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Blueprint for success

In an industry where executives are normally so quick to trash their competitors, there remains one firm which – by and large – inspires only respect among its peers.

I'm talking about Softcat, a company whose graduate sales model and famous anti-corporate culture so many of its rivals have tried to emulate, and which has lit up the industry with its profitable growth in recent years.

Like a mercurial sports icon the competition can't help but begrudgingly admire, Softcat is the one reseller rivals aren't too proud to admit they look up to. "We're following the Softcat model" has become a well-worn phrase.

If the essence of Softcat could be bottled, we'd all buy some. But what is Softcat's essence, exactly? And what is it about its famous fun and community-based culture and grow-your-own recruitment strategy that has enabled it to boost sales from £56m to £832m in little over a decade?

That's the mystery we sought to unravel during our access-all-areas visit to Softcat's Marlow HQ. Our tour guide was outgoing CEO Martin Hellawell – the man who has played a larger part than anyone else in developing this unique culture.

A typically understated Hellawell was quick to credit Softcat's cultural

DNA to founder Peter Kelly (*see p28 for the full interview*).

But over the last 12 years, the approachable CEO has harnessed that quirky spirit – he lobs chocolates from a huge tub on his desk at top-performing sales staff – while turning Softcat into a highly profitable market leader. Today it is a FTSE250 firm with over 1,200 staff

“What is it about Softcat’s famous fun and community-based culture that has enabled it to boost sales from £56m to £832m in little over a decade?”

and operating profits of more than £50m.

A new chapter in Softcat's history begins on 1 April when Hellawell's successor, Graeme Watt,

takes the tiller, and how to grow Softcat further without deviating from the blueprint that has made it successful will be his greatest test.

Elsewhere in this issue, don't miss the round-up of our new *Cybersecurity Provider Report* on p40, the first of several mini reports we are making available to subscribers of *CRN Essential*. Our Spotlight feature this week, meanwhile, examines why the Thames Valley seems to be falling out of favour with tech firms. We also examine, on p38, what the recent failings of Carillion and Capita mean for the embattled outsourcing market.

As ever, please get in touch with your feedback via *ChannelWeb* or Twitter @CRN_UK.

■ Doug Woodburn is editor of CRN

Inside the channel's most talked-about workplace

As Martin Hellowell steps down after 12 years at the helm of Softcat, he reflects on the work culture which has underpinned the reseller's success. **Trevor Treharne** reports

"Some people think that's a typo," Hellowell laughs as we walk past Softcat's 'Boredroom'. But it is all part of an office space in affluent Marlow which boasts a culture almost as famous as the business which operates it.

Softcat's headquarters, coloured in the company's signature purple, has everything from bean-bag breakout spaces to badminton courts and a lounge designed in honour of the company founder to replicate the humble beginnings of the firm.

The workforce, spread across two buildings in open-plan spaces, has a cohort of largely young employees, a testimony to the success of its graduate programme – an approach the rest of the channel has tried to imitate.

CEO Martin Hellowell is at the centre of all this – quite literally too, his nondescript desk is on the main floor with all the other employees.

However, these are the final weeks of Hellowell's 12-year reign in the Softcat hotseat. During his tenure, Softcat's revenues have rocketed from £56m to £832m.

So how has Hellowell managed to combine the channel's most talked-about work culture with the sector's biggest success of the past decade?

"We don't take ourselves too seriously," Hellowell told *CRN*. "The work culture is vibrant, fun, hard working and collaborative."

By Hellowell's desk is a huge tub of chocolates, which are ready to be tossed at the day's highest-performing salespeople. However, the culture is one that Hellowell inherited, rather than created.

"The company was created 25 years ago this year and the culture was very much put in place by the founder Peter Kelly. I would like to think I was a reasonable guardian of that culture and moved it on and evolved it," he said.

"We always had a very fun and quirky culture which is anti the traditional corporate culture and that was always instilled. However, it lacked a bit of confidence in its ability to go out into the market and win against some of the big players.

"We believed we could do a lot more than software licensing, which was the vast majority of what we did when I joined the organisation. It was about raising the ambitions of the company and its confidence to go and win in the marketplace.

Turning that culture into good business was something I hopefully helped with."

Hellowell said the people who succeed at Softcat are first and foremost what he calls community players. "That sounds a little bit trite but we are a traditionally sales-driven organisation," he added.

"Sales jobs often attract people who are very individual-focused, not particularly collaborative, not particularly community-focused. They are more out for themselves and I think we've tried to nurture a culture which is quite different from that."

Hellowell said Softcat still wants people who are competitive and want to be number one and win, but not at the expense of their colleagues.

"So we look for people who look out for their colleagues and help their colleagues and want to win as a team, as well as an individual. That is probably quite rare in an IT sales force," he said.

The graduates

Softcat's Graduate Sales Programme has been a channel revelation. Successful graduates get a six-month onboarding programme which includes classroom training, on-the-job →



mentoring and individual coaching. “We can teach you everything you need to know, so long as you are Softcat material,” states the programme outline.

“I don’t particularly like the term ‘graduate,’” said Hellowell. “I use it as I don’t know a better way of saying it, because what we are really after is bright young things with the right attitude. It is easy to focus on the universities because you can find a lot of those people, but we are equally welcoming of people who did not go to university. In fact, probably our biggest area of growing recruitment into sales is with apprentices, who are the non-graduates.”

Hellowell said the firm spends an “inordinate amount of time” trying to attract people into Softcat and receives huge numbers of applications to join the team.

“We then go through a process of open days, which happen at least once a week in the company, for people interested in joining the organisation. We try to get them interested in what the company is all about – our ethos, our values,” said Hellowell.

“We see how much they identify with those aspects. We then look for people with those team-oriented, community-focused skills, alongside the individual ability. Something

which is always challenging is that we look for people with a lot of resilience and tenacity. When you start your career at Softcat, and most other IT resellers, that new business role is incredibly difficult. It is a very difficult job as you do not have any existing customers.

“We train people well on how to approach new customers and they are trying to get in front of a customer and impress them. You need to find a reason why they should be impressed by you and that is tough as you get a lot of rejections and pushbacks. You have to stick with it.”

Hellowell said the focus on graduate recruitment has left Softcat with a young workforce overall, with its headcount going from 100 to 1,200 in the past 10 years, mainly due to graduates.

Through the Glassdoor

Softcat has an impressive profile on Glassdoor – the site which allows employees to review employers. Softcat

has a 4.3-star rating, while Hellowell himself has an incredible 99 per cent rating.

However, there are caveats in that praise. Softcat is a great place to work, the reviews claim, but it has a low basic wage, long hours and a high staff turnover rate. So is that fair?

“Yep,” said Hellowell casually. “The starting salaries in sales are around £20,000 for people coming into basically their first job. You look at other IT resellers and it is not uncompetitive. I’m sure there are a few that offer a bit more, and a few that offer a bit less. There are higher salaries in other non-sales roles.

“We want people to see the fruits of their success and be rewarded by it, energised by it and incentivised by it. They will earn a percentage of the profit of their sales. If they do well, they will be rewarded fantastically well. We don’t want people to be without that incentive

and reward mechanism in place.”

Hellowell said Softcat wants people to get a buzz from their success and the money they make the company.

“We do not have any caps on earnings – people can earn a large amount of money if they do well for the company. That system has worked well for us and in our environment, but I don’t think

it would work well in every environment,” he said.

“Depending on which discipline they are in, sales staff have to get over a certain amount before they start earning commission once they are established inside Softcat. However, that is a relatively small amount.”

He does have some objection to the notion that staff are expected to work long hours. “When you said that, I thought about arguing against it,” he said. “The culture I inherited was actually quite striking in the way that at closing time at Softcat, which is normally six in the evening, the office empties really quickly.

“Management encourages people to leave the office really quickly. So compared to other places I have worked, I would not say it is a particularly long-hours culture. When people start in the company and they try and get themselves established by doing preparation on accounts to call, they will use time before and after work. That will only be in their first year to 18 months.

“These days we do have quite a large services



workforce and a lot of them are on the road. They might have to get to a customer by nine in the morning and will have some travel time to do that. Given the nature of that job, it might require long hours. However, by and large for people who are established in the company, we are actually very good at encouraging them to stop working and get out."

Hellawell said he is more interested in people working productively than working long hours.

"Some people might talk about the long hours they work, but they seem to spend half their time dawdling, chatting and going on Facebook. To me, that is not long hours, that is you choosing a certain pace. Instead we encourage people to be productive in the hours they are working."

In terms of the third major pattern from the Glassdoor reviews, high staff turnover, Hellawell admits that this can be the case, but only for certain employees.

"Turnover is very high in the first year, so we expect a lot of people in that sales stream to decide this is not for them, no matter how hard we try to get the process right. It is a really tough job in that first year and a lot of people say 'this is not for me, I'm not cut out for sales, I don't want the pressure of the target'.

"Quite often they decide to do something else within the company, or they pursue other careers. Once they are through their first two years, people tend to stay forever. We have people who have been with us for 10, 15 and even 20 years.

"Hopefully that is a function of its being a good place to work – we care about staff and we show that, which makes people feel engaged and part of an organisation. Also, because they can earn good money when they have good customers who they earn from, that can be hard to walk away from."

Party on

Another major area of focus for Softcat's culture is social events and parties. Hellawell explained that each team at Softcat, of which there are over 80 across the



"We care about staff and we show that, which makes people feel engaged and part of an organisation. Also, because they can earn good money when they have good customers who they earn from, that can be hard to walk away from"

Martin Hellawell, Softcat

organisation, is given a quarterly budget for team nights out.

"This is so we can have fun and social bonding for all staff," said Hellawell. "On top of those quarterly nights out we do the normal parties, but we do them with a certain amount of style and they are quite elaborate.

"We have Christmas parties and summer parties, but we are adjusting that

slightly because some of us are getting a bit older, so we are doing family days and a dog show where we do a parade and pick the best-looking dog. We are doing these rather than the big wild nights out."

Hellawell said there are also twice-yearly incentive trips which are usually for a week at a time, and also a 10-day trip which has been to Argentina in the past and is planned for Barbados this year, with around

70 to 80 people making the cut.

"We also participate in the vendor trips and have various charity activities, including our May Ball which raises money for charities. And we have a long-service weekend for people who have been working here for 10 years. Overall, there are lots and lots of social activities that happen and are paid for by Softcat."

Watt next?

After 12 years as guardian and evolver of the Softcat culture, Hellawell will step aside on 1 April when Tech Data executive Graeme Watt takes over. He will step back into the non-executive chairman role on that date. So will a change of CEO change the culture at Softcat?

"I don't think so," said Hellawell. "Hopefully he [Watt] will continue to evolve it and move it with the times. The number one on our list of priorities in terms of choosing a new CEO was choosing someone we thought could embrace and extend that Softcat culture.

"He can speak to all levels of people, he is very approachable, very non-hierarchical, so we saw a very good cultural fit there. I'm sure he'll come in with his own thoughts and have some new ideas to add to the mix, which is what we want, but I think it will be evolving the culture rather than changing it."