Bob Scott's TOP 100 VARs 2017

Spring 2017

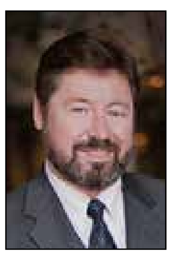
The Winds Of Change Blow Hard

Drive to the Cloud Changes the Market

Top 100 VARs 2017

A year ago, Shirley Singleton, then CEO of Edgewater Technologies, which owns the Ranzel Oracle business and Fullscope reselling operation, described the mid-market software business as being in turmoil.

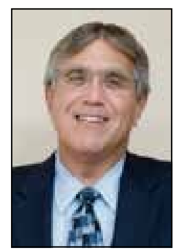
Edgewater itself was in turmoil as it faced two proxy fights—one unsuccessful, but a second, by a group that wanted Singleton out, succeeded in ousting four board members. While that was quickly the result, the new management still describes a market in the midst of widespread change as it says customers are resisting the push to the cloud by Microsoft and Oracle, not necessarily refusing to consider the cloud, but delaying buying decisions to study the move.



Steve Blythe,
Blytheco

During its first quarter earnings webcast, Edgewater's Interim CEO Jeffrey Rutherford noted, "Our second quarter 2017 service revenue projection continues to reflect the disruption we are experiencing from customers contemplating their adoption strategy for cloud-based applications."

To whatever degree customers may be resisting, it is clear that the channel has yielded to what has seemed inevitable for some time—that the cloud will become the preferred way of selling financial applications. And there is a big push.



Jim Bowman,
SBS Group

With Microsoft's move to the cloud with Dynamics 365, which has editions that are SaaS-based versions of Dynamics AX and Dynamics NAV, and the continued recruiting by Acumatica, Intacct and NetSuite, the overwhelming number firms on this list now offer cloud products.

However, it is not an easy business for those who have made their living in the traditional reselling market. And those in the know say the cloud move cannot be made half-heartedly. During May's SAP Partner Summit, Grant Fraser, CEO of Pleasant Grove, Utah-based SAP VAR Navigator Business Solutions, characterized the situation this way: "Either you are all in the cloud business or don't bother".

The change is showing up on the vendor and VAR rev-

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Choosing the Top 100

To be considered for selection in the Top 100, firms were asked to provide the number of employees and annual revenue, along with the financial software lines they care. In cases in which firms did not disclosed, revenue was estimated, taking into account the general price range of ERP applications that these firms handle.

In cases where more than one firm reported the same revenue, they were deemed to be in a tie for the same ranking on the chart. In every case, resellers derive revenue from the sale of sources other than mid-market financial applications. These include networking, infrastructure and hosting services, along with a wide variety of other lines of business. However, all VARs selected consider ERP applications to be the core of their businesss.

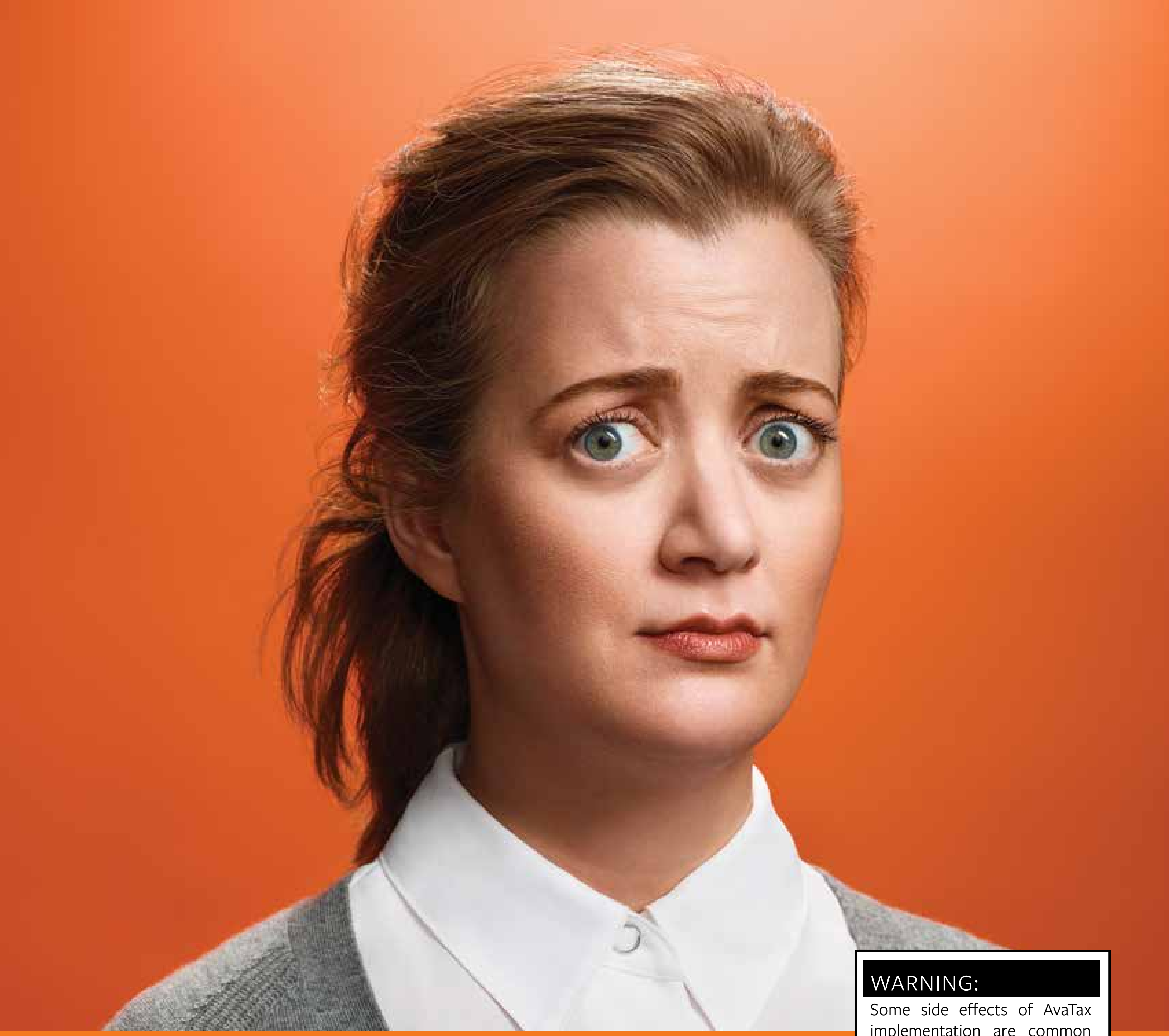
BSI's
TOP 100 VARs

	Company	Revenue ($MM)	Staff	Product Line
1	**RSM**, Chicago, Ill.	271.2	1100	Dynamics AX/GP/NAV/SL/365, NetSuite
2	**Columbus**, Ballerup, Denmark	171	1200	Dynamics AX/GP/NAV
3	**Tribridge**, Tampa, Fla.	168	800	Dynamics AX/GP/NAV/SL, NetSuite
4	**Edgewater Technology**, Wakefield, Mass.	126.5	465	Dynamics AX
5	**Crowe Horwath**, Chicago, Ill.	101	486	Dynamics AX/GP/365
6	**Armanino**, San Ramon, Calif.	76.5	253	Dynamics AX/GP/365 for Operations/365 for Financials, Intacct
7	**Sikich**, Naperville, Ill.	58	280	Dynamics AX/GP/NAV/SL/365, NetSuite
8	**Alfapeople**, Denmark	50	500	Dynamics AX/365
9	**Net@Work**, New York,N.Y.	47.48	185	Abila, NetSuite, Sage 100/300/500, X3
10	**SBS Group**, Edison, N.J.	44.64	145	Acumatica, Dynamics GP/SL/NAV/365 for Financials/365 for Operations
11	**Vision33**, Irvine, Calif.	44.38	194	SAP B1/ B1 Hana
12	**Jitasa Group**, Boise, Idaho	38E	170	Dynamics NAV, Serenic Navigator
13	**Socius**, Dublin, Ohio	37	150	Dynamics AX/GP/NAV/SL/365, NetSuite, Sage 100/500, Syspro
14	**Western Computer**, Oxnard, Calif.	36	160	Dynamics AX/NAV/365
15	**mcaConnect**, Denver, Colo.	35	150	Dynamics 365
16	**Wipfli**, Milwaukee, Wis.	34.9	377	Dynamics AX/GP/SL/365, Intacct, NetSuite
17	**SWK Technologies**, Livingston, N.J.	34.1	150	Acumatica, BusinessWorks, NetSuite, Sage 100/100c/500, X3
18	**ADSS Global**, Miami, Exton, Fla., Pa.	31.5	150	Sage 100/500, Live
19	**Sunrise Technologies**, Winston-Salem, N.C.	30.5	160	Dynamics 365
20	**AKA Enterprise Solutions**, New York, N.Y.	30	125	Dynamics 365 for Operations (AX, GP)
21	**CohnReznick**, New York, N.Y.	29E	100	Dynamics GP/365, Intacct, NetSuite, Infor M-3/M-4, Microsoft, Oracle
22	**Blytheco**, Laguna Hills, Calif.	28.5	103	Acumatica, NetSuite, Sage 100/500, X3
23	**BAASS Business Solutions**, Thornhill, Ont.	27	127	Deltek, Intacct, Sage 300, X3
	CliftonLarsonAllen, Minneapolis, Minn.	27	80	Intacct
25	**BDO Solutions**, Toronto, Ont.	25.7	190	Dynamics AX/GP/NAV/365 Enterprise Edition/365 Business Edition/365 for Financials


COOPERATE
TRUST
SHARE
HELP
PARTNERSHIP
SUPPORT
BUSINESS
TEAMWORK
PARTICIPATE

Bob Scott's
TOP 100 VARs *continued*

	Company	Revenue ($MM)	Employees	Financial Software
26	**Clients First Business Solutions**, Holmdel, N.J.	24	105	Acumatica, Dynamics AX/NAV/365, Epicor, SAP B1
27	**Aktion Associates**, Maumee, Ohio	23	140	Acumatica, Intacct, Distribution CloudSuite/SXe/FACTS/A+, Sage 100 Cont./300 CRE
28	**NexTec Group**, Seattle, Wash.	21	100	Acumatica, Dynamics GP/SL, Sage 500, X3
29	**Archerpoint**, Atlanta, Ga.	20	100	Dynamics NAV
30	**BKD Technologies**, Springfield, Mo.	18.3	49	eoStar, Dynamics AX/GP/365, Intacct, Sage 100/500, X3
31	**Rand Group**, Houston, Texas	18.07	94	Dynamics AX/GP/NAV/365, NetSuite
32	**Navigator Business Solutions**, Pleasant Grove, Utah	18	70	SAP Anywhere, Business ByDesign, Business One/Business OneCloud
33	**Eide Bailly**, Fargo, N.D.	17.7	125	NetSuite, Sage 100/500
34	**Copley Consulting Group**, East Greenwich, R.I.	17	57	Infor Industrial Cloud Suite (SyteLine)
35	**Enavate**, Englewood, Colo.	16.5[E]	120	Dynamics 365
36	**Cargas Systems**, Lancaster, Pa.	15.02	93	Dynamics GP, Intacct
37	**Central Consulting Group**, Minneapolis, Minn.	15	40	Deltek Vision, Intacct
38	**RKL eSolutions**, Lancaster, Pa.	14.9	77	Sage 100/300/500, X3
39	**Encore Business Solutions**, Winnipeg, Manitoba	14.5	77	AX/GP/NAV/365
40	**Stoneridge Software**, Barnesville, Minn.	14	70	Dynamics AX/NAV
	Guide Technologies, Cincinnati, Ohio	14	49	Infor Cloud Suite Industrial/LN/XA
42	**Crestwood Associates**, Mount Prospect, Ill.	13.9	67	Acumatica, Dynamics GP/SL/365, Greentree
43	**FMT Consultants**, Carlsbad, Calif.	13.4	75	Dynamics GP/365, NetSuite, SAP ByD
	SIS, Duluth, Ga.	13.4	52	Dynamics AX/SL/365
45	**LBMC Technology Solutions**, Nashville, Tenn.	13	56	Intacct, Dynamics GP/SL/365 for Financials
46	**Logan Consulting**, Chicago, Ill.	12.7	40	Acumatica, Dynamics AX/GP, QAD
47	**Collins Computing**, Mission Viejo, Calif.	12.3[E]	35	Acumatica, Dynamics GP/365 Business Edition
48	**Microaccounting/xkzero**, Dallas, Chicago, Texas, Ill.	12	50	Acumatica, Intacct, Sage 100/500, Sage X3
49	**Warren Averett Technology Group**, Birmingham, Ala.	11.28	58	Dynamics GP, Intacct, QuickBooks Sage 100/100c
50	**Accordant**, Morristown, N.J.	10.5	30	Sage 100 Contractor, 300 CRE
51	**DSD Business Systems**, San Diego, Calif.	10.4	85	Acumatica, Sage 100/300/500



Bob Scott's

TOP 100 VARs *continued*

	Company	Revenue ($MM)	Employees	Financial Software
52	**Explore Consulting**, Bellevue, Wash.	10.3	55	NetSuite
53	**EpiCenter**, Westfield, Mass.	10	65	Epicor
54	**Godlan**, Clinton Township, Mich.	9.57	50	Infor CloudSuite Industrial (SyteLine) ERP
55	**Acct Two Shared Services**, Houston, Texas	8.9	51	Intacct
	Turnkey Technologies, St. Louis, Mo.	8.9	43	Dynamics AX/GP/365 for Financials/365 for Operations
57	**Stambaugh Ness Business Solutions**, York, Pa.	8.8	28	Deltek GCS/Vision
58	**Kerr Consulting & Support**, The Woodlands, Texas	8.5	50	Abila, AccountMate, BusinessWorks, CYMA, Sage 100/300/500
59	**White Owl Solutions**, Miami, Fla.	8.2	68	Blackbaud Financial Edge, Dynamics AX/GP, Intacct
	TM Group, Farmington Hills, Mich.	8.2	44	Dynamics GP/SL/NAV/365 for Financials, Intacct, NetSuite
61	**Indusa Technical Corp.**, Oakbrook, Ill.	8	301	Dynamics AX
	Cre8tive Technology & Design, San Diego, Calif.	8	60	Epicor
63	**Mibar Computer Services**, New York, N.Y.	7.9	28	AccountMate, Dynamics GP, NetSuite
64	**BCS ProSoft**, San Antonio, Texas	7.8	40	Deltek Vision, NetSuite, Sage 100
	CompuData, Philadelphia, Pa.	7.8	40	Epicor, Intacct, Sage 100/500/100 Manufacturing
66	**Guru Solutions**, Montreal, Quebec	7.586	75	NetSuite
67	**Innovia Consulting**, Onalaska, Wis.	7.3	42	Dynamics NAV
68	**e2b Technologies**, Chardon, Ohio	7.18	47	Epicor, Intacct, Sage 100c/500, X3
69	**Brainsell Technologies**, Topsfield, Mass.	7.1	62	Intacct, QuickBooks, Sage 50/100c/300c/500, X3
70	**Raffa**, Washington, D.C.	7	28	Dynamics GP/SL/365, Intacct
71	**TGO Consulting**, Toronto, Ont.	6.9	35	Dynamics GP, Sage X3
72	**Six S Partners**, Waterloo, Ont.	6.8	42	Epicor
	Technology Management Concepts, El Segundo,, Calif.	6.8	27	Dynamics GP/NAV/ SL/365
74	**Third Wave Business Systems**, Wayne, N.J.	6.6	37	Sage, B1/B1 Cloud, Dynamics GP
75	**Accountnet**, New York, N.Y.	6.3	22	Dynamics GP/SL/365 for Financials
76	**Queue Associates**, New York, N.Y.	6.1	50	Dynamics AX/GP/NAV/SL/365
77	**WAC Consulting**, Northborough, Mass.	6	40	Abila, Acumatica, NetSuite, QBES, Sage 50/100/300 Sage Pro, X3

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enue lines.

"Overall, I think we doubled the amount cloud business over the previous year," says Lisa Pope, VP of sales for Epicor in the Americas.

Craig West,
NetSuite

AcctTwo Shared Services, an Intacct-only reseller founded in 2010, has jumped from not being in the Top 100 three years ago to $5.6 million last year and $8.9 million for the 2017 selection. Few of those Top 100 firms offer such a clear comparison year-to-year—Most do not carry only cloud products and some of those who do did not provide figures for last year's ranking or their numbers were estimated. But reports suggest that cloud growth is strong in many places.

On the other side, sales of on-premise products are increasingly to the installed base, not new customers.

In many cases for the legacy products, "it is a downward slope from left to right on the chart," says Taylor Macdonald, senior VP of channel sales for Intacct.

The small number of publicly reporting software companies serving the midmarket demonstrates the trend away from licensed, on-premise software in their financial results. Infor reported $81.4 million in license fees for its third quarter ended January 31, a decline of 6.8 percent from the prior year. Sage saw software and associated revenue fall to about $189.4 million for the first ended March 31, off 7.5 percent from the first half of fiscal 2016. And then there's Blackbaud, which stopped selling license software completely a few years ago.

The move to subscription has been a financial benefit to the vendors. Both Infor and Blackbaud report that customers who move to subscription pay 1.5 times to two times each dollar they spent for maintenance plans for licensed software.

Stephen Kelly, CEO of the Sage Group, agrees with that assessment. "Customers are very open to paying more money on a subscription," he said during company's recent Summit conference.

But for many resellers, that move to subscription-based sales—largely of cloud products but increasingly also of desktop software—has a well-known impact on cash flow. Instead of receiving a lump payment, the revenue arrives over the life of the subscription.

For years, Macdonald has told resellers that most of them do not have a sales problem; they have a lead generation program. That lesson applies even more in the cloud market, he says.

The on-premise world had more frequent replacement cycles. With the cloud, once a business has put its data in the cloud, it becomes very hard to switch to a different supplier.

"As replacement cycles stretch out, partners need to focus more on lead generation and close ratios," Macdonald says.

However, VARs are more popular than ever, although the state of the market is that channels are much smaller they were at the beginning of the century and highly effective VARs that are good at selling are very popular. There is one very simple reason—for companies that wish to grow more rapidly, they simply cannot hire direct sales people rapidly enough. They must use indirect distribution, says Craig West, NetSuite's VP of channels.

Ali Jani, VP of partner strategy, product management services for Acumatica, notes his company is benefitting from the uptick in interest in the cloud.

"We continue to see a big ramp in our new partners," Jani says. "We added more new partners in the first quarter than we have ever had before." That was 15 new channel members.

A big win for Acumatica was signing Blytheco, who for many years was Sage's No 1 VAR and is still a top player. Asked why he added the product, owner Steve Blythe noted Sage has a gap in its product line between Sage Live and X3, which are two of its three global products, along with Sage One.

"I can't get a guarantee that gap will be filled," Blythe said during Sage's Summit conference this month. CEO Kelly says it will be filled by scaling the cloud-based Sage Live upward and probably by some vertical market acquisitions. But it's clear some Sage VARs like Blythe are out of patience.

But it's not just the newer cloud software companies that are ramping up recruiting.

Over the last year, Epicor, which had shown a preference for direct sales, has begun rebuilding its channel under Sally Craig as the senior director of the channel for the Americas, and adding Lisa Pope as EVP of sales.

Grant Fraser,
Navigator Business Solutions

Other companies that have channels, but have not been active for years, are ramping up.

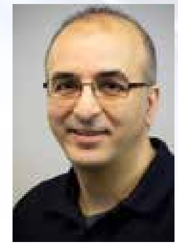
Macola, which has long had a channel that has not grown for years, added eight dealers in November, and has also been added them in Latin America, where it had not been previously active. For years, it showed 32 resellers on its website Now it displays a total of 47, six of these in the Latin American countries of Chile, Panama, Columbia, Dominican Republic and Venezuela, along with one in Puerto Rico.

Nonprofit software vendor Blackbaud has been quietly building a channel for its on-premise based Financial Edge and cloud-based Financial Edge NXT nonprofit accounting applications. That company disbanded its channel in 2005 and only had some legacy FundWare VARs during the interim.

Epicor has had a channel for years, but during his tenure, former CEO George Klaus, who left the company in 2011 with its purchase by a private equity company, said that Epicor was direct sales only. That has changed under Joe Cowan who took over in October 2013, but had not gained much visibility until the last year.

There's some work to do. Lisa Pope, EVP of sales for the Americas, notes the need to assess plans for the channel during the company's Insights conference this month. "I will be meeting with them at Insights to be developing an improvement plan for them," says Pope, who assumed her position in March. Her question for those resellers will be "How can we improve and be a better partner for them."

This includes evaluating the possible need for more training or additional pre-sales support.



Ali Jani,
Acumatica

Pope also noted the need to formulate a program that acknowledges that resellers often handle other products, including competing ones.

Epicor VARs are starting a little further behind. Pope says there needs to be an educational focus around the cloud. "They just don't know how to position it," she says. "They don't know how to focus around the cloud".

Part of her job is to find more resellers to focus on such products. "We will move into a rapid expansion of the program," she says.

The software company is following the same path chosen by other vendors—encouraging VARs to pursue extremely specialized markets.

"The microvertical is key for us," Pope says. That means not just focusing on retail but on sports stores that carry guns or on shooting ranges.

Like Epicor, Sage is dealing with the channel's worries about the vendor's sales strategy. The company angered resellers during the tenure of Pascal Houillon as CEO of Sage North America by putting an emphasis on direct and has been working to heal bad feelings during the tenure of Sage Group CEO Stephen Kelly, who took over in October 2014.

During the recent Sage Summit Conference, Kelly delivered a keynote speech on Partner Day.

"When I joined, there were concerns that partners weren't always central to our business," Kelly told an audience of resellers, continuing, "that Sage flip flopped between direct and channel sales." He emphasized during his keynote. "Partners are central to our strategy."

And Sage executives showed up at reseller receptions during the conference and stayed—something that did not always occur under the software company's prior C-level teams.

SAP is also recruiting. But the company is likewise hurting from the bad experience with the vendor, in this case with their decision to carry its Business By Design application, which left them with the cost of ramping up on the product, but not much in the way of revenue. And the number of resellers in the Top 100 that carry SAP products continue to diminish.

However, SAP once again is starting to visibly promote ByD, first introduced in 2007 as a cloud product for companies with 1,500 or fewer customers.

SAP is also recruiting ByD VARs. But it has little to no penetration of the market that has carried products such as Sage and Dynamics. Michael Schmitt, the product's general manager, said there are 18 channel partners in North America.

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TOP 100 VARs *continued*

	Company	Revenue ($MM)	Employees	Financial Software
	JMT Consulting Group, Patterson, N.Y.	6	30	Abila MIP, Intacct
	Synergy Business Solutions, Portland, Ore.	6	30	Dynamics SL/NAV/365 Business Edition
80	**Intellitec Solutions**, Wilmington, Del.	6	28	Dynamics GP/SL/365, Intacct
81	**CAL Business Solutions**, Harwinton, Conn.	5.9	28	Acumatica, Dynamics GP
	Fourlane, Austin, Texas	5.9	20	QuickBooks, QuickBooks Online, QBES
83	**Arxis Technology**, Simi Valley, Calif.	5.8	28	Intacct, Sage 100/300/500
	Faye Business Systems Group, Woodland Hills, Calif.	5.8	27	NetSuite, Sage 100
	Sererra Consulting Group, Irvine, Calif.	5.8	25	NetSuite
	SSI Consulting, Vienna, Va.	5.8	22	Dynamics GP/SL/365, Intacct, Unanet
87	**Algorithm**, Dublin, Ohio	5.7[E]	23	Acumatica, Macola
88	**Boyer & Associates**, Minneapolis, Minn.	5.6	20	Dynamics GP/NAV/SL/365 for Financials
89	**Central Data Systems**, Farmington Hils., Mich.	5.5	35	Acumatica, Infor Distribution SX.e
	Resource Group, Renton, Wash.	5.5	27	Dynamics GP, Intacct
91	**SouthEast Computer Solutions**, Miami Lakes, Fla.	5.4	26	Acumatica, Sage 100/500, X3
	T3 Information Systems, Washington, D.C.	5.4	24	Dynamics GP/SL/365 Financials, Intacct
93	**Martin & Associates**, Cincinnati, Ohio	5.2	21	Acumatica, Dynamics GP, Sage 100/500
94	**Answer Company**, New Westminster, B.C.	5.06	70	Acumatica, NetSuite, Sage 100/300/500, X3
95	**ComTec Solutions**, Charlotte, N.C.	5	38	Epicor
	DWD Technology Group, Fort Wayne, Ind	5	25	Abila MIP, Acumatica, BusinessWorks, Sage 100/300/500
97	**ISM**, Portland, Ore.	4.98	25	Acumatica, Sage 100, X3
98	**Interdyn Artis**, Charlotte, N.C.	4.9	22	Dynamics AX/NAV/365
99	**ACE Microtechnology**, Gainesville, Ga.	4.8	25	Dynamics GP/365
100	**Vertical Solutions**, Pittsburgh, Pa.	4.67	28	Dynamics GP/365

*NOTES: *Gaps in numbering represent ties for companies reporting the same amount of revenue. **Bob Scott's Insights Estimate*

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Progress has not been spectacular. In the middle of 2013, the software company reported it had 42 ByD VARs in the United States and Canada. After the product tanked on this continent, Schmitt moved into his current position in July 2014 promising to recruit VARs from nontraditional areas.

Changing Business Models

For VARs moving into the cloud business, there is a need to change more than the product line.

Acumatica's Ali says that moving to the cloud requires a change in business models.

"Partners are recognizing it's not just about subscription and the cloud," he says. "They have to change their services model to meet that challenge."

That means moving away from billing for time to value-added billing and fixed-price implementations. That shift has applied to on-premise software and is also affecting subscription-based services.

Grant Fraser of NBS outlined the business issues during a breakout session at the SAP Partner Summit. His firm went 100-percent cloud after reaching about 80-percent in 2012.

"It's a completely different business model," he says. "Cash is tight. Margins are tight. The cloud is a great model for five years from now."

NBS changed quotas for sales people and revamped its delivery model to focus less on on-site. It brought in different types of consultants and it also found itself saying goodbye to people who had done well in the on-premise business or transferring others to new jobs.

"Some of our good people left, some we dismissed," he said. "It took three to five years to go through the transformation to where we are now."

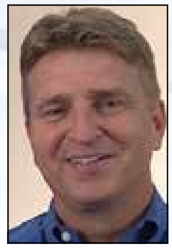
Stephen Kelly, *Sage*

That included a new look at the verticals in which it had been successful. NBS started with life sciences and developed packages for the different phases of that business. That includes the research and development stage, in which companies need only financials and then offering additional functions when they move into outsourcing and finally into the industrial stage.

With those packaged versions "we implement with two thirds of the cost and half the time if they select that," he said.

He also notes that while selling services is still a good thing "Your main driver is selling new subscriptions".

Acumatica's Jani also says many have turned to providing accounting support with "some kind of review. It becomes consulting." The new approach can also include a "use it or lose it" product support, instead of selling a specified number of hours and tracking how many are used. Partners, Jani, says are also adopting hosting management. They include other products, such as third-party packages, on their hosting platform, and roll everything into one subscription price.



David Kerr, *Kerr Consuting*

One of the major problems for the cloud players has been since their products are newer they have less features than do the desktop applications. And as the companies are also newer, they also are not as well known to the market.

According to Randy Forkner, VP of Collins Computing, Acumatica has been made great progress in solving one of its biggest problems—lack of name recognition

"Acumatica is going great, really picking up steam year over year from a market acceptance perspective," Forkner says. "They have made great headway with awareness in the market place and we are spending less time explaining who they are vs. the competition. "

Collins Computing also finds Dynamics GP still a strong player based on their large client base and the popularity "with folks that have worked with it," Forkner says. He continues that GP deals are driver by customers who have used and liked that application.

Going Very Vertical

The development of narrowly focused markets represents another change to the model as vendors increasingly emphasize microverticals as a way VARs can sell software but have little if any competition in specialized fields.

"Verticals are going to continue to be a key driver," NetSuite's Craig West said during the company's SuiteWorld conference at the end of April. The program is two years old but it has taken that much time to ramp up the VARs who are participating. "We are starting to see some of them come to market in automotive and in healthcare," he said.

A year earlier, West reported a dozen resellers were involved in the program and he noted at the time that NetSuite was going to keep the details under wraps until the company was assured the program was successful.

While there have been resellers leave the cloud company's channel program, NetSuite has been doing well in signing others. The biggest win in 2017 so far is the Houston, Texas-based Rand Group, a Dynamics VAR. Rand's Top 100 submission reported slight more than $18 million in annual sales and 94 employees. In March, it added the Red Bank, N.J.-based accounting firm, WithumSmith+Brown; Kranz & Associates of Menlo Park, Calif., a management consulting firm;. and Phoenix Systems Group, a Boardman, Ohio-based operation, which supports software systems for direct marketing, catalog and eCommerce companies.

And that month it also added AdaptaLogix of Plymouth Meeting, Pa., which markets NetSuite Financials for Pharma for small pharmaceutical firms. AdaptaLogix shows that under the right circumstances, entrepreneurs are willing to invest in the reselling business—the firm was founded in 2016.

A number of VARs added the cloud-based line of NetSuite's rival Intacct. Cohn Reznick, NetSuite's big VAR singing in the spring of 2016, adding Intacct in March. Other NetSuite VARs adding the competing product that month were Brainsell Technologies of Topsfield, Mass.; and the TM Group of Farmington, Mich. Of this group Brainsell, no longer carries NetSuite

Perhaps what the Intacct signings illustrate is the increasing role of CPA firms, at least of multi-office firms, in cloud reselling. CPA firms have an advantage in applying resources. They can move staff members from one area to another and provide training, say Intacct's Macdonald. They also usually address specific industries and are able to apply domain knowledge to their reselling business.

The accounting firms are also notable for their taste for growing through acquisition of technology businesses.

Over the last 18 months, Wipfli acquired Britenford Systems last year and Barefoot Technologies in 2017. Sikich was even business picked BCG Systems and most recently Oak Brook, Ill.,-based Hale Solutions. Crestwood Systems also picked up SSYH.

Sage VARs on the Grow

Product evolution also plays a role in the direction many VARs take in the market. For Sage, X3 represents the future. And just as Dynamics AX has rearranged the Microsoft channel, X-3 is doing the same for Sage. Both products are aimed at larger clients that have deeper pockets than those that historically purchased applications such as Sage 100 and Dynamics GP.

Taylor Macdonald, *Intacct*

For one, resellers have to adapt to Sage's plans to move away from Sage 500, which had been the upper end of its line. The company did indicate some continued interest by schedule six sessions about the software package at the recent Sage Summit. But Sage, perhaps inadvertently, signaled a few years ago that Sage 500 is not one of its strategic products.

"Blytheco is a big fan of Sage 500 but the writing is on the wall that that product is a harvest product line," says Steve Blythe. "The underlying VB6 platform is discontinued and makes it very difficult and expensive to operate with many of today's products and platforms."

Most VARs are supporting Sage 500 clients until it is time "for the client to re-platform to a new technology," Blythe says. He speculates the Summit sessions were designed to introduced them to X3.

Since X3, which has its roots in the manufacturing business, is pushing VARs to enlarge their businesses, both in terms of revenue and geography.

One surprising participant in the merger and acquisition business is Kerr Consulting of the Woodlands, Texas. Kerr, founded in 1987, has long been a Sage software reseller. But this year, it broke

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out of the center of the country with the purchase of Software Link, an Atlanta, Ga.-based reseller that was one of the first X-3 VARs.

Kerr says the deal was made because, "We wanted to expand our X3 practice and add Sage 100 expertise. They were a perfect fit." Enabling the purchase was the acquisition of Kerr by Proviso Capital, a private equity firm based in New York, N.Y.

When the deal was announced, David Kerr, who remains as CEO, said his organization, "will become the foundational piece for future complementary acquisitions."

Kerr joins four other firms that have consolidated a large part of the Sage channel. These are SWK Technologies of Livingston, N.J., DSD Business Systems of San Diego, Calif., and New York, N.Y-based Net@Work.

Lisa Pope, *Epicor*

Of that group, Net@Work has grown the most and has made the most diverse series of acquisitions. Net@Work has expanded from operating only as a mid-market financial software VAR to become Sage's top HR reseller. It has sister companies, the document management company, Doctutrend, Swype Integrated Solutions, which provides payment services; and Pixify, an ecommerce company, with combined revenue of $80 million in revenue.

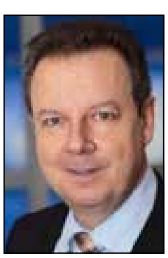
Moreover, the firm has built its Net@Work Alliance Program, which brings resellers and other organizations into hh program in which Net@Work provides services.

The relationship takes a "Have it your way approach" in which members can choose to contract with Net@Work to perform different functions, for example, sales and marketing, and handle others themselves. The Alliance also serves as a "test marriage" for companies that the VAR has later acquired.

Net@Work has increasingly broadened its portfolio. Historically a Sage VAR, it has added NetSuite to the mix in the last few years

Co-President Alex Solomon said the company strategy is to carry more than one product in all its categories. "We are trying to have multiple solutions for everything we do so it's about what the client what's to accomplish than about the product," he said.

Growth has its rewards for all VARs. For those in the Sage channel right now, the rewards have gotten larger since the company has announced it plans to concentrate on its 30 largest dealers, among them Blytheco, DSD Business Systems, Kerr Consulting, Net@Work and SWK Technologies.



Michael Schmitt, *SAP*

Those resellers produce most of Sage's channel revenue, says Kelly, and they will receive the greatest rewards. including dedicated support personnel, and participation in joint marketing events.

Alex Solomon, *Net@Work*

For Microsoft, the picture is somewhat confused. Before the advent of the 365 line, many were taking on cloud products from Acumatica, Intacct or NetSuite.

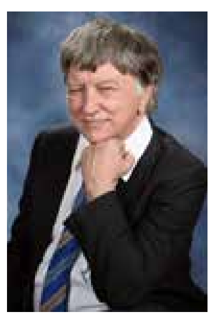
The Dynamics 365 platform is designed to move resellers from its four ERP products Dynamics AX, GP, NAV and SL and is talk about one element of the company's new Dynamics family being the "GP Killer". The 365 line features Enterprise Edition is a cloud version of Dynamics AX, while Dynamics 365 Business Edition is Dynamics NAV—the supposed GP Killer.

However, reviews of the products generally fall along this line: The Enterprise edition is doing quite well. The Business Edition needs a bit of work.

"Dynamics 365 Enterprise is hot. We are averaging one enterprise deal a month," says Jim Bowman, CEO of the Edison, N.J.-based reseller.

Synergy Business Solutions is a Dynamics SL, NAV and Business Edition reseller, based in Portland, Oregon. However, Michael Camp, VP of marketing for the reseller noted, the Business Edition "which is really not ready for prime time, just an alternative or slight upgrade from QuickBooks." Camp continues, "We say the Microsoft marketing train left the station before the product was ready."

Another VAR said, not wishing to be quoted publicly, "As for 365 Business Edition, there are still gaps in the functionality that need to be filled before I would be willing to go fully on board with it."



Bob Scott has been informing and entertaining the mid-market financial software community with his email newsletters for 18 years. And he has been covering this market through print publications for more than 25 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 market as Executive Editor of *The Progressive Accountant*.

Guide to Software Products Listed

This year represents the biggest change in products listed since this Top 100 ranking began in 2010. A major part of that is the introduction of the cloud-based Dynamics 365 by Microsoft which has both the Business Edition and Enterprise Edition although many submitting information for this selection simply listed "Dynamics 365".

For the first time, a Top 100 candidate listed Blackbaud Financial Edge and Financial Edge NXT in its product line. There are other products here that show companies which have small channels in this country but hope to build them: Greentree, owned by MYOB; Unanet, a cloud-based project accounting software package; and FinancialForce, a cloud-based application whose company is in the early days of recruiting.

Here are the products listed in this chart by vendor. When abbreviated, the abbreviations are listed first and the fuller name is in parenthesis. In many cases, the name of the company is also the name of the basic product.

Abila: *Abila MIP*
AccountMate
Acumatica
Blackbaud: *Financial Edge*
Cyma Systems: *Cyma*
Deltek: *GCS, Premier, Vision*
eoStar
Epicor
Exact: *Macola*
Financialforce
Greentree
Infor: *Infor Distribution SX.e Infor CloudSuite Industrial*
Intacct
Intuit: *QuickBooks, QBES (QuickBooks Enterprise Solutions)*
Microsoft: *Dynamics AX, Dynamics GP, Dynamics NAV, Dynamics SL, Dynamics 365*
NetSuite
QAD
SAP: *Anywhere, B1 (Business One), B1 Cloud, ByD (Business ByDesign) Financials OnDemand.*
Sage North America: *Live, Sage 50, Sage 100, Sage 300, Sage 500, Sage 100 Contractor, Sage 300 CRE (Construction & Real Estate); X3, Sage 100 Manufacturing (formerly JobOps)*
Serenic: *Serenic Navigator*
Syspro
Unanet