

2010 VAR Stars

Bob Scott's Insights



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Maybe any company that's still in the reselling business after the last two years should be categorized as a star. Because where once VARs were focusing on growth, the last two years has been more about surviving. Although some have been some real stars that bucked the trend, this has been a period in which even good organizations took a big hit.

But first, it is necessary to define a VAR Star. In this case, candidates have a practice involving the sale of mid-market financial software. While most derive significant revenue from other sources, accounting software is the core to their business.

Revenue is not a factor in selection and VARs are not rated. The No. 1 and No. 100 members of this list have equal standing. Factors taken into consideration included growth, industry leadership and innovation. There are very large and very small dealers in this list. An effort was also made to select resellers who represent a broad range of products.

And whatever their standing, most are doing better than a year ago. Revenue is starting to recover from the depths of the recession, but the difference between some firms' revenue for 2009 and the pre-recession 2008 are staggering and even very good firms got hit.

Among Sage resellers, Arxis Technology had projected \$6.1 million for 2007 and reported \$4.1 million in 2009. Forepoint, recently acquired by Net@Work, had \$2.8 million in revenue in 2006 and \$1.9 million last year. Two important Dynamics GP resellers, InterDyn BMI and InterDyn Progressive Group had a combined \$13 million in revenue in 2006 as separate firms. With this year's merger, they were reporting \$11 million.

Those showing large gains in revenue were primarily those who acquired other dealers, such as Net@Work and Blytheco, two of Sage's largest resellers, who have steadily purchased other VARs as they spread throughout the country.

This year, VAR Star candidates were asked what they have done to respond to the economic conditions. Several common areas emerged from those VARs who commented (not all provided this information.) Few of these were surprising, but all are important. They are as follows:

Diversifying product lines. Whatever vendors think of having their VARs remain loyal, more resellers appear to be adding lines. It's basically the don't-put-all-your-eggs-in-one-basket approach.

Holding onto talent. Certainly many organizations cut staff. But several members of the VAR Stars class mentioned that keeping the talent they had was an important factor in dealing with the economy.

Maintaining or increasing marketing budgets. This is a message that Taylor Macdonald spent a lot of time discussing with resellers during his time at Sage - the importance of keeping and growing a pipeline. Web-based marketing and social media got a number of mentions.

Performing mergers and acquisition. Firms that can afford to buy can use this time-tested way to grow.

Product diversification shows up in the addition of Web-based products such as Acumatica, Intacct and NetSuite. These are being sold by a greater number of firms than previously seen in lists of top resellers. SAP's much-discussed Business By Design also appears after it was picked up by Arxis Technologies. There has also been adoption of that package by SAP's Business One dealers, such as Navigator Business Solutions, which is on this year's list.

Merger and acquisition activity was very important for some. DSD Business Systems quietly grow by acquiring smaller Sage practices. And that took some prior VAR Stars, such as Wayne Schulz's Schulz Consulting and K&R Consulting, out of contention on this year's selection. But there was more talk about M&A than deals. A number of companies said they were looking to shelter Dynamics resellers that might be squeezed out by Microsoft's new dealer requires. These include the SBS Group and Dynamics Source on this list. Most of those efforts are just developing.

M&A often is made to diversify product lines as when Sage reseller Hightower acquired a NetSuite dealer to help out its own internal efforts with that Web-based application.

One example of product line expansion and extension of alliances came when Collins Computing, Ibis, InterDyn AKA, InterDyn BMI, Merit Solutions, and Socius organized Advanced Distribution Partners to market Advanced Distribution for Microsoft Dynamics AX 2009. All of the resellers, except Merit, are on this year's VAR Star list.

In answering the question about how they responded to the economic problems, many companies mentioned cost cutting and getting closer to clients. The businesses represented here were selected because they mentioned more specific actions. Responses have been edited for length and content.



Bob Scott has been informing and entertaining the mid-market financial software community with his email newsletters for 10 years. And he has been covering this market through print publications for 18 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.

Company	Sales*	Employees	Software
ABC Computers, Waupaca, Wis.	5.1M	30	Dynamics GP/NAV
Accordant, Whippany, N.J.	5.75M	28	MasterBuilder, Timberline
AccountNet, New York	4.3M	21	Dynamics GP/SL
Accounting Systems, Fort Collins, Colo.	1.7M	11	Delttek Vision, Dynamics AX, Syspro
Ace Microtechnology, Atlanta	2M	15	Dynamics GP
Acumen Advisors, Reston, Va.	7.5M**	30	Delttek Vision, Premier
ADSS Global, Exton, Pa., and Miami, Fla.	18.75M	90	Accpac, MAS 90/200, MIP
Altico Advisors, Marlborough, Mass.	4M	20	Dynamics GP
Applied Business Services, Gaithersburg, Md.	4.1M	15	MIP, Open Systems, Traverse
AVF Consulting, Baltimore	5.5M	27	Dynamics NAV, Serenic Navigator
Arxis Technologies, Simi Valley, Calif.	4.1M	21	Accpac, MAS 90/200/500, QuickBooks Enterprise, SAP Business By Design
Axis Global Partners, Chicago	2.9M	10	Accpac, Sage Pro
Aztec Systems, Carrollton, Texas	8.14M	52	Dynamics GP/NAV/SL, MAS 90/200
Baass Business Solutions, Thornhill, Ontario	8.2M (Canadian)	48	Accpac, BusinessVision, Dynamics NAV, Sage X3
BCS ProSoft, San Antonio, Texas	5.3M	29	Delttek Vision, MAS 90/200/500
BKD Technologies, Springfield, Mo.	18.3M	80	Dynamics AX/GP, MAS 90/200/500, Sage X3
Blytheco, Atlanta and Laguna Hills, Calif.	22M	119	Accpac, BusinessWorks, MAS 90/200/500, Sage X3
Boyer & Associates, Minneapolis	2.5M	14	Acumatica, Dynamics GP/SL
BrainSell, Ipswich, Mass.	2.1M	18	Accpac, Acumatica, BusinessWorks MAS 90/200/500, Peachtree Quantum, QuickBooks Enterprise Solutions, Ross Enterprise
Bredet Services, Oakville, Ontario	1.5M (Canadian)	12	Accpac, Dynamics AX, Delttek Vision, MAS 500, Sage Pro
Business Productivity Solutions, Chicago	2.5M	12	Acumatica, Dynamics GP/SL, NetSuite
CAL Business Solutions, Harwinton, Conn.	2.98M	18	Dynamics GP
Capital Business Solutions, Raleigh, N.C.	1.6M	10	Dynamics NAV, MIP, Serenic Navigator
Cargas, Lancaster and Pittsburgh, Pa.	6.6M	42	Dynamics GP

* Revenue was estimated by The Progressive Accountant.
 ** Acumen combines revenue of three merged companies.
 *** Fullscope figures based on figures published in 2009 before its acquisition by Edgewater Technology

Company	Sales*		Employees
Central Consulting Group, St. Paul, Minn.	6.2M	30	Deltak Vision
Clients First Business Solutions, Holmdel, N.J.	12.4M	74	Dynamics AX/NAV, Epicor, MAS 900/200/500, SAP Business One
Collins Computing, Mission Viejo, Calif.	12M EST	41	Dynamics AX/GP
Compudata, Philadelphia, Pa.	7.3M	30	Epicor, Intuit, Sage MAS 90/200/500
Computerworks, San Dimas, Calif.	800K EST	4	AccuFund, Blackbaud, Serenic
CS3 Technology, Tulsa, Okla.	2.1M	15	BusinessWorks, MAS 90/200/500, Peachtree, Sage PFW
Delphia, Columbus, Ohio	4M	22	Sage PFW
DSD Business Systems, San Diego	7.24M	64	Accpac, BusinessWorks, MAS 90/200/500, Peachtree, Sage PFW
DWD Technology Group, Fort Wayne, Ind.	2.4M	14	BusinessWorks, MAS 90, MIP
Dynamics Source, Springdale, Ark.	1.2M	10	Dynamics GP/SL
EHTC Technology Solutions, Grand Rapids, Mich.	1M	6	Dynamics GP/SL
Emergence Corp., Miami, Fla.	12.2M U.S.	101	Dynamics AX/GP/RMS, Sage AXRT
ePartners, Irving, Texas	35M EST	175	Dynamics AX/GP/SL
Explore Consulting, Bellevue, Wash.	3.5M	44	NetSuite
First Tech Direct, Royal Oak, Mich.	6.1M	40	Dynamics AX/GP
Forepoint, Seattle, Wash.	1.9M	15	Accpac, Deltak Vision, QuickBooks Enterprise
Fullscope, Athens, Ala.	\$22M EST.	89***	Dynamics AX
Hightower, Skokie, Ill.	5.1M	34	MAS 90/200/500, NetSuite, Syspro
Honkamp Krueger & Co., Dubuque, Iowa	1M	6	MAS 90/200
Huckstep & Associates, Springfield, Mo.	1.9M	11	MIP
IBIS, Norcross, Ga.	14M	64	Dynamics AX/GP
ie Solutions, Monterey, Calif.	200K	1	BusinessWorks, MAS 90/200, QuickBooks Enterprise
Incortech, Fontana, Calif.	1.5M	6	MAS 90/200/500, QuickBooks Enterprise
Interdyn AKA, New York	11.5M	48	Dynamics AX/GP
Interdyn Artis, Charlotte, N.C.	4.1M	20	Dynamics GP
Interdyn BMI, St. Paul, Minn.	11M	60	Dynamics AX/GP

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Company	Sales*		Employees
Interdyn CFO, Orlando, Fla.	3M	15	Dynamics GP/NAV
Information Systems Management, Phoenix, Ariz.	4.7M	30	Accpac, MAS 90/200/500
ISYS, Torrance, Calif	496K	3	AccountMate
JMT Consulting, Patterson, N.Y.	5M	25	Intacct, MIP Fund Accounting, Serenic Navigator
Kerr Consulting & Support, The Woodlands, Texas	4.7M	23	AccountMate, Accpac, Cyma, MIP, Sage Pro
Knaster Group, Englewood, Colo.	2.8M	10	Dynamics GP
L. Kianoff & Associates, Birmingham, Ala.	4.53M	23	Dynamics GP, MAS 90/200/500
Marks Group, Bala Cynwyd, Pa.	1.5M	10	Dynamics GP, QuickBooks
Martin & Associates, Cincinnati, Ohio	3.7M	21	BusinessWorks, Dynamics GP, MAS 90/500
McGladrey, Minneapolis	136M	310	Delttek CostPoint, Vision, Dynamics GP/SL, SAP Business One,
Mendelson Consulting, Ft Lauderdale, Fla.	615K	8	QuickBooks Enterprise Solutions
Mibar.net, New York	6.1M	29	AccountMate SQL, Dynamics GP/RMS
Navigator Business Solutions, Pleasant Grove, Utah	5M	50	SAP All-in-One, Business One, Business by Design
Net@work, New York	24M	143	Accpac, MAS 90/200/500, Sage Pro, Sage X3
New England Systems and Solutions, Rockland, Mass.	585K	3.5	AccuFund
NexTec Group, Seattle, Wash.	9.3M	45	Dynamics GP/SL, MAS 500, Sage X3
Out of the Box Technology	1M	10	QuickBooks Enterprise Solutions
NextLevel Information Solutions, Miami, Fla.	5.3M	25	Accpac
NexVue Information Systems, Stamford, Conn.	4.6M	16	Dynamics GP/SL, Acumatica
Paradigm Technology Consulting, Hamilton Square, N.J.	4.1M	17	Dynamics GP
Plus Computer Solutions, Burnaby, British Columbia	1.9M Canadian	15	Accpac, Simply Enterprise
Practical Software Solutions, Concord, N.C.	4.8M	24	MAS 90/200/500, Timberline
Productivity Software & Strategies, South Bend, Ind.	600K	7	Dynamics NAV, MAS 90/200 Sage Pro, TIW Alere
Queue Associates, New York	5M	25	Dynamics AX/GP/SL
The Rand Group, Houston, Texas	12.8M	65	Dynamics AX,/GP/NAV and Sage X3 and Timberline
Reach Solutions, Little Rock, Ark.	1.7M	11	Dynamics GP/SL

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Company	Sales*	Employees	Employees
Response Computer Group, Milford, Del.	1.3M	9	Open Systems, Traverse
Rose Business Solutions, San Diego	4.2M EST	18	Dynamics GP/SL
SBS Group, Woodbridge, N.J.	11M	70	Delttek Vision, Dynamics AX/GP/SL, MAS 500
SGS Technology Group, Ogden, Utah	3.6M	15	MAS 90/200/500
Shafer Solutions, Baltimore, Md.	1.5M	10	Intacct, MAS 90/200
Sikich, Aurora, Ill.	22M	95	Dynamics GP/NAV/SL
SilverEdge Systems Software, Schaumburg, Ill.	2.3M	7	Delttek Vision
Socius, Dublin, Ohio	18.3M	89	Dynamics AX/GP/SL, MAS 90/200/500, Syspro
Software Generation, Colleyville, Texas	857K	5	Accpac, Sage Pro, TIW Alere
Software Link, Alpharetta, Ga.	3.2M	15	MAS 90/200/500, Sage X3
SSI Consulting, Columbia, Md., and McLean, Va.	3.8M	15	Dynamics GP/SL
SouthEast Computer Solutions, Miami, Fla.	4.2M	20	Accpac, MAS 90/200/500
Sunrise Technologies, Winston Salem, N.C.	12.2M	72	Dynamics AX
SWK Technologies, Livingston, N.J.	7.42M	38	BusinessWorks, MAS 90/200/500, Sage X3
Synergy Business Solutions, Seattle, Wash., and Portland, Ore.	4M	22	Dynamics SL, Intacct
SystemLink North America	2M	12	Accpac
Tamlin Software, Dallas, Texas	2.6M EST	14	AccountMate
Tectura, San Mateo, Calif.	230M	1600	Dynamics AX/GP/NAV/SL
Third Wave Business Systems, Wayne, N.J.	EST	35	Dynamics GP, SAP Business One
TM Group, Farmington Hills, Mich.	6.3M	32	Dynamics GP/SL
Tribridge, Tampa, Fla.	60M	300	Dynamics AX/GP/NAV/SL
WAC Consulting Group, Northborough, Mass.	6.2M	55	Accpac, AccountMate, MAS90/200, Sage MAS500, Peachtree Quantum, QuickBooks Enterprise, Sage X3, SAP Business One Sage Pro, TIW Alere
Wipfli, Milwaukee	6.5M	24	Dynamics AX/GP, MIP, QuickBooks Enterprise

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ABC Computers

ABC increased its marketing budgets by 200 percent (\$136,300) and hired an ERP project manager, which enabled it to continue recognizing increased revenue and to keep projects on-time and on-budget. ABC said that meant it could hold firm on customer satisfaction. Much revenue during the downturn has been from repeat customer business.

Ace Microtechnology

ACE positioned itself to "run mean and lean" and says it has maintained 95 percent customer satisfaction via third party CSTAT evaluations and has grown by 34 percent in a down economy. The business attributes that to a team that is willing to put forth 110-percent effort in an economy that has not allowed them to receive annual raises and other fringe benefits. Consultants have more than 15 years experience each with Dynamics and there has been no turnover in the last two years.

Acumen Advisors

Acumen increased its marketing budget and activities and expanded its geographic and industry focus to include areas on which economic problems have not had as much of an impact. It is also considering expanding its product and services offering to diversify and provide more benefit to its roughly 1,700 existing clients.

AVF Consulting

AVF says a major element in its response was remaining committed to its sales and marketing effort. It not cut team members, despite the fact that sales were slow to close. Nurturing leads and keeping the pipeline full, and a commitment to its vision and team has paid off, AVF believes.

Blytheco

Blytheco continued to grow through acquisitions at a steady clip throughout 2010. The company says it also increased marketing and lead generation efforts, along with retaining its sales and professional services staff. It also invested in new product development.

Boyer & Associates

The most important thing Boyer said it has done is to constantly present small but useful tools (via webinar) to clients that make them more productive.

BrainSell

BrainSell has utilized a variety of tools, including product diversification. It also has acquired three companies in the past three years, and said it continues to be dedicated to providing "superb customer service," while also maintain low overhead. As a result, it has grown by 30 percent over the prior year.

Bredet Services

Rather than lay off staff, Bredet Services chose to offer customers cost-saving measures, including free conversions and upgrading of reports. The company cited its variety of software

products and vertical markets as important. Down time was used to train staff and improve product knowledge regarding all the packages it supports and that move is paying off as business recovers.

DSD Business Systems

DSD says it has taken the risk of ERP and CRM implementations away from the end-user by almost exclusively utilizing fixed-price proposals. The process includes an extremely detailed scope of work document, and a range of implementation options that have been scaled in price in order to meet a broad range of budgetary constraints. DSD has also taken a firm stand against the use of offshore services. It believes that domestic services are more cost-effective than their offshore counterparts in the long-run

Emergence Corp

Emergence at first cut costs, but says it understood that "hiding would kill our company." So it executed more than 100 marketing events and says it is back in growth mode. It also put more effort into serving vertical markets and added third-party applications that integrate with Dynamics, which provided new opportunities for revenue from cross selling.

Explore Consulting

Explore Consulting, a NetSuite reseller since 2003, says its revenue has grown each year since then. That includes revenue from new customers and recurring projects, along with revenue from add-on product sales, integration, professional service and support. Explore says it has also significantly grown its eCommerce practice to include SEO/SEM, strategic eCommerce consulting, and eCommerce add-ons. It also became one of the first Amazon WebStore Solution Providers.

First Tech Direct

First Tech Direct launched both a Dynamics AX practice and PTC's Product Lifecycle Management in 2009. It added seven new Dynamics AX customers in the last 20 months and reports it has a very strong pipeline and has hired five additional AX consultants to handle growth. The addition of the PTC practice rounded-out offerings to manufacturers by providing end-to-end management of CAD data and product lifecycle management.

InterDyn AKA

InterDyn AKA cut costs and staff to address the lack in demand when the economy shrunk, but did not cut back investing in its vertical products, which are built upon the Dynamics ERP and CRM product lines. Now as the economy recovers, those vertical products are expected to be the engine for growth.

InterDyn Artis

InterDyn Artis utilized meeting with other InterDyn locations to gain new ideas and also hired consulting firm, SalesWorks, to help develop and to execute on a multi-touch marketing plan. The company said that helped it get "back into an expansion-mode mindset."

InterDyn CFO

InterDyn CFO has established a \$20-per-hour discount for customers that permit the dealer to automatically debit their operating accounts for professional service billings. While it has cut back on variable expenses, the organization said it was still providing funds for training. It also added the Dynamics NAV line.

Mendelson Consulting

A QuickBooks specialist, Mendelson Consulting focused on operating costs, but it also opened satellite offices. That included Tampa, Fla., opened last year, and Chicago this year. The company is also evaluating the sale of other products and services. The result has been that 2010 produce year-over-year growth in both revenue and net income.

Mibar.net

Although Mibar reduced overhead and adjusted compensation for its technical staff, it left marketing budgets intact. It also continued to utilize performance-by compensation so that as conditions improved, compensation would be automatically reinstated.

Out of the Box Technology

In 2009, partners reorganized the company, then known as Technology In A Box, to have separately owned and managed offices. This decentralized accounting and mitigated state tax liabilities, while keeping sales and marketing efforts centralized. Besides

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In 2009, partners reorganized the company, then known as Technology In A Box, to have separately owned and managed

offices. This decentralized accounting and mitigated state tax liabilities, while keeping sales and marketing efforts centralized. Besides saving on taxes and infrastructure costs, Out of the Box was better able to adapt to changes in the business climate. It also bid on bigger project. In addition, each office can now offer products and services that fit the local needs, without affecting the productivity of other offices, the firm says.

Practical Software Solutions

Over the past two years, Practical Software has become more focused on vertical markets and the change has shown in a shift in revenue. Before 2009, its sales were across all manufacturing and distribution markets. This year, 90 percent of sales came from a few distinct vertical markets.

Response Computer Group

Response Computer Group capitalized on the economic slowdown by using resources to refine and enhance its Manufacturing and Beyond (MB) application. It also built a state-of-the-art, green energy, office building for its use. The slow economy enabled RCG to focus on an efficient building design. The company believes it would have been extremely difficult to balance the distractions of a construction project during a busy economic climate.

Rose Business Solutions

Rose Business Solutions has been offering subscription pricing, which enables customers to forgo capital expenditure for hardware and software. There are no annual commitments. Monthly billing with no-upfront fees removes risk for prospects.

SilverEdge

SilverEdge says it adjusted its sales process because it does not see its products and services as commodities. It has also focused on measuring successful implements as much as possible to determine ROI. Using this information helps it pursue new clients more successfully. The dealer is also helping clients measure their results and publicizing those when permitted. It is also developing relationship through the Thought Leadership Series, which it developed in partnership with Deltek and the Creative Growth Group. SilverEdge says the series "is a venue where like-minded professionals can share best practices and develop relationships."

Software Generation

Software Generation formed an association with the former QRV consulting which is now Software Generation Midwest. It has added many Web-based services for its clients, including Web-based free video training and it plans to expand the free Internet services. A long-time Sage Pro VAR, the firm took on that vendor's Accpac line because of its anticipation for a Web-based version expected to be available next year. The organization has streamlined many of the product implementation processes and continues to spend aggressively on customer support services.

Software Link

Software Link cited two major factors that have helped it deal with the economic climate. The first is the move away from relying solely on new sales via the recurring revenue model of its hosting business. The second is a narrowing of the ERP focus by moving into a few vertical markets that lets SoftwareLink take advantage of its internal expertise.

SSI Consulting

SSI Consulting took a more strategic approach to its marketing spending and its statistical analysis of leads and sales over the last few years supported the suspicion that traditional forms of marketing were not producing needed results. As a result, it steered money away from channels such as trade shows and direct mail, and into Web marketing. The mid-year changes in the marketing plan have paid off.

Synergy Business Solutions

Synergy has ramped up its website and online marketing and search engine optimization to attract more prospective clients and existing Dynamics SL clients who are searching for another partner. As a result, web traffic and conversion rates for those prospects have significantly risen since 2008.

Third Wave Business Systems

Third Wave increased its marketing efforts, which included a new website with improved SEO capabilities. The firm is also utilizing social media. During the last five years, it has also expanded the number of industries that targets. Once concentrated on nonprofits and financial services, which were severely impacted by the recession, it has expanded into distribution and manufacturing. It has also expanded service offerings to include custom programming and add-on applications, which are now being sold in eight countries.

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