

CDN TOP 100 SOLUTION PROVIDERS

I N D U S T R Y B E N C H M A R K R E P O R T

00

1



2

BROUGHT TO YOU BY



IN PARTNERSHIP WITH



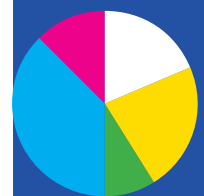
SUPPORTED BY



SPONSORED BY



CONTENT



C

SPONSOR	3
INTRODUCTION	4
EXECUTIVE SUMMARY	5
CHANNEL OUTLOOK	7
TALENT	10
PRODUCTS AND BRANDS	13
PROFILE OF A TOP 100 SOLUTION PROVIDER	18

Born in the cloud, IT Cloud was established in 2005 to provide cloud backup services in the form of supervised cloud backup solutions to MSPs. IT Cloud is now an Authorized Microsoft CSP Indirect Provider (2-Tier distributor) and a Bitdefender Cloud Distributor in Canada. Boasting a network of over 650 partners that put their trust in their cloud services, they are the IT department in a Canadian cloud for their partners. This organization is among the top cloud service providers of secured online backup solutions and Microsoft cloud services in Canada.

With IT Cloud, MSPs across Canada can combine Business Continuity and Business Productivity in one single place. For more information about IT Cloud www.itcloud.ca.



SPONSOR

INTRODUCTION



The rapidly changing nature of the digital market is turning organizations upside-down as they try to keep pace. Indeed, many predicted a gloomy impact on channel providers. Instead, this year's Top 100 Solution Providers report demonstrates that they are turning digital disruption into an opportunity.

In its fifth year, the Benchmark Report by Computer Dealer News (CDN) is the only publication of its kind in Canada to provide a detailed snapshot of the industry. Each year, CDN, a digital media property of ITWC, conducts an extensive survey of

Canada's top solution providers to get an insider view on the current state of the business and future trends in this unique market. The resulting report provides insights on the top solutions and vendors in the industry, including an assessment of what's hot right now and what's not.

Based on the information, CDN develops an annual Top 100 Solution Providers ranking based on revenues. The solution providers surveyed for this report represent mainly small-to-medium sized businesses, but include participation by large national and global firms. Respondents are managed services

providers, cloud service providers, system integrators, value-added resellers, and IT consultants.

The data collected for the company ranking and the report is verified and analyzed in partnership with IDC Canada, one of the nation's leading technology research firms.

METHODOLOGY

The results of this benchmark report represent the responses of 136 Canadian channel companies to an online survey. In each section, the numbers given represent the percentage of respondents saying they are involved in that technology or practice.

Digital transformation continued to drive tremendous change and disruption in 2017. The results of the Top 100 solution providers survey demonstrates that the channel is not just weathering the storm but is adapting to take advantage of the opportunities and is optimistic about future prospects.

Rising revenue during this period is good news for the industry. The Top 10 solution providers in 2017 together generated over half of the total revenue, with most once again moving into higher revenue ranges. Among the top five, CDW, Softchoice, Compugen and OnX retained their ranking while CompuCom took fifth place on the back of strong double-digit growth over the previous year.

Total revenue for the 2017 Top 100 Canadian solution providers was \$9.2B, up 12 per cent from \$8.3B in 2016.

Although there were fewer submissions in 2017, many of the leading solution providers reported significant growth rates. Mergers and acquisitions, a factor in 2016, impacted a couple of leading solution providers, with OnX being acquired by Cincinnati Bell, Inc. and Acrodex by PCM Canada.

A total of 126 companies submitted this year, down from 145 participating in 2016. There are 12 new companies on the list, which is down from 27 new submissions in 2016. Notably, eight of these new solution providers made the 2017 Top 100 list.

EXECUTIVE SUMMARY

For 2017, 96 per cent of respondents will be looking to hire over the next 12 months.

Canadian solution providers are relying on a healthy mix of technology solutions, with an increasing focus on those services that best support digital transformation for their clients. In 2017, the top

solutions provided were IT Consulting Services, Managed Services/ Hosting, Security, and Network/Infrastructure Design and Implementation. More telling are the areas of anticipated growth in the coming year. A

large majority project that cloud services will continue to grow, followed by security, managed hosting, IT consulting, and AI and cognitive services.

Hiring prospects are more positive than ever before among solution providers. For 2017, 96 per cent of respondents will be looking to hire over the next 12 months. The

top areas of expertise where they will be looking to hire include Business Development/Sales, followed by Security and Cloud.

The top customer segment targets for 2017 were Government, Financial and Real Estate, Professional Business Services, Healthcare/ Pharmaceuticals and Manufacturing.

2017 Rank	Company	2017 Revenue Range	Web Site
1	CDW Canada	\$900-\$950M	www.cdw.ca
2	Softchoice	\$800-\$850M	www.softchoice.com
3	Compugen	\$600-\$650M	www.compugen.com
4	OnX (a CBTS company)	\$550-\$600M	www.onx.com
5	CompuCom Canada Co.	\$500-\$550M	www.compucom.com
6	Long View Systems	\$350-\$400M	www.longviewsystems.com
7	Hypertec Group	\$350-\$400M	www.hypertec.com
8	Scalar Decisions	\$325-\$350M	www.scalar.ca
9	Insight Canada	\$325-\$350M	www.insight.ca
10	PCM Canada (Acrodex)	\$300-\$325M	www.pcmcanada.com

**The Top 100 Solution Providers list recognizes new players and historical restatements when new information is available.*

CHANNEL CUTL CLOUD



The emerging theme from 2017 is one of optimism.

Solution providers are successfully crossing the digital divide to offer higher-value services that are critical to assisting clients in their digital transformations. They are also offering a diverse range of services. At the same time, significant opportunity remains for development in third-platform services such as AI and the Internet of Things.

THE TRIFECTA

Cloud took centre stage in 2016 and remained strong through 2017. A large majority of providers expect continued growth in cloud over the next 12 months. Consistent with market trends in Canada, most providers offer a mix of cloud services, with 70 per cent now active

in the hybrid space. In identifying their current delivery mix, there is clear recognition that it is necessary to provide the full range of cloud options. 33 per cent of their services are on-premises while 28 per cent of their clients have deployed a hybrid model.

As the mix of cloud services became more entrenched in the community's portfolio, managed services and security rose as a service offering. More importantly, managed services grew as a leading revenue stream for the channel – a sure sign that providers are moving up the value chain.

It is clear that this trifecta of services has become part of the basic toolkit for solution providers, and is driving growth and hiring plans for the coming year.

TOP FIVE REVENUE SOURCES

21%

Managed services
(up from 15.4% two years ago)

18%

Consulting / Professional services
(up from 15% in the last 2 years)

15%

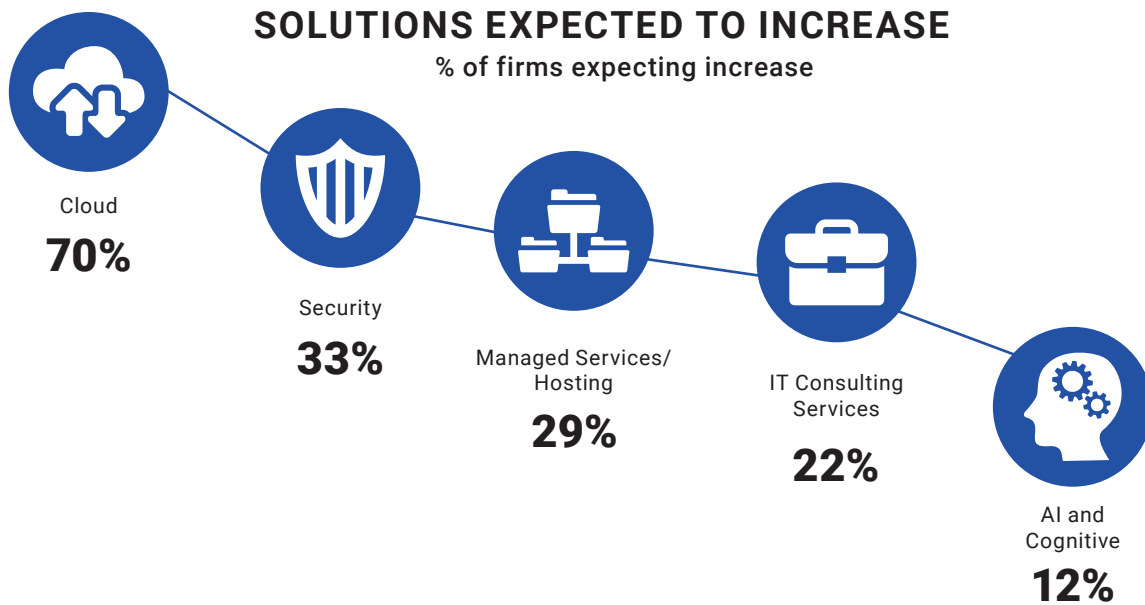
Infrastructure solutions

11%

Client solutions
(PCs, printers, mobile devices)

8%

Cloud



TOP LINES OF BUSINESS

It is not surprising that, consistent with last year, the Top 100 survey results show that more than 81 per cent of respondents continue to focus on IT consulting services as a primary offering.

A more interesting trend is revealed by a tie for second place. Seventy-five per cent of solution providers say they provide managed services and hosting as well as security.

In both cases, this represents a five per cent increase in the number of providers that offer these services that go hand-in-hand with cloud and digital transformation.

Network/infrastructure design and implementation continues to rank high as an offering by 73 per cent of solution providers, but has declined slightly over the past two years.

In today's market, customers demand a

high-quality, always-on experience. This is reflected in a slight increase in the number of channel partners offering data/disaster recovery and business continuity services to 72 per cent.

In this year's survey, cloud services were broken down into the various types of offerings, with hybrid cloud coming out on top as an offering by 70 per cent of providers. Channel providers are optimistic about the

growth of cloud and the opportunity to increase their business as cloud brokers and trusted advisors on cloud deployment.

TOP REVENUE STREAMS

For the second year in a row, managed services is the leading revenue stream for the Top 100 solution providers. In 2017, it added up to 21 per cent of their overall revenue – an increase of almost six per cent over the past two

years. This is clear evidence of a shift to services that support digital transformation.

Revenues from the previous first-place holder, consulting and professional services, increased to 18 per cent of the overall pie. This was followed by infrastructure solutions, client solutions (PCs, printers, mobile devices), and cloud, which held steady at just over eight per cent.

While more solution providers are offering security services, and expect strong growth in it, security accounts for only five per cent of the channel's revenue. This represents a 1.5 per cent increase over the past two years, but there is plenty of opportunity to grow.

WHAT'S HOT

When asked to identify growth areas over the next 12 months, the channel partners see cloud as the clear

winner. By far the largest number, at 70 per cent, are confident that the range of cloud offerings will be a growth area this year.

A likely spinoff of the anticipated growth in cloud is a potential rise in the sales of security services. Thirty-three per cent of respondents expect their security business to grow in 2018. Similarly, almost as many predict an increase

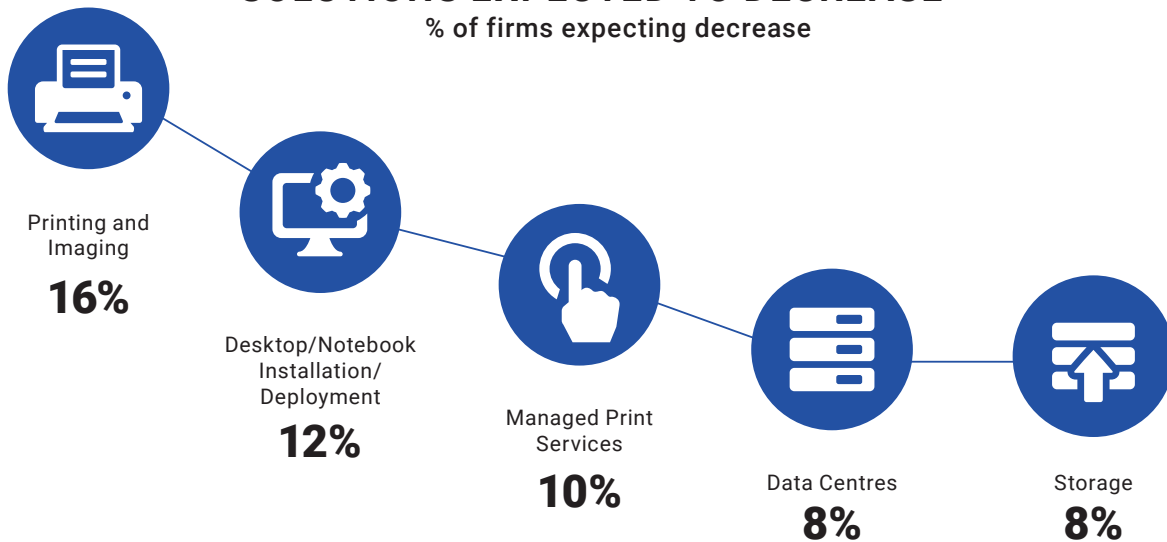
in managed hosting services, followed by IT consulting services.

WHAT'S NOT

Spending on printing and imaging is likely to fall again this year. As well, respondents project that there will be a decrease in desktop and notebook installation and deployment. New additions to the top five list of services most likely to decline are managed print services, storage and data centres.

SOLUTIONS EXPECTED TO DECREASE

% of firms expecting decrease

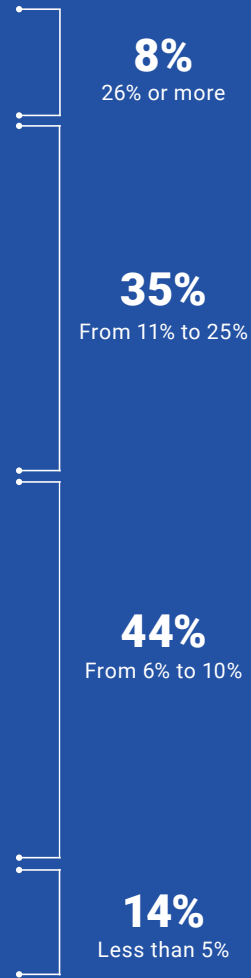
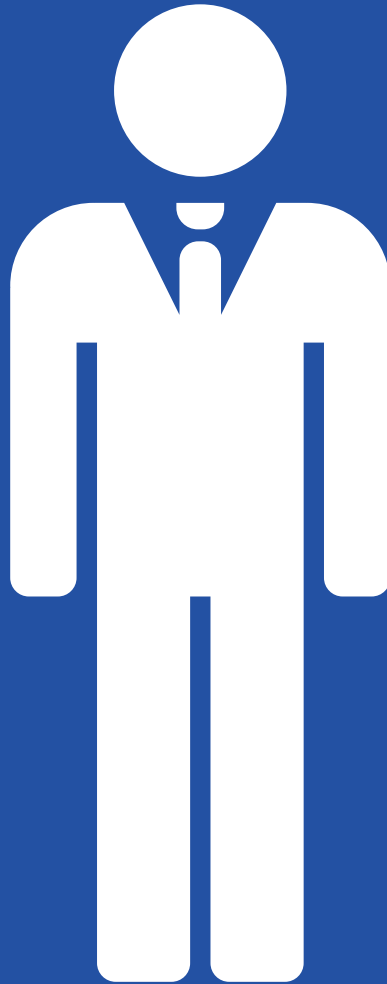


TALENT TALK



EMPLOYMENT

Percentage of firms expecting to add staff in the next 12 months



As solution providers make the shift to selling more services, talent will

play a more crucial role in their ability to differentiate from competitors. While solution providers are optimistic about

the growth of high-value services in the next year, they are positively bullish about their hiring plans.

Ninety-six per cent of respondents expect to hire new employees in the next 12 months, up five per cent from last year. Even more telling is that there are no bears among the respondents. **No one said they plan to reduce their head count this year.** What's more, the majority anticipate employee growth to be significant. Seventy-

eight per cent plan to increase their staff by six to 25 per cent, while eight per cent expect to grow by over 25 per cent.

HOT JOBS

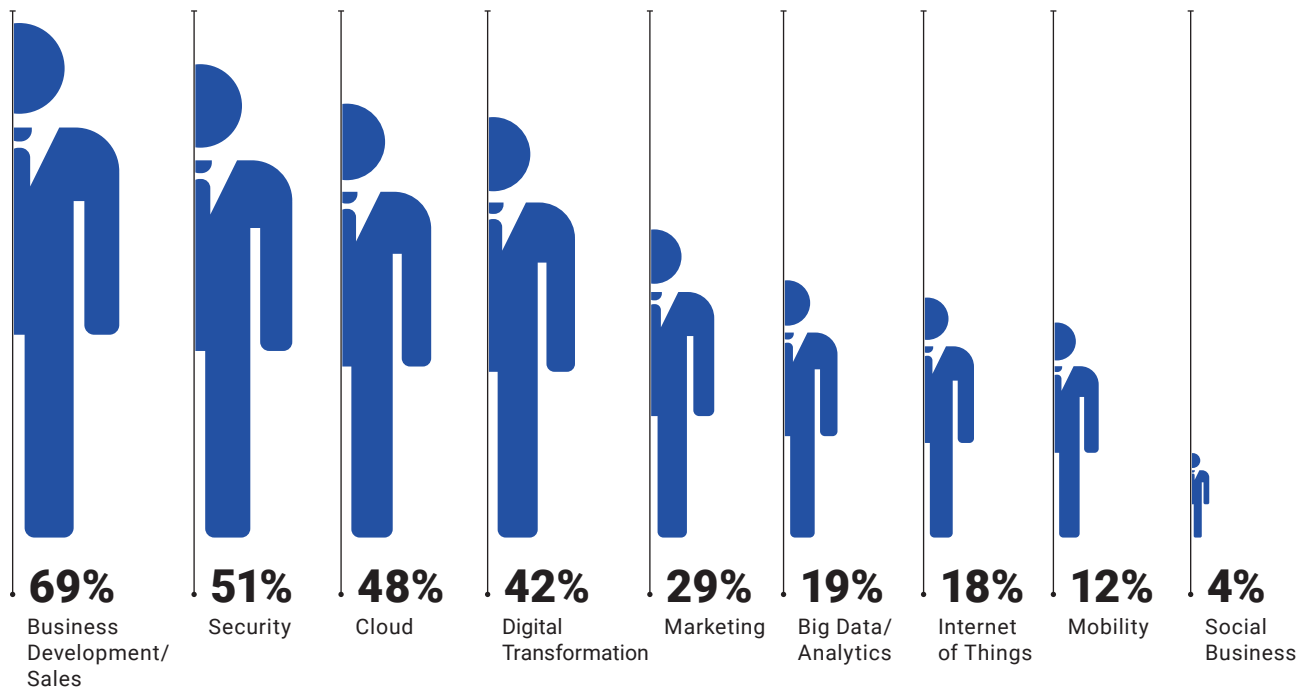
Solution providers are seeking to hire a diverse range of skills. Like last year, the top three areas for hiring are business development and sales, security, and cloud.

In a year that saw an unprecedented increase in security threats, including the spread of the WannaCry virus and the rise of ransomware attacks, it's not surprising that security is a big growth area for hiring, up by 12 per cent over the last two years. Similarly, there has been a steady increase in the number of providers that seek skills in digital

transformation, which ranked fourth on the list of areas for hiring. This includes skills in software defined enterprise, hybrid IT, and converged infrastructure. Clearly, solution providers are poised to add value on the complex mix of infrastructure solutions being deployed by many Canadian organizations, and to help secure them.

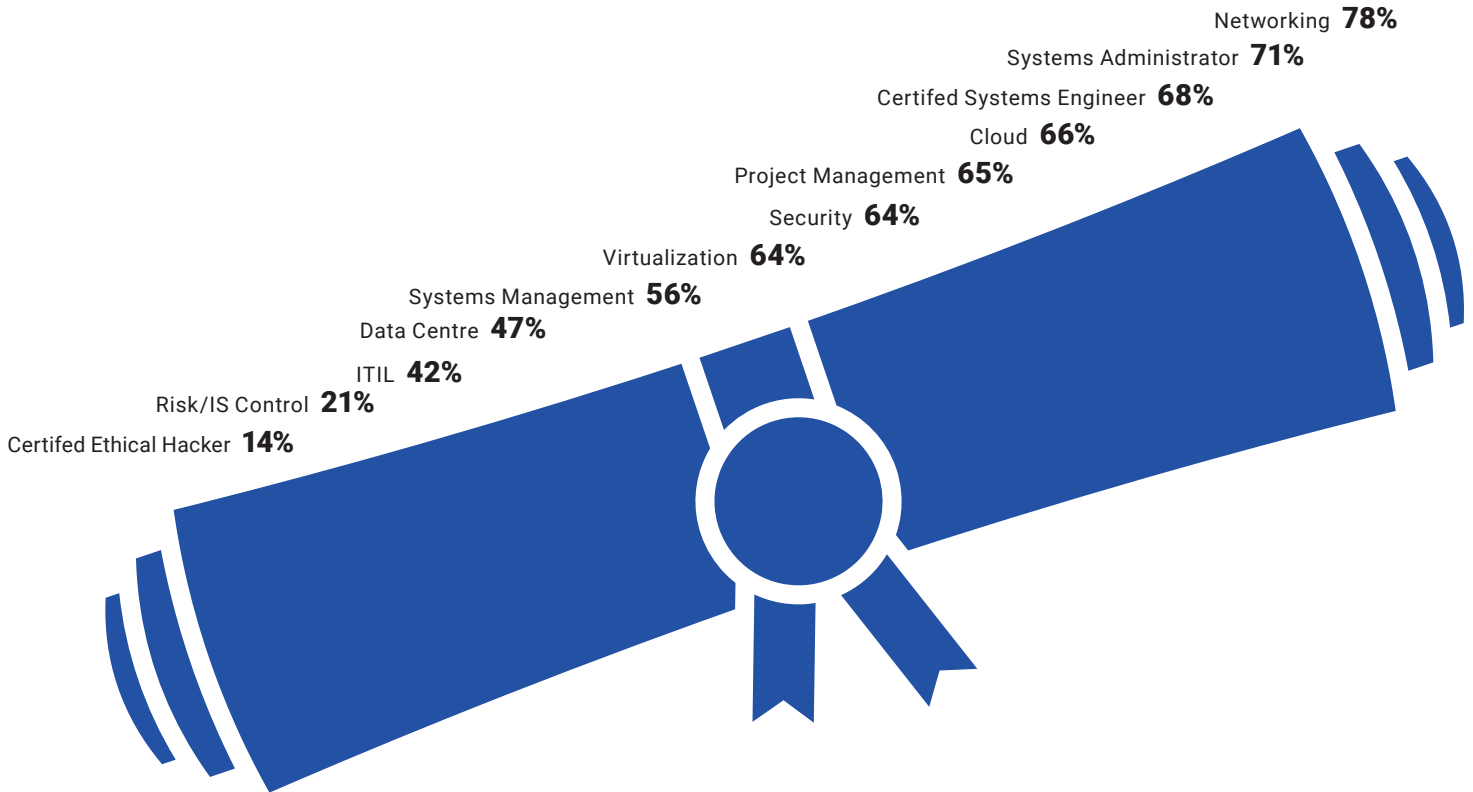
HOT JOBS

Percentage of firms expecting to add staff in the next 12 months



SPECIALIZATION OR CERTIFICATIONS

Held currently by solution providers



SPECIALIZATIONS IN DEMAND

The top specializations or certifications held by the employees of solution providers were networking, systems

administrator, and certified system engineer. Certifications in growth areas like cloud, security, and virtualization

remained relatively flat over the past year, perhaps reflective of the gap in specialized IT skills in Canada. Although they remained high on

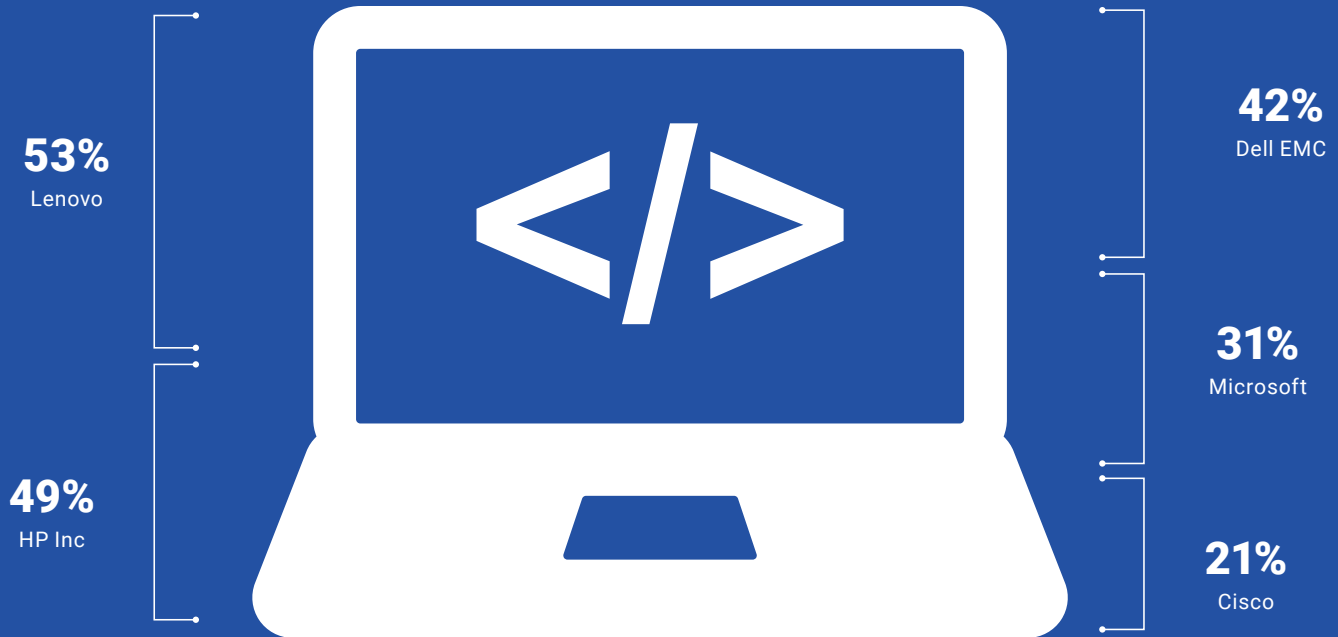
the list, there was a clear decline over the past two years in the number of certified systems engineers and project managers.

Channel partners have been undergoing a reboot to embrace the continued trend toward “everything-as-a-service” and monthly recurring revenue models. Nonetheless, infrastructure solutions (PCs, printers, mobile devices) held steady as a revenue stream for them in 2017.

According to IDC, the traditional PC market, which has been sharply declining, steadied toward the end of 2017, but remains weak. While hardware sales will continue as an essential element of the solution providers’ toolkit, a greater focus will be to provide equipment as part of a broader solution or service.

PR & BRANDS PRODUCTS

TOP COMPUTING BRANDS



TOP COMPUTING BRANDS

Lenovo, HP, and Dell EMC maintained their dominance in the computing market in 2017. During the year, Lenovo upgraded its sales incentive

partner program which provided support for sales of its business-focused ThinkPads. Meanwhile, Microsoft launched a new partner program during the year fortifying sales of its Surface brand.

TOP SERVER BRANDS

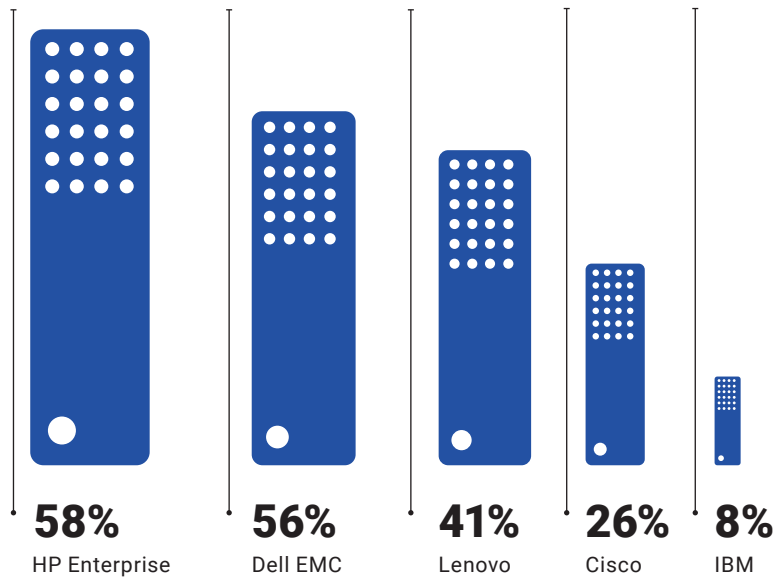
According to IDC, vendor revenue in the worldwide server market soared in 2017, driven by demand from hyperscalers. It notes that this has had a spinoff effect for manufacturers and

solution providers. The Top 100 survey shows that HP maintained its position as the dominant player in the server market. Dell EMC is now a close second, with a strong surge based on synergies between its servers and storage solutions.

TOP ENDPOINT SECURITY BRANDS

The meteoric rise in threats to data privacy has meant that organizations must increasingly adopt a multi-layered security defence. This provides an opportunity for trusted solutions advisors to assist organizations in implementing effective defence mechanisms. In 2017, Cisco emerged as the top endpoint security brand after increasing its focus on solutions designed to provide multiple defence points.

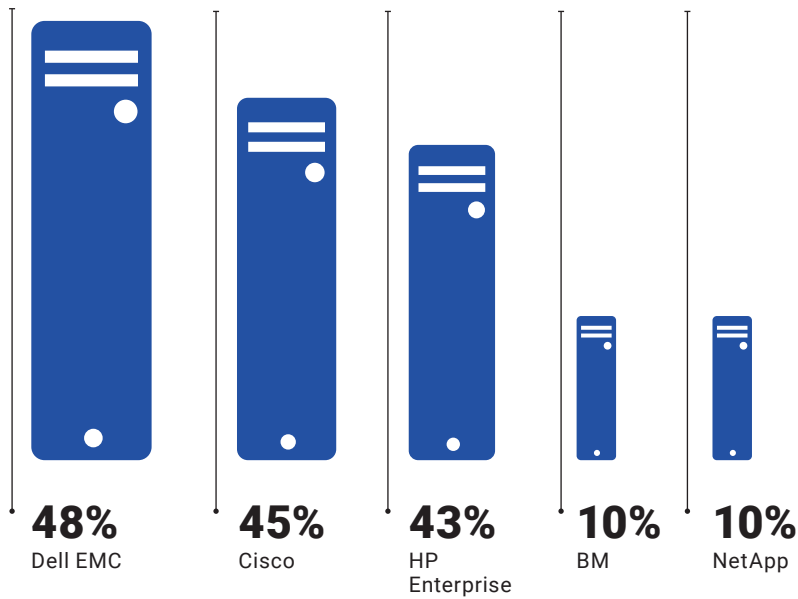
TOP SERVER BRANDS



TOP ENDPOINT SECURITY BRANDS



TOP HARDWARE BRANDS



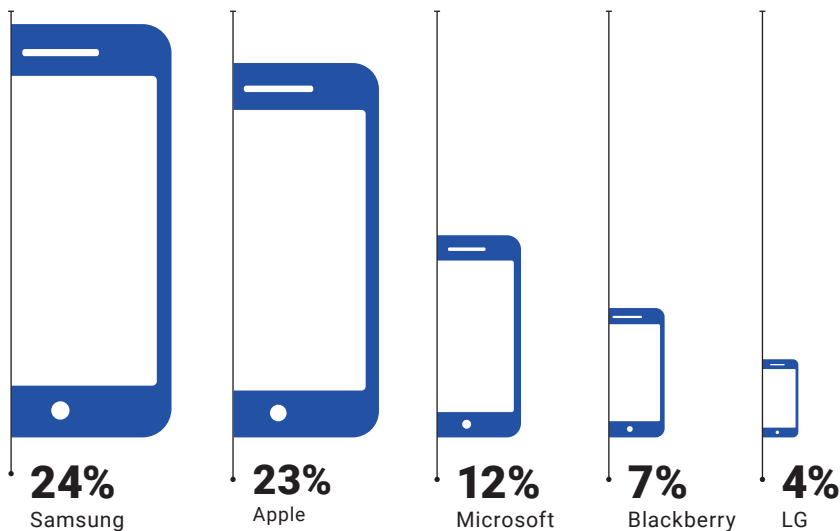
TOP HARDWARE BRANDS

Dell EMC, Cisco, and HP continue to exercise control over the hardware market by a wide margin.

TOP MOBILE DEVICES

Samsung has come out on top in the mobile devices category for the first time albeit with only a one per cent margin over Apple. In 2017, Samsung increased its investment in the channel with new solution provider training and demand generation programs. At the end of the year, Samsung released a new enterprise version of the Galaxy Note 8 which will be sold exclusively through channel partners.

TOP MOBILE DEVICES



TOP CLOUD INFRASTRUCTURE/ PLATFORM PROVIDERS



TOP CLOUD PLATFORM PROVIDERS

With all the major cloud players investing in Canada, Microsoft Azure comes out as the

clear winner in 2017. It continues to demonstrate impressive market growth after launching in Canada less than two years ago. Solution providers

overwhelmingly see cloud as a continued growth area. Indeed, IDC predicts double digits in terms of revenue and new clients over the next year.

PROFILE



The results from the Top 100 Solution Provider survey provide an interesting snapshot of the Canadian market and of an industry in transition. Here again, channel providers demonstrate that they are adapting to the new digital age and are optimistic about the opportunities it presents.

What they do: Most respondents continue to call themselves value-added resellers, although not as many as last year. Rather, an increasing number are choosing to use the title of managed services provider. Eighty-eight per cent of their firms are privately held, with a few of the largest operating as publicly-traded companies.

How big they are: One of the most striking results from the

survey is that all of the respondents plan to add new head count to their organizations in the coming year. Channel providers mirror the Canadian industry landscape, which is dominated by small- and medium-sized businesses. Consistent with last year's total, 62 per cent of them have between 11 and 100 employees.

The solutions they provide: The top five solutions offered are: IT consulting, managed services hosting, security, network infrastructure design and implementation, and data disaster recovery and business continuity. Managed services now make up more than 21 per cent of their revenue.

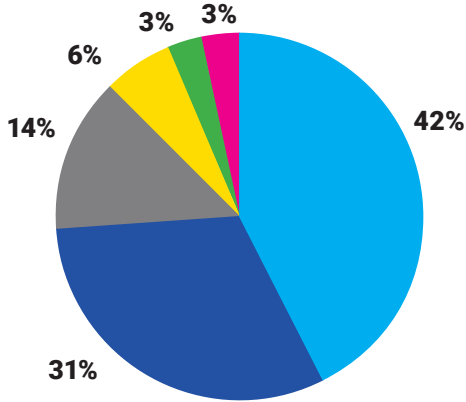
How they deliver services: Canadian solution providers are delivering the full mix of cloud services. While

almost 33 per cent continue to be delivered on-premises, there is a shift to providing hybrid services, with almost 29 per cent in that category.

Private cloud is also commonly used, delivered almost 24 per cent of the time, while public cloud is used by 16 per cent of their customers.

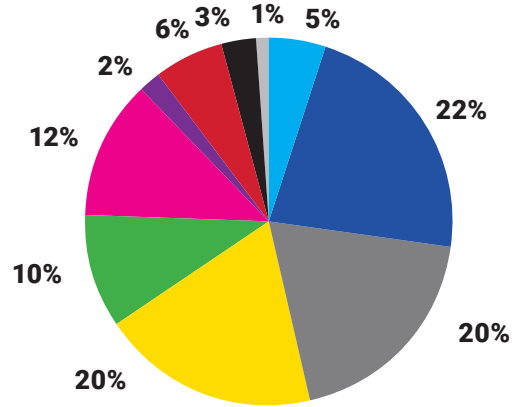
Key distribution partners are Tech Data, Synnex, and Ingram Micro.

Who they sell to: The government market has moved into top spot as the number one sales vertical for channel providers, outpacing the business sector for the first time. This reflects the pressing need for governments to gain efficiencies through digital transformation, and, like most organizations, its challenges in retaining highly skilled workers.



WHAT THEY DO

- Value Added Reseller/Full Service
- Managed Services Provider
- IT Consultant/Professional Services/IT Support
- Systems Integrator
- Independent Software Vendor
- Cloud Service Provider

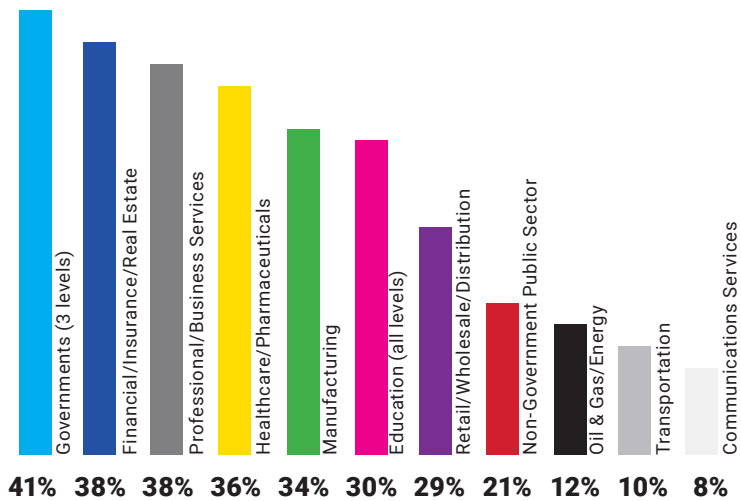


SIZE

(by employee count)

- 10 and under
- 11 to 25
- 26 to 50
- 51 to 100
- 101 to 200
- 201 to 500
- 501 to 1,000
- 1,001 to 2,500
- 2,501 to 5,000
- 5,001 and over

While most channel partners provide solutions across a broad range of industry verticals, 25 per cent say they earn more than 50 per cent of their revenue from one industry. That's up from 18 per cent in this category last year.



VERTICALS THEY SELL INTO



Rank	Company	Revenue Range	Web Site
1	CDW Canada	\$900-\$950M	www.cdw.ca
2	Softchoice	\$800-\$850M	www.softchoice.com
3	Compugen	\$600-\$650M	www.compugen.com
4	OnX (a CBTS company)	\$550-\$600M	www.onx.com
5	CompuCom Canada Co.	\$500-\$550M	www.compucom.com
6	Long View Systems	\$350-\$400M	www.longviewsystems.com
7	Hypertec Group	\$350-\$400M	www.hypertec.com
8	Scalar Decisions	\$325-\$350M	www.scalar.ca
9	Insight Canada	\$325-\$350M	www.insight.ca
10	PCM Canada (formerly Acrodex)	\$300-\$325M	www.pcmcanada.com
11	Soroc	\$200-\$250M	www.soroc.com
12	Herjavec Group	\$200-\$250M	www.herjavecgroup.com
13	FlexITy Solutions Inc.	\$125-\$150M	www.flexity.com
14	Northern Micro	\$100-\$125M	www.northernmicro.com
15	SHI Canada	\$100-\$125M	www.shi.ca
16	TeraMach, A Pivot Company	\$100-\$125M	www.teramach.com
17	EPAM Systems	\$100-\$125M	www.epam.com
18	ACCEO	\$100-\$125M	www.acceo.com
19	MicroAge	\$100-\$125M	www.microage.ca
20	MNP LLP	\$100-\$125M	www.mnp.ca
21	Grand & Toy Ltd	\$100-\$125M	www.grandandtoy.com
22	Micro Logic	\$100-\$125M	www.micrologic.ca
22	Convergint Technologies LTD	\$100-\$125M	www.convergint.com
24	Esri Canada	\$75-\$100M	www.esri.ca
25	Microserve	\$75-\$100M	www.microserve.ca
26	Informatique ProContact	\$75-\$100M	www.procontact.ca
27	Telecom Computer Inc.	\$75-\$100M	www.telecomcomputer.com
28	Audcomp	\$75-\$100M	www.audcomp.com
29	Powerland	\$75-\$100M	www.powerland.ca
30	ESI Technologies	\$75-\$100M	www.esitechnologies.com

Rank	Company	Revenue Range	Web Site
31	WBM Technologies Inc.	\$75-\$100M	www.wbm.ca
32	CPU Design Inc.	\$75-\$100M	www.cpu.ca
33	Decisive Technologies Inc.	\$50-\$75M	www.decisive.ca
34	Staples Business Advantage Canada	\$50-\$75M	www.staplesbusinessadvantage.ca
34	The Pythian Group	\$50-\$75M	www.pythian.com
35	Technology Integration Group	\$50-\$75M	www.tig-canada.ca
36	Dimension Data Canada, Inc	\$50-\$75M	www.dimensiondata.com
37	DirectDial.com	\$50-\$75M	www.directdial.com
38	SoftwareONE Canada	\$40-\$50M	www.softwareone.com
38	Optiv Security	\$40-\$50M	www.optiv.com
40	TLD	\$40-\$50M	www.tld.com
41	COMPAREX Canada	\$35-\$40M	www.comparex.ca
42	HighVail Systems Inc.	\$35-\$40M	www.highvail.com
43	ISA-Information Systems Architects Inc.	\$35-\$40M	www.e-isa.com
44	CareWorx Corp.	\$35-\$40M	www.careworx.com
44	CentriLogic	\$35-\$40M	www.centrilogic.com
46	Groupe Access/Tenet Computer Group	\$30-\$35M	www.groupeaccess.ca
47	Open Storage Solutions	\$30-\$35M	www.openstore.com
48	Unity Connected Solutions	\$30-\$35M	www.unityconnected.com
48	Epic A BellMTS Company	\$30-\$35M	www.epic.ca
50	Printers Plus	\$30-\$35M	www.printersplus.net
51	Zycom Technology Inc.	\$30-\$35M	www.zycomtec.com
52	Graycon I.T.	\$30-\$35M	www.graycon.com
53	Pro-Data Inc.	\$30-\$35M	www.pro-data.com
54	Annex Consulting Group Inc.	\$25-\$30M	www.AnnexGroup.com
55	QRX Technology Group	\$25-\$30M	www.qrxtech.com
56	Sudden Technologies	\$25-\$30M	www.sudden.ca
57	Quartech Systems Ltd.	\$25-\$30M	www.Quartech.com

Rank	Company	Revenue Range	Web Site
58	IT Weapons, a Division of Konica Minolta Business Solutions Canada	\$25-\$30M	www.itweapons.com
59	Zones Canada	\$25-\$30M	www.zones.com
60	Caretek	\$20-\$25M	www.caretek.ca
61	SourcetekIT	\$20-\$25M	www.sourcetekit.com
62	PureLogic IT Solutions	\$20-\$25M	www.purelogicit.com
63	Brains II Solutions, Inc.	\$20-\$25M	www.brainsii.com
64	Eclipse Technology Solutions	\$20-\$25M	www.eclipsetechnology.ca
65	4 Office Automation Ltd.	\$15-\$20M	www.4office.com
66	F12.net Inc.	\$15-\$20M	www.f12.net
67	ASCA Office Solutions	\$15-\$20M	www.ascaofficesolutions.com
68	Park Place Technologies	\$15-\$20M	www.parkplacetechnologies.com
69	Honeytek Systems Inc.	\$15-\$20M	www.honeyteksystems.com
70	Data Integrity Inc	\$15-\$20M	www.dataintegrity.com
71	Encore Business Solutions	\$15-\$20M	www.encorebusiness.com
72	Ainsworth Inc.	\$15-\$20M	www.ainsworth.com
73	BrunNet Inc.	\$10-\$15M	www.brunnet.com
74	End to End Networks Inc.	\$10-\$15M	www.endtoend.com
75	SmartPrint Inc.	\$10-\$15M	www.smartprint.com
76	Foxnet	\$10-\$15M	www.foxnetsolutions.com
77	Digitcom Canada Inc.	\$10-\$15M	www.digitcom.ca
78	Commerx Computer Systems Inc.	\$10-\$15M	www.commerx.ca
79	My Blue Umbrella / Tenecom	\$10-\$15M	www.mbu.ca
80	Telehop Communications Inc	\$10-\$15M	www.telehop.biz
81	Fully Managed	\$10-\$15M	www.fullymanaged.com
82	MYRA Systems Corp.	\$10-\$15M	www.myra.com
83	Quartet Service Inc.	\$10-\$15M	www.quartet-service.com
84	Synerion	\$5-\$10M	www.synerion.com
85	Triware Technologies Inc.	\$5-\$10M	www.triware.ca

Rank	Company	Revenue Range	Web Site
86	SysGen Solutions Group	\$5-\$10M	www.sysgen.ca
87	Think Communications	\$5-\$10M	www.thinkcommunications.ca
88	Tenet Computer Group Inc.	\$5-\$10M	www.tenet.com
89	Eastbay I.T. Consulting Inc.	\$5-\$10M	www.eastbay.ca
89	ProServeIT Corporation	\$5-\$10M	www.proserveit.com
89	User Friendly Systems Inc.	\$5-\$10M	www.ufs-inc.com
92	SolutionStack	\$5-\$10M	www.solutionstack.ca
93	New Signature	\$5-\$10M	www.newsignature.com
94	EXIA Group	\$5-\$10M	www.exia.ca
95	Difenda Inc. (formerly Paladion Canada)	\$5-\$10M	www.difenda.com
96	Nucleus Networks Inc.	\$5-\$10M	www.yournucleus.ca
97	Compute Corporation	\$5-\$10M	www.compute.com
98	Maestro Technologies inc.	\$5-\$10M	www.maestro.ca
99	Broadview Networks	\$5-\$10M	www.broadviewnetworks.ca
100	Kamloops Computer Centre	\$5-\$10M	www.kcc.ca
100	Centre D'Ordinateurs Sto Inc	\$5-\$10M	www.sto.qc.ca
100	Mico Systems Inc.	\$5-\$10M	www.micosystems.com
100	Softlanding Solutions Inc.	\$5-\$10M	www.softlanding.ca
100	Pavliks.com	\$5-\$10M	www.pavliks.com
100	TechReset (formerly OEM Corporation)	\$5-\$10M	www.techreset.com
100	Infinite IT Solutions	\$5-\$10M	www.8it.ca
100	The ITeam	\$5-\$10M	www.theiteam.ca
100	Commsoft Technologies Inc	\$5-\$10M	www.commsoft.ca
100	Access Group Inc.	\$5-\$10M	www.access.on.ca
100	WebSan Solutions Inc.	\$5-\$10M	www.websan.com
100	Mantralogix Inc.	\$5-\$10M	www.mantralogix.com
100	i3 Solutions Inc	\$5-\$10M	www.i3inc.ca

