

Bob Scott's

Insights

Winter 2013



Sponsored by

Avalara

Acumatica
THE CLOUD ERP

NETSUITE

VAR Stars

Trending to the Cloud

Life in the accounting software reseller market has gotten more complicated. There are the booming cloud and mobile technologies. There are vendors such as Microsoft and Sage – the companies with the biggest channels – that increasing cut into profits and compete with the resellers. And there's still the general recovery from the recession which is not evenly distributed throughout the country.

So what's a VAR Star to do? There was still opportunity to grow and grow in a big way. And one of the newest areas of success is actually a fairly old strategy—go vertical.

Take IBIS, a Peachtree Corners, Ga.-based Dynamics reseller that markets Dynamics AX and GP. More important for its growth plans, it peddles its own vertical distribution package. When the VAR Star 2012 submissions were made, IBIS reported revenue of \$17.35 million and a staff of 85. For this year's entry, the totals were \$20.1 million in revenue and 104 staff. It's the first time the company has broken the \$20 million mark.

"We have had two years of over 20-percent year-over-year growth," says owner Andy Vabulas. "We expect double digit-growth again next year."

Vabulas says IBIS is following Microsoft's recommendation diving deeply into a vertical market. In this case, it chose to hit the supply chain market with Dynamics AX. After initially partnering with a French ISV to achieve that focus, IBIS decided to develop its own intellectual property.

"We studied the various white spaces in the Microsoft AX ecosystem, selected a vertical, did a market study to insure there would be purchasers of our solution, then began the journey to go for it," Vabulas says. Instead of trying to be a general specialist with many verticals, IBIS picked a large vertical with many opportunities.



Andy Vabulas,
IBIS

"That in turn has resulted in better marketing and sales results. IBIS was also able to become a Global ISV with Microsoft which is a great proof point for our business plan as well as being a tremendous business booster."

Also showing a big uptick was the Copley Consulting Group, an Infor Syteline VAR based East Greenwich, R.I. The company reports \$6.5 million in revenue for its most recent year. For last year's VAR Stars, Copley listed \$5 million in revenue.

CEO Robert Lane pointed to several factors behind the increase. These included ramped up marketing, the addition of sales reps, expansion into Mid-Atlantic states, along with an overall increase of brand awareness for Infor. "We are enjoying a banner year and are quite bullish on first two quarters of calendar 2014," Lane says.

And not surprisingly, he points to a significant vertical market effort. "We are gaining tremendous traction in the medical device and scientific instrument micro-vertical," he says.

There's not much new about the recommendation to choose a vertical – or risk end up competing with your vendor in the general accounting arena. Doug Burgum, former president of Great Plains Software and then Microsoft Business Solutions, frequently made that point before leaving Microsoft in 2002.



Robert B. Lane,
Copley Consulting Group

The Cloud Switch

But the switch by resellers to the cloud is still a new phenomenon, even if Internet-based products aren't all that new anymore. With the recent signings of Bennett Porter and ISM by Acumatica, half of year's VAR Stars carry true cloud products, although some of those that host Microsoft products would probably argue the point. And it seems likely that next year, a majority will be in the true SaaS

camp.

VARs are being pushed by market demand, even if there are a lot of companies reluctant to run their accounting operations through the Internet. There is explosive growth of cloud-based software in the low-end of the accounting market. And the increasing capabilities of these products will continue to challenge the low-end VARs.

The search is still on for good resellers for cloud products, meaning primarily for businesses selling desktop products who want to add an Internet-based financial application.

However, for the main SaaS vendors in the market, NetSuite, Intacct and Acumatica, it's already become a question of how big a channel do these companies need.

"That's exactly the question we are asking ourselves," says Stijin Hendrickse, chief marketing officer of Kirkland, Wash.-based Acumatica. The company expects to end this year with 120 new VARs, bringing the total to around 250. Acumatica suggests part of the answer lies in the goal of adding 1,000 new customers a year. VARs should be able to average four deals apiece each year.

The cloud vendors have been helped out by the absence of true cloud products offered by Sage and Microsoft. Hendrickse says his company has recruited from both channels, but there has been a change. Until this year, new prospects were primarily Microsoft VARs. This year, about half are coming from the Sage channel.

Craig West, VP of channel sales for NetSuite, adds that the chronology surprised him. About three years ago, when the San Mateo, Calif.-based company started seeing significant flow of prospects, "My feeling was the Sage VARs would come first. It was really the Microsoft community that started coming first. Then we started



Stijin Hendrickse,
Acumatica

continued on page 10

Company	Headquarters	ERP Products	Revenue \$1M	Employees
ABC Computers	Waupaca, Wis.	Dynamics NAV	5.9	43
Accordant	Morristown, N.J.	Sage 100 Contractor, Sage 300 CRE	7.3	29
Accounting Systems	Fort Collins, Colo.	Acumatica, Sage 100/500, Syspro	1.60	12
Acuity Business Solutions	Reston, Va.	Deltek Premier, Vision	4.1	12
ADSS Global	Miami, Fla.; Exton, Pa.	NetSuite, Sage 100/300, Abila 100 Fund	22.5	125
Aim Solutions	Dallas, Texas	Acumatica, Dynamics GP/SL	1.6 ^E	12
Aktion Associates	Maumee, Ohio	Deltek Vision, Infor Wholesale Distribution; Intacct; Sage 100 Contractor/300 CRE, ThinSoft	16	95
Altico Advisors	Marlborough, Mass.	Dynamics GP, NetSuite	7.5	30
AMR Group	Toronto, Ontario	Deltek Vision	2.4 ^E	8
Archerpoint	Atlanta, Ga.	Dynamics NAV	12.6	64
Armanino	San Ramon, Calif.	Dynamics AX/GP, Intacct	55	175
Axis Technology	Simi Valley, Calif.	Intacct, Sage 100/300/500, X3, SAP ByD	5.1	23
AVF Consulting	Baltimore, Md.	Dynamics NAV, Serenic Navigator	6	26
BAASS Business Solutions	Thornhill, Ontario	Deltek Vision, NetSuite Sage 300, X3	19.5	98
BCG Systems	Akron, Ohio	Dynamics GP, NetSuite, Sage 500	8.2	36
BCS ProSoft	San Antonio, Texas	Deltek Vision, NetSuite, Sage 100/500	6.5	22
Bennett Porter & Associates	Tigard, Ore.	Acumatica, Sage 100/200/500, Syspro	4.2	21
BKD Technologies	Springfield, Mo.	Dynamics AX/GP, Sage 100/500, X3	10.5	40
Blytheco	Laguna Hills, Calif.	NetSuite, Sage 100/300/500, X3	24	110
Boyer & Associates	Minneapolis, Minn.	Dynamics GP/SL	3.2	14
Brainsell Technologies	Topsfield, Mass.	Acumatica, Sage 50/100/200/300/500, QuickBooks	3.5	39
Bredet Services	Oakville, Ontario	Deltek Vision, Dynamics AX, Sage 100/300, PFW, Sage Pro	1*	7
Brittenford Systems	Reston, Va.	Intacct, Dynamics GP/SL	4.15	20
CAL Business Solutions	Harwinton, Conn.	Dynamics GP	3.2	25
Central Consulting Group	Minneapolis, Minn.	Deltek Vision, Intacct	10	30

Customers Who Run on NetSuite Cloud

*With a customer list like this...
don't you think it's time to become a NetSuite Solution Provider?*

are, Ooma, Lytro, Imagine!, Honeywell, Guitar Center, BioPharm, TRUSTe, Callidus, Honeywell, Satmetrix, Wine.com, Arava, Informatica, FrontRange, ESET, Mark Logic, Atlassian, MarkLogic, Mountain Khakis, Glassdoor.com, Groupon, Joyent, Software, GoPro, Jaspersoft, LiveVox, Digital Check, Adaptive Analytics, Kana, Pano Logic, Adaptive Planning, Magellan, Home, ITA Software, Prudential, Xerox DocuShare, SatMetrix, Janalogies, Qualys, Host Analytics, Olympus, Certain Software, Square, Wrigleyville Sports, Gawker Media, SAY Media, Aravo Solutions, SolarWinds, Eloqua, Celigo, BioPharm, Squa, Software, Compushare, Mu Dynamics, Igloo, Certain K, Adaptive Planning, Box, Lytro, Qualys, Square, CA Technologi, Software, Jaspersoft, TRUSTe, Callidus, Ring Central, Kana



To learn more about our partner program for solution providers,
email us: solutionproviders@netsuite.com.

Company	Headquarters	ERP Products	Revenue \$1M	Employees
Clients First Business Solutions	Holmdel, N.J.	Business One, Dynamics AX/NAV, Epicor 9, Sage 100/500, NAV-X	19.85	80
Cogistix	Boardman, Ohio	Syspro	3.1	21
Collins Computing	Mission Viejo, Calif.	Dynamics AX/GP	12 ^E	36
CompuData	Philadelphia, Pa.	Epicor 9, Intacct, Sage 100/500	6.7	28
Copley Consulting Group	East Greenwich, R.I.	Infor SyteLine	6,5	34
Crestwood Associates	Mount Prospect, Ill.	Acumatica, Dynamics GP/SL	7.6	40
Crowe Horwath	Chicago, Ill.	Dynamics AX/ GP	61.1	277
CS3 Technology	Tulsa, Okla.	Intacct, Sage 100/500	2	10
Demand Solutions Group	Los Gatos, Calif.	NetSuite	5.4	40
DSD Business Systems	San Diego, Calif.	NetSuite, Sage 50/100/300/500	7.9	83
DWD Technology Group	Fort Wayne, Ind.	BusinessWorks, Sage 100	3.8	20
e2b Technologies	Chardon, Ohio	Epicor 9, Intacct, Sage 500	5.2	34
Eide Bailly	Fargo, N.D.	Intacct, NetSuite, Sage 100/500	15	80
ERP Guru	Montreal, Quebec	NetSuite	5	72
Explore Consulting	Bellevue, Wash.	NetSuite	3.4 ^E	52
Faye Business Solutions	Woodland Hills, Calif.	Acumatica, Sage 100	2.6 ^E	20
Finley & Cook	Shawnee, Okla.	Dynamics NAV, Serenic Navigator	2,75	24
Godlan	Clinton Township, Mich.	Infor SyteLine	8	40
Guide Technologies	Cincinnati, Ohio	Infor LN, LX/BPCX, SyteLine, XA	3	50
I.B.I.S.	Peachtree Corners, Ga.	Dynamics AX/GP	20.1	104
I-Business NetWork	Marietta, Ga.	B1, BusinessWorks, Sage 100	3	12
ISM	Portland, Ore.	Acumatica, NetSuite, Sage 100/300	7.1	35
InnoVergent	Alpharetta, Ga.	Intacct, NetSuite	1.7	12
Intellitec Solutions	Wilmington, Del.	Dynamics GP,SL, Intacct	4.3	26
Interdyn AKA Enterprise Solutions	New York, N.Y.	Dynamics AX, GP	17	60

Real Partnership. One for All, & All for One.

Get the benefits of the cloud without the drawbacks.

Do you want to follow or be followed?

Join Acumatica now.



Acumatica is the fastest-growing Cloud ERP. With flexible deployment and licensing options, customers can choose what works for them. From distribution management to accounting and CRM, Acumatica's platform does it all, from anywhere. It's fully customizable, but it works great right out of the box, too. See? It practically sells itself.

Company	Headquarters	ERP Products	Revenue \$1M	Employees
Interdyn Artis	Charlotte, N.C.	Dynamics GP, Intacct	5.3	26
Interdyn Business MicroVar	Roseville Minn.	Dynamics AX/GP/NAV/SL/RMS, iMis, OSAS, Traverse	17	102
Interdyn Cargas Systems	Lancaster, Pa.	Dynamics GP, Intacct	7.4	53
ISYS	Torrance, Calif.	AccountMate	0.5	5
JMT Consulting Group	Patterson, N.Y.	Intacct, Abila Fund	4.1	21
Kennedy Vomberg	Toronto, Ontario	Deltek Vision, Maconomy	1.1	3
Kerr Consulting & Support	The Woodlands, Texas	AccountMate, Abila Fund, Cyma, Sage 300, X3, Sage Pro	5.9	35
L. Kianoff & Associates	Birmingham, Ala.	Dynamics GP, Intacct, Sage 100/500	4.69	23
Knaster Technology Group	Centennial, Colo.	Dynamics GP	2.5	10
LBMC Technologies	Nashville, Tenn.	Dynamics GP/SL, Intacct	10.5	46
Martin & Associates	Cincinnati, Ohio	Dynamics GP, Intacct, Sage 100/500	4.2	21
McGladrey	Minneapolis, Minn.	Deltek Vision, Dynamics AX/GP/SL, iMis, Intacct, NetSuite	112.5	373
McGovern Consulting Group	Doylestown, Pa.	Abila Fund Accounting	1	5
Mendelson Consulting	Fort Lauderdale, Fla.	QBES	0.808	12
Mibar.net	New York, N.Y.	AccountMate, Dynamics GP/RMS, NetSuite	6.8	28
MicroAccounting Solutions/Xkzero	Dallas, Texas; Rosemont, Ill.	Sage 100/500, X3	7.5	31 UP
MIG & Co.	New York, N.Y.	Dynamics GP/SL, NetSuite	7.7	34
Navigator Business Solutions	Salt Lake City, Utah	B1, B1 Cloud, ByD, SAP Financials OnDemand	9.9	50
Net@Work	New York, N.Y.	Abila MIP, Sage 100/300/500, X3	33	152
NexLan	Danville, Ill.	AccountMate	1.2	10
NexTec Operating Corp.	Seattle, Wash.	Dynamics AX/GP/SL, Sage 500, X3	15.5	73
NP Solutions	Riverdale, Calif.	Abila MIP	1.5	4
NXTurn	Houston, Texas	NetSuite	4.8	16
Paradigm Technology Consulting	Allentown, N.J.	Dynamics GP	3	15
Plus Computer Solutions	Burnaby B.C.	Intacct, Sage 300	2.2	15

3dcart

Übercart

Magento

goecart.

aspdonetstorefront

X CART

demandware

ECI Software Solutions

Microsoft Dynamics

EPICOR

NETSUITE

SAP Business One

TOMAX retail.net

Radiant SYSTEMS

OPEN SYSTEMS INC.

RAYMARK

QuickBooks

Sage Peachtree

= exact

INFOR

The only sales tax solution that integrates with EVERYTHING

175+ connectors. From ERP to ecommerce to mobile. Plus SDK.

 Avalara.com • 877-780-4848

sage software

SYSPRO

Intacct.

orderdynamics

PRESTASHOP

INTUIT GoPayment

PLEX

shopsite.

openbravo

Acumatica

bvsoftware

WorkWise, Inc.

CELERANT TECHNOLOGY CORP

playspan

hybris

MIVA MERCHANT

MuleSoft

z uora

salesforce.com

Drupal

Company	Headquarters	ERP Products	Revenue \$1M	Employees
Practical Software Solutions	Concord, N.C.	Sage 100/500, X3, Sage 100 Construction/300 CRE	3.9	21
Resource Group	Renton, Wash.	Dynamics GP	5.2	27
RKL eSolutions	Lancaster, Pa.	Sage 500, X3	5.7	32
Rose Business Solutions	San Diego, Calif.	Dynamics GP	4.5 ^E	25
SBS Group	Edison, N.J.	Acumatica, Dynamics AX/GP/NAV/SL/RMS	30	200
Sererra Consulting Group	Irvine, Calif.	Intacct, NetSuite	11.6	80
Sikich	Naperville, Ill.	Dynamics GP/NAV/SL, NAV-X	29	125
SilverEdge Systems Software	Schaumburg, Ill.	Deltek Vision	1.9	6
Socius	Dublin, Ohio	Dynamics AX/GP/SL, Sage 100/500, Syspro	19.5	95
SSI Consulting	Baltimore, Md.	Dynamics GP/SL, Intacct	5.6	25 UP
Stanley Stuart Yoffee & Hendrix	Orlando and Ft. Lauderdale, Fla.	Acumatica, Dynamics AX/GP/NAV/NAV-X/SL	3	15
Strategies Group	Suwanee, Ga.	Sage 100/300, Sage 100 Contractor/300 CRE	3.4	21
SWK Technologies	Livingston, N.J.	Acumatica, NetSuite, Sage 100/500, X3	13.2	70
Synergy Business Systems	Portland, Ore.	Dynamics SL, Intacct	4.25	23
Tamlin Software Developers	Dallas, Texas	AccountMate	3.4 ^E	16
Technology Management Concepts	Marina del Rey, Calif.	Dynamics GP/NAV, NetSuite	5.15	23
Templeton Solutions	West Palm Beach, Fla.	Dynamics GP/SL	2.5	14
TM Group	Farmington Hills, Mich.	Dynamics GP/NAV/SL, NetSuite	7.4	45
Tribridge	Tampa, Fla.	Dynamics, AX/GP/NAV/SL	110	600
UXC Eclipse	New York, N.Y.	Dynamics, AX/GP/NAV	86	400
VARC Solutions	Friendswood, Texas	QuickBooks	1.2	8
Vision 33	Irvine, Calif.	B1, ByD	14.6	67
WAC Consulting Group	Northborough, Mass.	AccountMate, Abila Fund, Alere, B1, ByD, Dynamics GP, NetSuite, QBES, Sage 100/500/500	7	48
WebScan Solutions	Toronto, Ontario	Dynamics GP	2.5	15
Wipfli	Milwaukee, Wis.	Abila Fund, Dynamics AX/GP, QuickBooks,	223	28

^E Revenue estimated by Bob Scott's Insights

continued from page 2 seeing the Sage," he says. The latest trend is inquiries from resellers of SAP.

Despite assurances that its Internet-based product, Business ByDesign is alive, that SAP channel has shrunk significantly. Cloud specialist Sererra has dropped it, as have accounting firm Eide Bailly, which had been among few VARs that carried all four cloud products, Sikich, and the SBS Group, which has been growing nationally as a Microsoft Master VAR.

The main players left are SAP specialists such as Navigator Business Solutions and Vision-33, although influential player, Arxis Technology, has also hung onto the troubled SAP product.

Channel doors swing both ways for other vendors. Morristown, N.J.-based Accordant, whose decision to pick up NetSuite was announced in December, has already dropped the product. It's a notable loss as Accordant has been one Sage's top five resellers more than once.

Owner Bob Sandelands says, "We dropped NetSuite to stay focused on our core market, construction and real estate." Sandelands says if his firm moves into other markets, it will do so by acquiring a firm already in that space instead of trying to build its own practice from scratch.



Craig West,
NetSuite

Still, NetSuite has held onto other resellers from the December class who are on this year's VAR Star list, including BCS/ProSoft, Mibar.net and SWK Technologies.

Meanwhile, Intacct continues to attract top dealers. It most recently signed Philadelphia, Pa.-based CompuData, which also carries Epicor 9 and Sage 100 and 500.

In particular, Intacct has snared many of the Interdyn companies, a consortium of resellers that were once noted as Dynamics loyalists. However, among this year's VAR Stars, Intacct is selling through long-time members Interdyn Artis and Cargas and through new members, LBMC Technologies and L. Kianoff & Associates.

Still, this year the number of firms representing NetSuite and Intacct was 22 each. Intacct is continuing to recruit. "We are probably at 50 percent to 60 percent to our channel build out goal," says Taylor Macdonald, VP of channel sales for Intacct. He also says that the kinds of businesses interested in joining the channel is changing. "We are starting to see lots of non-traditional VARs

— vertical market solutions that want to offer a complete ERP solution, as well as CPA firms and consulting firms that have never been VARs," Macdonald notes. Acumatica has 11, but that includes some significant players, particularly



Bob Sandelands,
Accordant

the SBS Group and the recently signed SWK Technologies of Livingston, N.J.

Life has also been complicated by changing product lines up. In this regard, Sage's decision to trim its wide product line is the subject. It is sunsetting Sage Pro and PFW, along with selling off its Sage 100 Fund Accounting. While the first two products will be extinct, newly formed Abila acquired the nonprofit package and is selling it as Abila MIP Fund Accounting. ■

Bob Scott has been informing and entertaining the mid-market financial software community with his email newsletters for 14 years. And he has been covering this market for 22 years, first as technology editor of Accounting Today and then as the Editor of Accounting Technology from 1997 through 2009. He has covered the traditional tax and accounting profession during the same time and continues to address that as Executive Editor of The Progressive Accountant.

Guide to Software Products Listed

Here are the products listed in this chart by vendor. When abbreviated, the abbreviations are listed first and the fuller name is in parenthesis. This list also contains the new names for Sage products with the older name in brackets

Abila: Abila MIP (former Sage Fund Accounting 100)

AccountMate: AccountMate

Acumatica: Acumatica

Advanced Solutions International: iMis

Cyma Systems: Cyma

Deltek: Premier, Vision, Maconomy

Epicor: Epicor

Infor: Distribution A+; SyteLine

Intacct: Intacct

Intuit: QBES (QuickBooks Enterprise Solutions)

Microsoft: Dynamics AX, Dynamics GP, Dynamics NAV, Dynamics SL, Dynamics RMS

NAV-X: NAV-X Distribution Software

NetSuite: NetSuite

Open Systems: OSAS (Open Systems Accounting Software), Traverse

SAP: B1 (Business One), ByD (Business ByDesign) Financials OnDemand.

Sage North America: Business Works, Sage 50, Sage 100, Sage 300, Sage 500, Sage 100 Contractor, Sage 300 CRE (Construction & Real Estate); PFW, Sage Pro; X3

Serenic: Serenic Navigator

Syspro: Syspro

TIW Technology: Alere

Selecting the 2013 VAR Stars

The selection of mid-market accounting software resellers for Bob Scott's VAR Stars rest on one basic principal: quality, not revenue, as the deciding factor in picking the 100 businesses that are selected for this honor. VARs from very small shops to the largest participants in the business have been selected in past years' and in this year's rendition.

A variety of criteria go into the definition of quality including awards resellers have received from vendors, such as the Microsoft Dynamics President's Club and Inner Circle, and the President's Circle, Million Dollar Club and Chairman's Club of Sage North America. Growth, leadership in the industry and development and acceptance of important software products by the resellers are all factors in the

selection. There is also an effort to represent as many software publishers as possible. There is no ranking within these 100 firms.

Firms were asked to provide the number of employees and revenue. In cases in which businesses did not provide revenue, it was estimated based on the number of employees, also taking into account the general price range of the ERP applications that these firms handle.

In virtually every case, resellers derive revenue from sources other than the sale of mid-market financial applications. These include infrastructure and networking services and a variety of other software products. However, all VARs considered feature accounting applications as the core around which their businesses are built.