Spring 2014

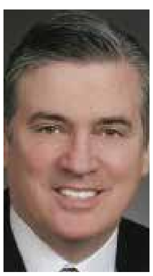
PMG Progressive Media Group

BSI: 2014 TOP 100 VARS

Top 100: To the Cloud and Not Quite

In the 1980s, there was airplane flight to Bermuda that had two groups on their way to conferences. In First Class were members of the Computer Dealers and Lessors Association, a group – largely middle-aged men - that made its money by leasing used IBM mainframes. In coach, were the younger owners of computer specialty stores. Well, computer specialty stores no longer exist, and the CDLA merged with the Association of Service and Computer Dealers International in 2000.

The lesson is not just the technologies come and go, but they are usually linked to a particular generation. And that is what we are seeing in the world of mid-market financial software resellers. There is a technology change that goes hand-in-hand with a generational change that is underway.


Taylor Macdonald, Intacct

The technology shift is the obvious one—the move away from desktop computing to web-based with mobile accessibility. And that is having an increasing impact on the market, says Craig West, VP of channel sales for cloud software vendor, NetSuite.

"We are seeing a really huge change in customers' buying patterns in terms of the cloud; not just in being interesting or a fad," he says. Even if prospects end up not buying a cloud product, they want a choice from that category. "They are insisting on having one cloud solution in the evaluations," West says.

But the impact of either the platform change or the generational change is not terribly evident—yet—in the Top 100 VAR. The most notable change in this year's list was that the long-time No. 1 reseller, Tectura, disappeared from the list when UXC Eclipse purchased Tectura North America, and most believed Tectura North America's disappearance stemmed from a faulty business model that was designed before the move away from desktop applications became serious.

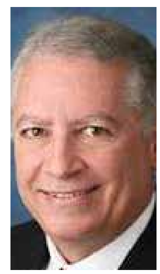
That opened the way for accounting firm McGladrey to move into the top position with $112 million, nudging out Tribridge, which was No. 2 with $110 million in revenue.

The success of large CPA firms in making it to the top part of this list was notable. While many smaller accounting operations have exited software reselling, the bigger ones are doing quite well. Five of the top 10 are accounting firms—McGladrey, Crowe Horwath, Armanino and Sikich. That is more CPA organizations than are represented in the VARs ranked No. 11 through No. 100.

Armanino has been very busy. It signaled its interest this year in the cloud by hiring Internet-veteran Dave Burlington to lead its cloud consulting practice and made him a consulting partner. It has also been active with analytic products, introducing Dynamics Insights, a reporting, analytical and budgeting and forecasting tool for Dynamics AX and GP, and an integration for Intacct and Adaptive Insights on its new Intacct marketplace.

And maybe the lesson is reselling is a specialty and those accounting firms that wish to do well here have to gain scale. Just look at Armanino which went from $28 million for 2011 to $56 million last year through acquisitions and organic growth. McGladrey had grown from $74 million reported with its VAR Star submission in 2011.

The move to the cloud was reflected in the disappearance of another reseller from this list when Rose Business Solutions was sold to Armanino. Long-time Dynamics GP reseller Linda Rose made that move to concentrate on her cloud businesses, including RoseASP, which provides hosting for the four Dynamics accounting applications.


Doug Deane, DSD Systems

"My passion for the past several years has been building cloud brands and delivering cloud solutions through RoseASP," Rose wrote in a prepared statement when she explained the sale at the beginning of the year.

Beyond that, the long-discussed graying of the midmarket channel is also starting to have a visible effect, although in the

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Choosing the Top 100

The ranking of the Top 100 midmarket reselling firms is based solely on annual revenue. However, where reported revenue of candidates was equal, then the number of employees was the tie-breaker. The company with fewer employees ranked higher since it had higher revenue per employee.

Few of the companies chosen or considered are public companies that report results. These are SWK Technologies, through its parent SilverSun Technologies and Columbus, and UXC Eclipse. Other 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. Other publicly available sources of information were included and some information provided for Bob Scott's VAR Star selection last fall was also used.

All companies considered carry products other than financial software, and revenue from those products is included the totals reported here.

BSI's
TOP 100 VARs

	Company	Revenue ($MM)	Staff	Product Line
1	**McGladrey**, Chicago, Ill.	112.5	428	Deltek Costpoint, Dynamics AX/GP/ SL, NetSuite
2	**Tribridge**, Tampa, Fla.	110	600	Dynamics AX/GP/NAV/SL
3	**Edgewater Technology**, Wakefield, Mass.	103.6	407	Dynamics AX (Results cover Fullscope and other subsidiaries)
4	**UXC Eclipse** New York, N.Y.	86	400	Dynamics AX/GP/NAV
5	**Crowe Horwath** Chicago, Ill.	70.8	293	Dynamics AX, GP
6	**Armanino** San Ramon, Calif.	56	182	Dynamics AX/GP, Intacct
7	**Professional Advantage** Fargo, N.D.	44	228	Dynamics AX/GP, Infor SunSystems
8	**Wipfli** Milwaukee, Wis.	40.5	290	Abila. Dynamics AX/GP, QuickBooks
9	**Sikich** Naperville, Ill.	36.5	148	Dynamics AX/GP/NAV/SL, NAV-X, NetSuite
10	**Net@Work** New York, N.Y.	34.5	155	Abila, Sage 100/300/500, X3
11	**Columbus** Copenhagen, Denmark	32.2	140	Dynamics AX/NAV (North American operations only)
12	**mcaConnect** Greenwood Village, Colo.	31	110	Dynamics AX
13	**SBS Group** Edison, N.J.	30	200	Acumatica, Dynamics AX/GP/NAV/SL
14	**Sunrise Technologies** Winston-Salem, N.C.	26.3	115	Dynamics AX
15	**ADSS Global** Miami, Fla.	25.8	120	NetSuite, Sage 100/300, X3
16	**Blytheco** Laguna Hills, Calif.	25	110	NetSuite, Sage 100/300/500, X3
17	**Socius** Dublin, Ohio	23.3	95	Dynamics AX/GP/SL, Sage 100/500, Syspro
18	**IBIS** Peachtree Corners, Ga.	22.8	98	Dynamics AX/GP
19	**Western Computer** Oxnard, Calif.	22	120	Dynamics AX/NAV
20	**CliftonLarsonAllen** Milwaukee, Wis.	21	85	Intacct
21	**Interdyn BMI** Roseville, Minn.	20.5	110	Dynamics AX/GP, iMis, Intacct, Opens Systems, Traverse
22	**Clients First Business Solutions** Holmdel, N.J.	20	88	Dynamics AX/NAV, Epicor, Sage 100/500, Business One
23	**BDO Solutions** Toronto, Ontario	20 * **	125	Dynamics GP/NAV, Pronto
24	**Vision33** Irvine, Calif.	19.1	107	Business One
25	**Rand Group** Houston, Texas	18.2	105	Dynamics AX/GP/NAV

Bob Scott's

TOP 100 VARs *continued*

	Company	Revenue ($MM)	Employees	Financial Software
26	**NexTec Group** Seattle, Wash.	18	87	Dynamics AX/GP/SL, Sage 500, X3
27	**BAASS Business Solutions** Thornhill, Ontario	17.59 **	98	BusinessVision, Deltek, Sage 300, X3, NetSuite
28	**SWK Technologies** Livingston, N.J.	17.4	78	Acumatica, NetSuite, Sage 100/500, X3
29	**AKA Enterprise Solutions** New York, N.Y.	17	64	Dynamics AX/GP
30	**Broadpoint Technologies** Bethesda, Md.	16.7	90	Dynamics AX/GP/SL, iMis
31	**Aktion Associates** Maumee, Ohio	16.7	95	Deltek Vision, Infor Wholesale Distribution, Intacct, Sage 100 Construction, 300 CRE
32	**Aztec Systems** Carrollton, Texas	14	45	Dynamics GP/NAV/SL, Sage 100
33	**Saratoga Technologies** Johnson City, Tenn.	13.1	85	Dynamics GP
34	**Archerpoint** Atlanta, Ga.	12.6	80	Dynamics NAV
35	**Logan Consulting** Chicago, Ill.	12.5	35	Acumatica, Dynamics GP/AX/NAV, Intacct, QAD
36	**Collins Computing** Mission Viejo, Calif.	12.3	45*	Dynamics AX/GP
37	**Eide Bailly** Fargo, N.D.	11.7	82	Intacct, Sage 100/500, SAP Business ByDesign
38	**SCS** Santa Monica, Calif.	11.5	60	Dynamics NAV
39	**Central Consulting Group** St. Paul, Minn.	11	30	Deltek Vision, Intacct
40	**LBMC Technologies** Nashville, Tenn.	11	48	Dynamics GP/SL, Intacct
41	**Sererra Consulting Group** Irvine, Calif.	11	80	NetSuite, Intacct
42	**BKD Technologies** Springfield, Mo.	10.5	40	Dynamics AX/GP, Sage 100/500, X3
43	**Guide Technology** Cincinnati, Ohio	10	50	Infor LN, SyteLine, LX/BPCX, XA
44	**SIS** Duluth, Ga.	9.8	42	Dynamics GP/ SL
45	**Crestwood Associates** Mount Prospect, Ill.	9.1	43	Acumatica, Dynamics GP/SL
46	**SVA Consulting** Madison, Wis.	9	28	Acumatica, Dynamics GP/NAV/SL
47	**DSD Business Systems** San Diego, Calif.	8.7	81	BusinessWorks, Sage 50/100/300/500
48	**Cargas Systems** Lancaster, Pa.	8.63	53	Dynamics GP, Intacct
49	**Navigator Business Solutions** Sale Lake City, Utah	8.6	55	SAP All-in-One, Business One, Business One Cloud, ByD
50	**TM Group** Farmington Hills, Mich.	8.3	47	Dynamics GP/NAV/SL, NetSuite

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ogies, Mountain Khakis, Glassdoor.com, Groupon, Joyent,
Software, GoPro, Jaspersoft, LiveVox, Digital Check, Adap
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Aravo Solutions, SolarWinds, Eloqua, Celigo, BioPharm, Squ
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Software, Jaspersoft, TRUSTe, Callidus, Ring Central, Kana

NETSUITE

To learn more about our partner program for solution providers,
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Bob Scott's

TOP 100 VARs *continued*

	Company	Revenue ($MM)	Employees	Financial Software
51	**BCG Systems** Akron, Ohio	8.1	37	Dynamics GP, NetSuite
52	**Explore Consulting** Bellevue, Wash.	7.9	49	NetSuite
53	**Accordant** Morristown, N.J.	7.8	30	Sage 100, 100 Contractor, 300 CRE
54	**Microaccounting/xkzero** Dallas, Texas & Chicago, Ill.	7.8	31	Sage 100/500, X3
55	**MIG & Co.** White Plains, N.Y.	7.7	34	Dynamics GP/SL, NetSuite
56	**Altico Advisors** Marlborough, Mass.	7.5	35	Dynamics GP, NetSuite
57	**Godlan** Clinton Township, Mich.	7.5	45	Infor SyteLine
58	**FMT Consultants** Carlsbad, Calif.	7.47	41	Dynamics GP, NetSuite, SAP ByD
59	**Demand Solutions Group** Los Gatos, Calif.	7.1	40	NetSuite
60	**RKL eSolutions** Lancaster, Pa.	7	37	Sage 100/300/500, Sage X3
61	**WAC Consulting** Northborough, Mass.	7	48	Abila, AccountMate, Alere, Dynamics GP, Sage 50/100/300/500; SAP Biz 1 ByD
62	**Mibar Computer Services** New York, N.Y.	6.9	29	AccountMate SQL, Dynamics GP/RMS, NetSuite
63	**Copley Consulting Group** East Greenwich, R.I.	6.8	34	Infor SyteLine
64	**Information Systems Management** Portland, Ore.	6.78	28	Acumatica, NetSuite, Sage 100/300/500, X3
65	**Achieve IT Solutions** Port Jefferson, N.Y.	6.76	30	SAP Business One
66	**Kerr Consulting & Support** The Woodlands, Texas	6.5	35	Abila, Cyma, Dynamics NAV, Sage 300, Sage Pro, X3
67	**CompuData** Philadelphia, Pa.	6.4	30	Epicor, Intacct, Sage 100/500
68	**BCS Prosoft** San Antonio, Texas	6.33	32	Deltek Vision, Dynamics GP, Sage 100
69	**Encore Business Solutions** Winnipeg, Manitoba	6.23**	55	Dynamics AX/GP
70	**ABC Computers** Waupaca, Wis.	6.19	42	Dynamics NAV
71	**White Owl Solutions** Miami, Fla.	6.15	50	Dynamics AX/GP
72	**AVF Consulting** Baltimore, Md.	6	26	Dynamics NAV, Serenic Navigator
73	**Technology Management Concepts** Marina Del Rey, Calif.	6	27	Dynamics GP/NAV/SL, NetSuite
74	**Queue Associates** New York, N.Y.	6	50	Dynamics AX/GP/SL
75	**e2b Technologies** Chardon, Ohio	5.9	43	Epicor, Intacct, Sage 100/500

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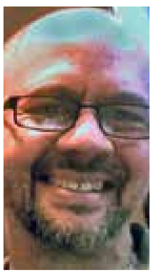
ownership and management of firms, not in which firms are the cream of the crop and make the Top 100 list.

"There is a wave of retirements coming," says Taylor Macdonald, VP of channels for Intacct, which markets cloud-based financial software.

There have been some already in the last year among the 2014 Top 100. Donovan Lane, owner of ABC Computers, has been transferring the day-to-day business to Mark Christie. Gary Artis, owner of Artis Consulting, stepped away from day-to-day management of his firm, turning the CEO's job over to long-time employee, Kurt Voorhies, in December. Helen Russell, founder of Dynamics VAR SCS Dynamics of Santa Monica, Calif., left her business in September.


Paul Ziliak, Microaccounting/ xKzero

The transition of VARs to reselling Internet-based applications – the second of four major trends cited by Macdonald—should help accelerate the first trend, the generation change. The theory is that resellers who successfully move from relying on license sales to subscription revenue, which is more predictable, will have an easier time selling their businesses when they are ready to cash out.

Intacct was the winner in the number of VARs on the list that carry its product. There are 23 companies that market the cloud product from that San Jose, Calif.-based company. San Mateo, Calif.-based NetSuite came in second with 19. There were eight that have Acumatica, which markets cloud and desktop-based software. Six reported a lineup that includes SAP's BusinessByDesign, which has faded as the company's commitment to that product remained uncertain in the eyes of many VARs.

Where's the Cloud?

But the real surprise was probably that a major of this year's Top 100 firms do not carry any pure cloud products. Only 46 reported any of the four SaaS-vendors in their line-up. This may reflect Microsoft's success in pushing its hosted model as the way to go with the internet. There was a notable trend towards VARs carrying multiple cloud products. There are 11 in this year's reseller list.

Another trend cited by Macdonald is the shrinking size of Microsoft and Sage channels, which he says are still too large.

"They have way too many partners and they are paying them too much," Macdonald says. One tool used by both Sage and Microsoft in trimming the reseller base has been shrinking margins, coupled with greater rewards for new sales, compared to renewals. "Clearly Sage has dropped the hammer on anybody not selling significant amount of software," Macdonald continues.

Smaller VARs still have their pluses, says Doug Deane, owner of DSD Business Systems of San Diego. With $6.7 million in annual revenue, DSD is in the middle of the pack of Sage resellers.

"There has been a great deal of consolidation in the channel during the past five years, and it has tilted the playing field in favor of the larger players," says Deane. "But excluding Sage X3, the highest quality implementations and the happiest customers are likely from the smaller players. They are likely still responsible for more than half of Sage's new license sales, and I think that they are a vitally important part of the Sage channel ecosystem."

Deane also suggest Sage has another issue it faces, that can be helped by having a very good channel. "Rightly or wrongly, they [Sage] are still seen as being less advanced than publishers like NetSuite and Acumatica. Having great product knowledge and terrific implementation and support services goes a long, long way toward filling in that technology gap. "

Paul Ziliak, one of the owners of Chicago-based xKzero, sees a split in the Sage channel. "I think the word dichotomy fits well here. For Sage partners committed to X3, there seems to be a lot of strategizing for growth. Sage partners not involved with X3 seem to be struggling more to create a winning differentiation in the marketplace. It can be done, but it will take clear focus and determination," he says.

He notes that X3 VARs are winning deals based on technology and functionality and that is driving more investment by those players.


Andy Vabulas, I.B.I.S.

Ziliak also sees a big uptick in demand for mobile technology. Although a lot of education is needed to show business owners the value of mobile technology, "We're seeing an increasingly wider range of industries utilizing mobile technology and don't see an end in sight," Ziliak says.

Of course, there were acquisitions of smaller organizations by members of the Top 100. Besides Armanino's purchase of Rose Business Solutions, in February, Dynamics VAR, Interdyn BMI moved into the mid-Atlantic region, snapping up Commerce Systems Group, and later that month acquired Interdyn Remington. Early last year, Sage reseller SWK Technology picked up Software Generation and Point Solutions and earlier this month said it would buy ESC Software. A year ago, Aktion took over FCA Technologies and in March this year bought Softcare Computer Consulting Co.

There has also been the usual shifting of product lines with Blytheco selling its Abila practice to Net@Work and RKL eSolutions picking up the Sage 500 practice of Information Systems Management and Sikich took over the PKF Texas Dynamics NAV business.

The Need to Specialize

Several factors have driven this consolidation. But pressure from the major vendors, Sage and Microsoft, has been a major impetus. For several years, Microsoft has been telling its channel members to develop their own intellectual property. Last year, the move to do so hit high-speed, at least among those who carry Dynamics AX.

In its annual report for 2013, Columbus, the Copenhagen, Denmark-based reseller, noted that it was reducing its reliance on third-party products and increasing the sales of its own vertical applications, which are built on top of AX.

In the financial report for its first quarter ended March 31, Columbus said that revenue from sales of its own product reached 15 percent of the total. It also is concentrating on key industries and revenue from those segments—retail, manufacturing, food—now account for 75 percent of the business. Manufacturing is by far the biggest source of sales, bringing in 34 percent of all revenue.

Another company that has moved that direction is Peachtree Corners, Ga.-based I.B.I.S. Owner Andy Vabulas has emphasized the importance of the development of that company's Advanced Distribution package.

Vabulas notes the impact on his business in an American market crowded with other Dynamics VARs, saying it gave I.B.I.S. a competitive advantage over those that do not have their own intellectual property.

"We now are competing with SAP, Oracle, Infor and Epicor instead of with other Dynamics partners," he says, noting that I.B.I.S now bids for large global deals. Vabulas also notes that moving this direction was imperative. He comments, "With Microsoft preaching "Go Big" and

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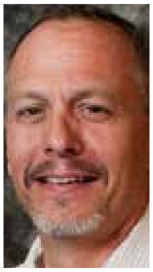
"Go Vertical" we felt we had no choice but to execute on our vertical plan in order to stay relevant and in fact - survive."

The move has had tangible results. Vabulas says marketing is more effective because I.B.IS. knows its target client, its pipeline is growing and sales are up, and it has also helped the staff.



Claude Watson, mcaConnect

"We are leveraging the existing Supply Chain expertise in our people, which significantly helps their career focus," he says. While the move was not cheap, it has been well worth the effort." Vabulas says. "It took a ton of investment but we would not trade our position with anyone. Getting into large global deals is confirmation that we made the correct decision."

Another change that directly impacts revenue growth in how Dynamics AX is sold. For some AX deals, Microsoft recognizes the sale while the resellers receive the net margin instead of the gross revenue. That fact has been discussed in the financial statements of Columbus and Edgewater Technology, two of the very small number of publicly held companies for which reselling operations are material to results. The system has always been used for sales of Dynamics CRM under Microsoft's Enterprise Application sales program

"Microsoft is taking control of the channel when it comes to the actual process," was the way Edgewater CFO Tim Oakes described the process in the earnings webcast for Edgewater's second quarter ended June 30, 2013.

However, the Dynamics AX deals themselves are getting bigger. Claude Watson, CEO of Greenwood Village, Colo.,-based mcaConnect notes that his firm's target has been moving upstream as the software has evolved with the release of AX 20102

"Prior to AX 2012, our target customer was mid-market - $50 million to $500 million)," he says. "With AX 2012, our target customer has moved to upper-mid market and enterprise $250M and above."

Meanwhile, there were two recent acquisitions that suggest an emphasis on CRM by top Dynamics AX VARs. These included the purchase of Customer Effective by Hitachi America (a company that does not break out its Dynamics business) and of SalesMetrix by mcaConnect.

While the manufacturers that Watson's firm serves often use the CRM module within AX, the needs changes as the target customer gets larger."We have six upper mid-market and Fortune 500 customers with significant CRM needs. All are Microsoft-centric shops and picked MS-CRM," he says.

The decision to buy also stems from the well-known choice of build-or-buy when it comes to adding products. Watson said mcaConnect's previous approach had been to partner with CRM-only resellers.

"The partners who have tried to develop a CRM practice have seen marginal success. We felt an acquisition was the right way to go," he says.

The Master VAR Question

Another factor in market consolidation has been the Microsoft Master VAR program. There are three Master VARs in the United States, Tribridge, Socius and the SBS Group. The goal was to have these companies provide their resources and buying power to smaller resellers who would operate under the Master VAR's brand as sales affiliates.

But the scale of their activities has contrasted greatly. Tampa, Fla.-based Tribridge has recruited one affiliate; while Woodbridge, N.J.-based SBS was signing 12 to 14 a year. Socius had a much lower number of affiliates than SBS but easily outpaced Tribridge and just signed a new affiliate in April.

However, the pace of announced signings has slowed, although not the effort by the SBS Group to enlist affiliates. "We haven't changed our recruiting," says Joe Longo, one of the owners of the SBS Group.

About 60 resellers have joined the SBS Network, including affiliates and companies it purchased outright. The result so far has generally been good for the network members.

"Four out of five offices were up on revenue year over year," Longo says.

Doug Kennedy, who was the architect of the Master VAR plan said during an interview at March's Convergence conference that the program had generally achieved its goals, although he wished that it would become more effective at generating more revenue through the sales affiliates.

"We have struggled in getting the volume of transaction up," said Kennedy, VP enterprise partners and sales, who is now responsible for large members of the Dynamics AX channel and no longer runs the Master VAR program.

However, Microsoft has been able to get about 10 Master VARs, with the rest worldwide, with a goal of about 12.

The pace of reseller sign ups has also slowed down for the cloud vendors – Acumatica, Intacct and NetSuite. The emphasis has shifted to filling in geographical gaps, along with enlisting those that focus on specialized markets.

"We did a huge recruitment last year and signed up 110 new partners," says Stijn Hendrikse, chief sales and marketing officer for the Kirkland, Wash.-based company. While Acumatica continues to recruit, Hendrikse says the effort is more targeted. "We are working on a lot of the larger partners who are thinking about Acumatica right now," he says. There is also a concern for finding quality VARs instead of focusing on the number of resellers signed up, which was more the case in 2013.

The company is also still digesting some of last year's enlistees. Acumatica is focusing on teaching them implementation skills for the company's software and providing more self-service training.

There are only so many good VARs for the vendors to fight over. "We all know who the players are," says NetSuite's Craig West. In fact, the challenge now is as much one of finding qualified personnel as it is finding good businesses to join a vendor's channel. NetSuite skills in general are in short supply.

His company is also focusing on enablement of the channel members that have already been recruited. That includes training through a three-week NetSuite consultant boot comp and providing sample implementations.

Zach Nelson, NetSuite

NetSuite has made several announcements about new VAR signings in the last year, although the majority of those made public have been in the Asia-Pacific market. Last month, it said it had signed four new reselling partners in the United States, including FMT Consultants, No. 58 on this year's list.

With channel recruitment, NetSuite is "branching away from the horizontal partners and going into the vertical ones," West says. There is also an effort to find those who can fit with NetSuite's latest acquisition, Tribe HR. The company also wants to recruit "platform folks who want to build complete platform plays. We are not just doing financials; we have a corporate focus."

The New Model

Intacct's Macdonald says that the change in business models will continue to be a problem for resellers, but overall, the move to cloud-based products and subscription pricing will prove far more

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Bob Scott's

TOP 100 VARs *continued*

	Company	Revenue ($MM)	Employees	Financial Software
76	**Algorithm** Dublin, Ohio	5.6	17	Macola ES/Progression, SAP Business 1, ByD.
77	**Third Wave Business Systems** Wayne, N.J.	5.5	36	Business One, Dynamics GP
78	**Arxis Technology** Simi Valley, Calif.	5.3	22	Intacct, Sage 100/300/500, SAP ByD
79	**Accountnet** New York, N.Y.	5.3	24	Acumatica, Dynamics GP/SL
80	**Interdyn Artis** Charlotte, N.C.	5.3	26	Dynamics GP, Intacct
81	**Raffa** Washington, D.C.	5.2	27	Dynamics GP/SL, Intacct
82	**Omnivue Business Solutions** Alpharetta, Ga.	5.1	23	Dynamics AX/GP/NAV
83	**Britec Computer Systems** Calgary, Alberta	5.1	45	Sage 300, BusinessVision
84	**L. Kianoff & Associates** Birmingham, Ala.	5.04	22	Dynamics GP, Intacct, Sage 100/500
85	**ERP Guru** Montreal, Quebec	5	72	NetSuite
86	**NxTurn** Houston, Texas & Pompano Beach, Fla.	4.8	21	NetSuite, Intacct
87	**Martin & Associates** Cincinnati, Ohio	4.8	22	Dynamics GP, Intacct, Sage 100/500
88	**SouthEast Computer Solutions** Miami, Fla.	4.8	23	Sage 100/300/500, X3
89	**Brittenford Systems** Reston, Va.	4.75	20	Dynamics GP/SL, Intacct
90	**Acuity Business Solutions** Reston, Va.	4.7	13	Deltek Vision, First Vision Essentials
91	**Resource Group** Renton, Wash.	4.6	21	Dynamics GP, Intacct
92	**SSI Consulting** McLean, Va.	4.5	22	Dynamics GP/SL
93	**Brainsell** Topsfield, Mass.	4.5	42	QuickBooks, Sage 50/100/300/500
94	**NexVue Information Systems** Stamford, Conn.	4.45	15	Acumatica, Dynamics GP/SL
95	**AQB** Austin, Texas	4.3	20	QuickBooks
	DWD Technology Group Fort Wayne, Ind.	4.3	20	Abila, BusinessWorks Sage 50/100
97	**Intellitec Solutions** Wilmington, Del.	4.3	26	Dynamics GP/SL, Intacct
98	**Boyer & Associates** Minneapolis, Minn.	4.24	19	Dynamics GP/NAV/SL
99	**JMT Consulting Group** Patterson, N.Y.	4.2	23	Abila, Intacct
100	**Bennett Porter** Tigard, Ore.	4.17	21	QuickBooks, Sage 100/500, Syspro

**Bob Scott's Insights estimate **Translated from Canadian $*

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rewarding for most.

"A lot of these folks have a huge issue with the business model—'it's not what I've been doing,'" says Macdonald in describing the reaction of some traditional VARs. The business, he says, becomes more predictable "and it ought to be more profitable, for those selling cloud products than for those who get that big shot of license revenue, but then do not know when the next deal is coming.

West notes a great deal of opportunity remains in the channel and points to his company's reliance on resellers and ISVs. While NetSuite has direct sales, there is a very wide geography where it only uses a channel.

"We only sell direct in English-speaking countries," West says. But he adds, "We are partner first in all those places."

Infor signed 43 resellers in this country in 2013. However, that company's recent decision to cut reseller margins effective June 1 is likely to have an impact on the loyalty of its channel and ability to attract new dealers, although the company says it is committed to growing its channel. Infor says that it has signed VARs that carry Sage and Microsoft products. Still of those that made the Top 100 list most are veteran Infor resellers that carry only Infor products.

The company indicated that it sees the changes as not a major issue. In a prepared statement, Jeff Abbott, SVP of global alliances and channels, said that Infor "is confident the new terms remain competitive with industry standards. At the same time, Infor will provide greater opportunity for partners to capitalize on Infor's license growth, which is significantly outpacing the market, with new partner commission accelerators." Infor VARs are unwilling to talk about the change publicly. But, one noted that potential has a major impact on their businesses. "This is a huge issue in the channel. We are talking about hundreds of thousands of dollars," he said.

Jeff Abbott, Infor

However, Bill Hammer, who took over the job of global channel recruitment for Infor in April, said it is still business as usual when it comes to growing the number of resellers. "This does not change the strategy to grow and build the channel; that initiative remains the same," he says.

Nonprofit Potential

Nonprofit accounting is one area that looks promising for active recruiting this year. Some Sage resellers carry Abila MIP, a fund accounting product, which Sage sold to a newly formed company a year ago. Serenic, whose Navigator application is built on Dynamics AX has been adding a small but steady stream of dealers to its network.

Chris Clinton, Blackbaud

But the most action is expected from a company, which has been missing from the Top 100 lists for the last few years. Blackbaud has not had a channel program for its nonprofit accounting program, the Financial Edge, since it canned its prior offering in 2005. It has had a few remaining dealers for its FundWare product. But all that has been changing in the last few months as the company began building what was recently announced as the new Blackbaud Partner Network.

Blackbaud has a variety of channel programs, accumulated as the company acquired other companies, according to Chris Clinton, VP of global channels and the partner ecosystem. But he continues that no one knew who was responsible for them and there were a variety of requirements. That is changing as the company is rolling out several classic channel categories—resellers, consultants, referrers and ISVs. It will also be seeking to engage CPA firms, who have generally shown more staying power in the nonprofit reselling market than in the for-profit arena, in a variety of channel roles, including reselling, consulting and referring.

Clinton's message about Blackaud's need for a channel is one that has been heard at other companies, including SAP and NetSuite, and that is they need partners in order to grow. Clinton says that his Charleston, S.C.-based organization, must have a channel because "We want to break $1 billion." The effort began out of sight of the public in 2013 when, "We made strides last year in preaching partner religion to direct sales so they understand value each of these partners can bring to these partners as a whole," Clinton says.

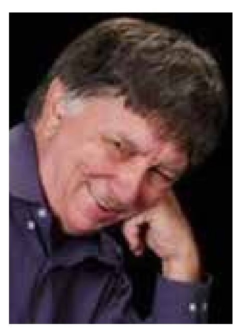
In his company's first-quarter earnings webcast in April, NetSuite CEO Zach Nelson also talked about the need to have more feet on the street to reach the country's millions of small businesses. And he noted that needs to be done through resellers.

"We need at least 5 million reps in the U.S. and we don't have anywhere close to that today," he said. "So we need the channel." ■

Guide to 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.

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), QuickBooks*
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*
Pronto: *Pronto*
QAD: *QAD*
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*



Bob Scott has been informing and entertaining the mid-market financial software company with his email newsletters for 15 years. And he has been covering this market through print and Internet-based publications for 23 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 Bob Scott's Insights since 2009.