



## Vince DeLuca

CEO, Logicalis

**Editor's Note:** In this month's issue of *Executive Perspective*, **martinwolf** interviews Vince DeLuca, CEO, Logicalis. Vince is responsible for all aspects of Logicalis, Inc. and US operations. He joined Logicalis in December 2010 as Chief Operating Officer responsible for the overall strategy of Logicalis, Inc. and was responsible for managing the company's portfolio of solutions and go to market offerings. Vince brings a wealth of direct experience in technology services and solutions, and has held senior roles in various disciplines with Fortune 100 and entrepreneurial firms. He holds a Bachelor of Science in Business and Computer Science from Saint Vincent College.

### **Tell me a little about your background, and how you ended up where you are today.**

I've been in a variety of roles in my career, all of them in some way involving or touching information technology. In the middle part of my career, I was with organizations where we developed vertically oriented commercial solutions. In the latter part of my career, I've been in what I consider solution provider organizations.

The interesting element is that I've never been in a classic VAR until I joined Logicalis. When the executive search firm looking to fill Logicalis's COO role contacted me, I initially looked at it and said absolutely not—I don't have anything that I can lend to that type of company. But the executive recruiter was somewhat persistent, and continued to contact me. So to make a long story short, I ended up having an initial discussion with the Global CEO of Logicalis, Ian Cook. He talked to me about his vision for the company, and how Logicalis had to advance itself from being a traditional VAR to much more of a solution provider. So I joined in December of 2010, and took the CEO role in July of 2012. Now, here we are in June 2015, and I'm continuing to lead the organization in the US and try to position us to the best extent possible to take advantage of this major market transition.

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**What evidence do you see of a big market transition? What are some of the trends you're experiencing and together how do they affect Logicalis?**

I really do think that cloud, mobility and social analytics are the foundations of what's changing today's technology landscape. And the current pace of change is faster than anything I've seen in my career. The change from mainframe terminals to the Internet took shape over a much longer period of time, and we're just now seeing the adoption of these technologies in the enterprise.

But today, changes are taking shape more quickly. They are really transcending across the entire organization, not just within IT. That's disruptive, but disruptive in a positive way. We certainly see a line of business users being able to make decisions around technology, rather than funneling everything through the IT organization. So the availability of these capabilities, the agility associated with them, and enterprises' abilities to consume new technologies are very agile and flexible.

The consumerization of IT is real. We see it every day with mobility in particular. I think its social in some degree, but our experience as consumers is primarily shaped by what we see on Google, what we see in the Apple store, or how we buy things through Amazon. So we definitely see all of those technologies being adopted and really shaping how companies are using technology to advance their own respective businesses.

**How are security and mobility areas of opportunity for Logicalis?**

Security is one of those functions that is present to some level in every decision that's made. Certainly, there are heightened degrees depending on the nature of the application, the service you're taking about, or the industry that you're in. But it is ubiquitous. And with the real exposure companies have and the way information is just exploding, security is a formidable challenge. So we must have a position on it when speaking to our customers. It's a very broad platform, in terms of the various applications of security, but when we look at how we position solutions to our clients, there is an element of security consideration in almost everything that we do.

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Now, I do think that we as a company need to become even more formidable in our position on security. We're good, but that world of security is changing so fast, and there are so many threats out there that we have to continue to amp up our game. Now you extend that into mobility and there's a logical tie. The fact that most people have multiple devices that they're using to transact business or get access to and consume information in their corporate world—that line is completely blurred.

There are very few customers out there that have this very rigid, you-can-only-use-our-device, it-has-to-be-governed-in-a-very-secure-way mentality. But, by and in large, especially in the enterprise and commercial space where we focus our attention, the mobile platform is real. I think an average individual now carries 2 to 4 devices with them. We don't do that much mobile device management, but when you look at the infrastructure associated with mobility, information and how that information is governed, we focus our attention on how that information is secured. It's a very, very large opportunity for us and we take solutions to market accordingly.

**“The cloud” is a broad concept that is being appropriated seemingly by all industries. How disruptive is it to your business? What opportunities and threats does it create for the traditional solution provider model?**

It's definitely an opportunity and a threat. Let me talk about the threat side first. A lot of our business is still focused and centered around the deployment of traditional on premise equipment. There are still a lot of companies oriented that way, and there are certain economic models associated with that business model in terms of revenue recognition and associated margins.

It's a very different set of circumstances when you look at recurring revenue over a longer period of time and on a shared and leveraged infrastructure. The cloud is very formidable in terms of disrupting the traditional practices and their associated economic models. It affects every company in the technology supply chain: OEMs, distribution, VARs, and certainly customers, who now have a wide variety of options that they can look at. It's certainly a threat in disrupting that business model, and the biggest threat is in revenue and margin recognition.

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We’re also seeing the traditional lines being blurred. Let’s talk about infrastructure. OEMs in some cases go direct, but in a lot of cases use distribution in either in a volume scenario or a value-add scenario. VARs then extend their value-added capabilities to customers. The cloud intersects across those three broad categories and change how those companies go to market. I think it disrupts the entire supply chain.

From an opportunity standpoint, however, it’s big, vast, and real. Every one of our customers that we talk to is thinking about how they can use cloud-based technology. We’re more infrastructure-focused but there’s a logical link in how the cloud applies to information as well. So when we talk to customers, we talk to them about being a service-defined enterprise compared with a technology-defined enterprise. And services today largely concern how they are consuming technology via the cloud. Most of them still look at it through a technology lens, but it really needs to be looked at through a service lens.

To have a formidable ability to consume services, you need process frameworks and governance that are very different than what you had when you just traditionally deployed technology into your environment. So we see it as a huge opportunity, not only for helping our customers consume that technology differently, but for helping them really think through their business. The IT organization now starts to become more of a service broker. An IT organization that is looking forward can now look at a variety of services and determine how to govern and secure them effectively and make them available to their end users in a very different way than the rigidity of the traditional model.

**Software-defined networking is a growing trend. Is that something you’re seeing and does it affect you?**

The entire infrastructure space is in a fast race to software. It started with virtualization, which at the fabric is software-oriented. But we will shortly see infrastructure continue to be less intelligent and software become more intelligent, in terms of applications and their requirements. Management will be governed, defined, and automated accordingly through software. The application-centric view will determine how infrastructure ends up being deployed. And while software-defined networking is certainly important, it is only the

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beginning. I think it's really more of a software-defined datacenter architecture that we will see going forward. The data center will be intelligent and will be governed, defined, automated and managed accordingly through policy and software.

For us, that means our skillsets have to become very different, whether they're seller skill sets or technical skill sets. We're moving and shaping our organization accordingly from what was a very traditional infrastructure/hardware-focused set of skills to one that has many more software capabilities. So yes, software-defined networking is real, and it extends into the entire datacenter. We're redirecting our company to be much more software oriented.

**What are your thoughts on Cisco's new leadership? What will John Chambers' legacy be and what changes do you expect?**

John Chambers took his company through dramatic growth. He's probably the best that I've seen out there in understanding what these market transitions are and positioning Cisco to be relevant through them. I think he was certainly a visionary, and I think he's done a fantastic job in getting Cisco to where they are today. Now arguably, back in the internet craze and the early 2000s, their value and market cap was much higher, but he's done a really good job in continuing to position Cisco. You've seen him take the company from a route-switch company to one with formidable capabilities in collaboration and very relevant data center technologies. Networking is still core. But you see him focusing on information with the emergence of IOE and software and this major change in a certain way. So I think his legacy will be built around his ability to recognize and position Cisco formidably with major market transitions.

Chuck Robbins is a leader who has moved through a variety of roles in Cisco and has executed flawlessly in each role that he has held. With Chuck receiving certain guidance from John, but setting his own path, the company will be in a fantastic position going forward. I do think however, that we're going to see big changes. We've already seen a few—several Cisco executives who've been there for a long time have left. I think we'll see a very different organizational structure. Software and services will continue to be a focus for them. They have always been

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very partner-oriented and focused, but I think we'll see even more of an emphasis on how to extend their capabilities through their partner ecosystem through Chuck's leadership and organizational vision.

**Are you noticing significant consolidation in the solution provider space?**

Yes, I see more opportunity for consolidation especially in what I call the "middle-to-lower tier" solution providers. The amount of investment required to be formidable in future markets is very different than the way investment used to look in the solution provider space over the last 10 years. Capital investment and return on invested capital is a very different equation than what we are used to. So we're seeing middle-to-lower tier partners look for avenues to either cash out or be able to invest. They need larger infrastructure or a larger ecosystem to do that. Interestingly though, we're seeing a lot of the cloud providers looking to latch on to a bigger ecosystem to extend their capabilities outside of an organic growth strategy.

**You have a global presence, rather than simply a partner network. What advantages does this provide you in servicing international accounts?**

Most enterprise companies in today's global economy have some type of international operations and capability, and certainly it extends into the middle market as well. It's an advantage for us in a lot of ways. Through our lens, we're only one of a handful of service providers that truly have international operations. We operate in 24 countries today and are represented in most of the world's major economic sectors and geographies. Our customers are asking for an experience that is consistent. Can you get that through a partner network? Certainly, you can. But can you leverage it the same way as you can in your own organization with investment, competency centers, and extension of capabilities?

We put investment into something we call a common service platform, so when our customers engage with us they have a predictable, consistent and guaranteed experience whether they're in the US, the UK or anywhere else in the world. There are only a few companies that can really do that, so we do see it as an advantage. Historically we've been somewhat independent, and over the last 18-24 months, we've really been

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not only planning but acting like a global company through this investment and scalable and leveraged capabilities.

**Tell me about your recent acquisition history. What’s Logicalis’s view of M&A?**

If you look at Logicalis globally, we’ve done about 10 acquisitions in the last 5 years. Some have been small, and some have been large. Our broader growth strategy has historically been a combination of organic growth and acquisitions, chiefly to service three macro initiatives: First, we seek to grow more formidable in the markets that we’re already in. Acquisitions filling this mandate help us continue to gain scale and capabilities, supplementing our existing offerings. Second, we use M&A to acquire new markets. Recently, we’ve been focused on building our presence in Europe in particular. Whereas before we have been largely UK-centric, we’ve recently expanded into Germany, Spain, the Netherlands, Channel Islands and several other geographies. Finally, we’ve used M&A to build our capabilities. We’ve made some small acquisitions that bolster our capabilities in new spaces, particularly in analytics and collaborative technologies.

**With the strong dollar and the constant specter of raising interest rates, what are your thoughts on the current state of the global economy?**

The strong dollar is a double-edged sword—and we’re still waiting to see which side will be sharper. I would argue that its preeminence over other currencies is not so much a sign of US strength as it is of weakness in the rest of the world, which aside from China seems to continue to struggle to outgrow the global recession. Currently, the strength of the dollar is reducing overseas corporate profits, which we’ve seen figured into earnings reports over the last year. But at the same time, corporate profits are at very high levels, and as a result we’re seeing very high valuations throughout the industry. As far as interest rates go, we’re cautious. I think it’s more than likely that we will see an interest rate hike, but with the Fed as unpredictable as it is, I would not be surprised if that were not the case.