Tech Support

Over the past several months, we have seen companies become a little more cautious and conservative about their IT and ERP software spending. We also see the sales cycle extending to some extent and companies becoming more thorough in their evaluation process. We believe that this is not a bad thing as companies may be more realistic in setting their goals & timelines associated with an ERP Software project.



Lou Sassano,
Syspro

services.

"We are diversified by industry and diversified by publisher. That is all by design," says Irwin. He cites the company history as demonstrating the need for hedging bets. In 1990, Aktion was an IBM partner and 90 percent of its revenue came from what was then an overwhelmingly hardware company.

Besides carrying multiple ERP lines, Aktion is following a strategy that is a bit of technology self-sufficiency for providing managed services.

"We are truly a VAR and MSP that owns its own data centers," says Irwin. "We are not building recurring revenue for AWS or for Azure."



Todd Perlman,
Business
Technology Partners

Aktion bulked up its architecture and engineering software operations with the purchase of Deltek reseller, Central Consulting Group, in 2021 and its construction and real estate business with the acquisition of United Solutions last year.

As a result, Irwin says Aktion is the largest reseller of Deltek and Infor Distribution and Acumatica Construction in the United States "and still a top five Sage partner."

The firm has five divisions operating its different business lines. Acumatica and its Construction, Distribution and Manufacturing Editions fall under the Multi-Industry Division. Infor's CloudSuite Distribution ERP is handled by the Supply Chain Division. Sage real estate and construction products are sold by the Construction Division, while Deltek's offerings are the purview of the Architecture, Engineering & Professional Services Division. In addition, the Technology Division delivers Aktion's managed services, IT infrastructure and cloud hosting.

The Supply Chain division with its Infor customers, is the largest of the five divisions with fewer, but much larger customers. Infor is stronger in wholesale distribution because of its ability to handle complex systems, Irwin explains.

"If you get in a \$100-million company with regional and national shipping and complete an order from six different warehouses, their (Infor's) functionality is really strong," Irwin says. The functionality puts Infor more in competition with Epicor and QAD than with Dynamics, Acumatica or Sage.

One product starting to grow is Intacct Construction.

"The majority of the Intacct clients that we have been winning are net new accounts." While the product still needs features, Irwin says. "With very release the product is getting closer to being on par with Timberline (Sage Construction and Real Estate.)

A New, Old Player

Syspro has been changing dramatically, both in the United States and in its homeland in the last few years. In March 2019, the Johannesburg,



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, Alithya, Columbus and Qusitive.

Most 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.

All companies considered carry products other than financial software, and revenue from those products is included the totals reported here. Candidates were considered if they were in business on Dec. 31, 2022.

Revenues reported are primarily gross revenue. However, some resellers have pointed out that ERP vendors have moved to billing customers and sending the resellers their share, minus cost of goods sold, net revenue. That method, these VARs say, is the proper accounting treatment.

South Africa-based parent acquired Syspro USA, its distributor in this country.

Moreover, while the company had a history of employing executives and managers for decades. Phil Duff, who founded the company in September 1978, became executive chairman turning over the CEO job to Jaco Maritz in September 2022.

In the last few years there have many new hires in the leadership ranks. In 2021, Syspro US made a number of executive changes, including asking Scott Hebert CEO of Syspro USA and Brian Goodman, chief service officer and it hired Michael Bennett as global channel executive in 2021. It also rebranded that year.

It is working to become more visible, having joined in the Information Technology Alliance, a group of accounting and consulting firms.

"It's been a 180-degree turn from what it was," says Todd Perlman, owner of Business Technology Partners, a Syspro reseller based in Deerfield, Ill. "We have had a good solid couple of years of working with the current management. They are very much aligned with the customer."

One area of complaints had been product development. Perlman said Syspro still has gaps in functionality. But he notes, "They have started to close those gaps".

Marketing was also a problem. Perlman notes Syspro has been strong in the food and beverage industries. "But they didn't do a great job of marketing the capabilities to those industries. Formerly, BTP had lost "every deal" in that field, but now that Syspro has ramped up its marketing and Perlman's firm is winning most deals.

Syspro says the results of the changes is more channel revenue. Lou Sassano, Syspro's VP of channels, says that channel revenue was up 29 percent this year and it expects a 40-percent rise for the next.

"One of my missions is to strengthen the existing base," says Sassano, who joined Syspro USA in December. "The biggest waste of time is not working with the right partners."

There are 45 North American channel partners. Sassano seeks modest channel growth, looking to add eight this year, 10 near year and 15 in the following 12 months.

Sassano bills exclusive VAR ownership of registered leads. That does not happen with some competitors. "We are hearing from some VARs coming to us that is not uncommon for them to have four or five VARs competing for the same company," he says.

Sassano also says Syspro has greater flexibility in using of market development funds. Typically, VARS spend money and then have to apply for funding to prove how the funds has been spent and "maybe three to six months later, they get their money," he says.



Matt Kinney,
RSM US

continued on page 16

continued from page 15

Syspro's resellers earn funds and if they want to utilize money "we handle it and deduct from their accounts."

Syspro has an advantage with deep manufacturing functionality and distribution. It is particularly strong with segments such as beverage, machinery and equipment and fabricating metal.

"Our close rate in food and beverage is 64 percent," Sassano says.

Going Vertical

For years, vendors have told resellers that the best route to better profits is through specializing—taking an ERP product and building their own intellectual property on top of that and providing services to implementation and maintenance,

Benefits of specialization have been widely discussed but include shorter sales cycles and more optimized implementations.

In traditional sales of ERP licenses, "Everything is a one-off project," says NetSuite's West. But when resellers focus on a specialized market, they can use repeatable processes which are more profitable. "You are investing less to acquire customers, less to implement systems," West explains.

NetSuite works with its Solution Providers to identify markets which have the potential to be developed—"to know there is something there," West says. There are "in the 60s" specialized products developed by resellers now being marketed and "it's growing 30 percent to 50 percent every year," West says.

According to West, the formula for successful niches includes providing pre-built dashboards with KPIs, business processes and leading practices.

NetSuite has a set of goals for launching these efforts in terms of setting goals for acquiring customers. That starts with "Let's get it built and then get one; then spring to five customers and from there a sprint to 20," he noted. West says those VARs with five such clients have a focus; those with 20 have a vertical.



Marc Monday, Sage

The Cloud Rules

The accelerated move to the cloud during the Covid pandemic fundamentally changed the demand for software. Companies may continue to use on-premise packages for years. But when it is time to switch products, they are looking to the cloud.

"The cloud is the default," says RSM's Kenney. "As we are talking to clients, they are assuming their workload will be in the cloud eventually."

RSM carries three cloud lines—NetSuite, Dynamics 365 Business Central and Finance and Supply Chain and Sage Intacct. The firm has

performed well with all, winning the NetSuite partner of the year award multiple times, and similarly being named to the Dynamics Inner Circle frequently.

"Our approach at RSM is delivering more and more complex implementations with NetSuite," says Kenney. He notes that is somewhat opposite with NetSuite. "Part of NetSuite's growth has been going down market and competing with QuickBooks," he says.

RSM operates within the upper half of the NetSuite market, serving clients with needs for multi-language, multi-currency and multi-tax capabilities.

With Dynamics, the company has a large target market in the base of tens of thousands of companies still using Dynamics GP and Kenney says many of them are moving to Business Central.

"We have tried to educate our GP clients on their options," says Kenney. "We are there to support them as long as they want to stay there." However, BC lacks a robust HR and payroll systems, which is keeping many customers on GP, he adds.

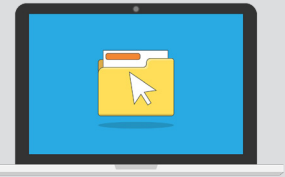
Kenney also points to increasing demand for Dynamics 365 Customer Engagement, which described as combining elements of ERP and CRM software. While CRM has historically concentrated in sales force automation, CE is designed for those who are tackling automation in other areas of business, he explains.

"Where we are seeing the growth is field service," says Kenney

Intacct continues to be successful as a major platform for the firms' outsourced bookkeeping services. And it continues to be a mainstay in areas in which it has historically been strong—nonprofits and complex financials. The latter capability has appealed to financial services organizations.

Kenney says that Intacct's "native fund accounting, is a big hit with non-profit clients."

RSM is also making invest in the construction software market. Kenney sees Sage making a great deal of progress there is building functionality from Sage CRE (the former Timberline software) into Intacct Construction.



Guide to Software Products Listed

Here is the key to products listed in this 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.

Product lines have been expanding with both Acumatica and Intacct adding editions—both have Construction and Manufacturing Editions. While the Dynamics line continues to expand, most of the action is on the CRM side.

Acumatica: Acumatica, Com (Commerce), Con (construct) Dst (Distribution), Mfg. (Manufacturing)

Community Brands: MIP (MIP Fund Accounting)

Deltek: Vision, Vantagepoint

Epicor

Infor: Infor Cloud Industrial Suite, WD (Wholesale Distribution): CSD/SXe/FACTS/A+, M3

Intuit: QB, (QuickBooks), QBES (QuickBooks Enterprise Solutions), QBO (QuickBooks Online)

Microsoft Dynamics: AX, GP, NAV, SL, 365, BC (Business Central), F&SCM (Finance and Supply Chain Management)

Oracle: Oracle Cloud, Fusion, JDE (J.D. Edwards), NetSuite, OpenAir

QAD

Unanet

SAP: B1 (Business One), B1 Cloud, ByD (Business ByDesign)

Sage North America: BWorks (BusinessWorks), Sage 50, Sage 100, 100c (100cloud), Sage 300, 300c (300cloud), Sage 500, Sage 100 Contractor, Sage 300 CRE (Construction and Real Estate), Pro (SagePro ERP), X3. Intacct, Con (Construction),

Syspro

Workday Financials

Bob Scott has been informing and entertaining the mid-market financial software sector with his email newsletters for 24 years. And he has been covering this market through print and Internet-based publications for 32 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 ERP Global Insights (formerly Bob Scott's Insights) since 2009.

