

Is it niche and easy for the specialists?

The security and networking sectors have felt the impact of convergence more than most, but what does this mean for firms that specialise in one or the other? **Sara Yirell** looks at what the future holds for niche players in both markets

>> Convergence has been a buzzword in the IT industry for years, but to find a perfect example of how it is actually affecting the channel, look towards the security and networking sectors.

Initially, the two technologies were entirely separate and required specific skill sets. A whole raft of distributors and resellers emerged on the scene that specialised in one or the other.

But the technology landscape has converged so much that security and networking have become intertwined. As a result, more networking vendors are launching products with built-in security features, and vice versa. In the channel, security vendors are looking to recruit networking VARs, and networking vendors are looking for partners with security skills.

However, where does this leave firms that specialise in either of the two technologies? Is there still a demand for niche players, or are customers so used to the Tesco "sell all" mentality that they just expect a one-stop shop for all of their networking and security needs?

Recently, the industry has seen equiP, formerly a specialist security distributor, launch a dedicated voice division to push into the voice over IP (VoIP) and IP telephony markets.

Similarly, niche security distributor e92plus made its first move into the convergence market by signing networking vendor Adtran (CRN, 5 June), following an internal restructuring to focus on markets outside the security sphere (CRN, 13 March).

Most recently, Wick Hill jumped on the convergence bandwagon by signing an exclusive deal with Lucent to supply the vendor's full network and security portfolio (CRN, 16 June).

Grahame Smee, managing director of equiP, said: "Consolidation between the networking and security distributors has been happening for a while. Certain sectors of both the networking and security markets, such as low-end switching and anti-virus, are pretty much commoditised, but LAN security is a huge growth market. As convergence continues, the LAN will become the collision point.

"Integrating complex security, policy and compliance into a high-speed, high-availability environment such as a LAN, without compromising performance, will require a high level of expertise in both technologies."

Mukesh Gupta, managing director of e92plus, said there is still a case for niche distribution.

"Companies such as e92plus have matured," he said. "We have a large



Mukesh Gupta: We can give VARs more opportunities to talk to their customers.



Kay Eggleston: More and more security is coming into play in networking devices.

reseller base and we can give VARs more opportunities to talk to their customers. That's why we have gone into networking. It is not because we are losing our niche capabilities. There will always be branded products in the market, but the unbranded products will need niche distribution because it requires more work."

Kay Eggleston, managing director of security distributor Nox UK, agreed, but she said distribution firms should be careful.

"[Security and networking convergence] is inevitable," she said. "More and more security is coming into play in networking devices. We now work with Aruba supplying networking with a security twist, although we do still focus mainly on security.

"However, the danger is to dilute one's technical resources by having too many technologies on board. You must take on only products that fit into your key competencies, and have the resources to build on them properly."

Dave Ellis, director of e-security at Computerlinks (formerly Unipalm), said security distributors will continue to push further into networking.

"The same core skills are required for areas such as networking, VoIP and security, so the step for security distributors and their partners is not too

great to make the move," he said. "Also, as technologies evolve, we will see that further security functionality will be integrated into devices such as routers and switches, so many of these vendors will look to build channels that understand the market."

Ellis added that although Computerlinks became better known as a security distributor, it originated from a networking background. He said the ability to cover both technologies also attracts vendor attention.

"[Vendors] can have access to a wider number of channel partners and minimise conflict between them," he said. "This has to be balanced with selecting a distribution channel that really understand their markets."

However, vendors are keen to preserve their niche distribution relationships.

Phil Keeling, UK and Ireland country manager at Fortinet, said specialist distributors have a key role.

"There's no denying that we are seeing some consolidation of networking and security distributors," he added.

"However, unless a vendor has a well-established product in an established market, distributors with a more generic focus will not be able

>> Continued on page 21



Phil Keeling: We are seeing consolidation of networking and security distributors.



Grahame Smee: As convergence continues, the LAN will become the collision point.

» Continued from page 19

to suitably penetrate the market.

"As networking and security technologies converge, this will have an impact on resellers, allowing them to address a broader market. A VAR must choose partners wisely to ensure that the security technologies selected do not have an impact on network performance."

Calum Macleod, European director at Cyber-Ark, agreed.

"Niche distributors and resellers still have a huge part to play since they are generally early adopters and focus on a limited product range," he said. "This can be critical to start-ups that are trying to get a foothold in a market and need to rely on professional pre-sales and technical services from their local partners."

Peter Woollacott, chief executive of Tier-3, said: "When it comes to security and network solutions there is a need for broad technical and busi-

ness expertise to meet today's risk, corporate governance and compliance requirements.

"Niche players are key to providing the level of consultancy and expertise to bridge the interface between business and technology."

However, Dean Hickman-Smith, vice-president of worldwide sales at ConSentry Networks, pointed towards the need for both niche players and the broadliners.

"LAN security is the new game in town," he said. "This demands that distributors have knowledge of both networking and security to be able to support resellers.

"Niche players will continue to exist, leading with the technologies that are earlier in adoption and more isolated in their application. But most customer needs will be better met by distributors and integrators that can deploy cross-functional technologies."

Lewis Honour, security practice manager at integrator Logicalis, said: "Convergence between networking and security is eroding the traditional boundaries between the LAN and the WAN. This will have an impact on the channel as end-users look for a single source for their IT."

Honour added that the explosion of mobile working, outsourcing and collaboration is also driving change, and those with expertise in both the networking and security camps will be ideally placed to capitalise.

Andy Mills, sales director at Matrix Communications, which was recently acquired by Calyx, said a balance needs to be struck.

"If we are able to reduce our number of distribution partners because they have a broader technology offering, there are advantages in terms of sales support, responsiveness and lower operational costs," he said. "However, these benefits cannot be achieved at the expense of technical expertise, knowledge and support."

Dan Turner, general manager at VAR Vistorm, said that while distributors will succumb to convergence, the demand for specialist VARs will increase.

"Convergence is being driven by the cost benefits of IP networking," he said. "However, IP is inherently insecure. While convergence at distribution level is inevitable, I think there will be an ongoing requirement for security and networking specialists at the VAR level."

Jess Thompson-Hughes, managing director of networking distributor React Technologies, said the convergence move can be frustrating.

"We would spend ages going around the country, talking up the technology and building new vendors a market, only to find security distributors coming on the scene at the end, promising massive orders," he said.

"The larger players are doing it by design; waiting for vendors to mature, then taking them on board. It is a very good business model for them, but it makes it harder for smaller firms. We can still compete against them, but we have to stay specialist and focused. If we were to broaden our portfolio we would end up diluting it."

However, Bernie Dodwell, security solutions manager at networking giant Westcon, said security distributors are making a mistake.

"If you take the networking market with the big players such as Cisco, Nortel and 3Com, it is totally different to selling security," he said. "You need slick logistics and a slick back-end process. Security distributors come from a margin-rich environment and will struggle to compete with the established players such as Westcon, Ingram and Computer 2000. It is a major challenge and they could find their resources being used on networking to the detriment of their core competencies.

"Security is no longer a niche mar-

SUMMARY

- Convergence has been a buzzword in the industry for years, but it is particularly rife in the security and networking spaces.
- In recent months, former niche security distributors such as equiP, e92plus and Wick Hill have signed networking vendors to their stables and set up dedicated divisions.
- Many in the industry accept that convergence is inevitable, but warn niche players not to dilute their core specialisation by taking on too many new technologies.

ket. You have to diversify, but I feel that some have chosen the wrong path. It is a lot easier for a company such as Westcon to develop in the security market than it is for a security player to branch out into the voice market." **CRN**

» Further reading:

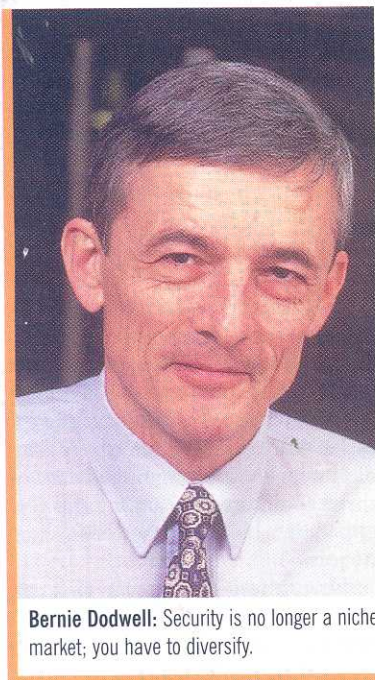
www.channelweb.co.uk/2011793

Contacts:

- Computerlinks** (01638) 569 600
www.computerlinks.com
- e92plus** (0870) 200 9292
www.e92plus.com
- equiP** (01256) 365500
www.equiptechnology.com
- Logicalis** (01753) 777 200
www.uk.logicalis.com
- Matrix Communications** (0870) 737 5000
www.mxcpic.com
- Noxs** (0845) 644 2564
www.noxs.co.uk
- React Technologies** (01256) 345 625
www.reacttechnologies.com
- Vistorm** (020) 7953 9850
www.vistorm.com
- Westcon** (01753) 797 970
www.westcon.co.uk

CRN Green pages

CRN's online, searchable directory
www.channelweb.co.uk/onlineservices



Bernie Dodwell: Security is no longer a niche market; you have to diversify.

WHICH SECURITY COMPANY

PROVIDES FREE 24 X 7
TECHNICAL
SUPPORT FOR EVERYONE?

TO FIND OUT MORE, CALL F-SECURE UK ON
0845 890 3300
OR EMAIL UK@F-SECURE.COM



WWW.F-SECURE.CO.UK