



Ken Lamneck

President & CEO, Insight

Editor's Note: In this month's issue of *Executive Perspective*, *martinwolf* interviews Ken Lamneck, President & CEO of Insight. Ken holds more than 20 years of industry experience, having begun his career as an engineer at IBM following five years in the US Army. He rose through the ranks at Arrow Electronics, becoming president of the company's Industrial Computer Products business. Following a period as President of the Americas for Tech Data Corp., Ken joined Insight in 2010.

Tell us a little bit about your background.

I spent five years in the service fulfilling my military obligations following school in a technical field, working on software requirements for what we now call the Patriot Missile System. I always wanted to move into the information technology industry, and made the transition when my service obligation was up to become a systems engineer at IBM out of their NY/NJ office. I got recruited to go to the West Coast to work for Arrow Electronics, as a Computer Products Specialist, and manage a team of technical folks. From there I started to move into the sales and marketing ranks in the distribution world. Then, I worked in leadership roles in the Silicon Valley region for 16 years before being transferred by Arrow to go to Denver to be President of their Industrial Computer Products business. Six years later, I became President of the Americas for Tech Data, in Florida, before having the opportunity to come to Insight and become CEO and President in 2010.

Early on, it was always a love for technology and for what I saw as the future for this industry that drove me. I saw incredible opportunities, and many of those have come to play.

How is it different working at Insight compared to a distributor like Tech Data or Arrow?

There're some real benefits to working in the distribution field. You become incredibly good at efficiency in the operational side of the business, such as cost control, because there is a premium on managing the supply chain and overall cost controls. On this side of the business, you're directly touching the end-user client and being much more engaged in the technology of the products. The result is a different relationship with the partners, which I enjoy quite a bit.

What do you think are some of the most important leadership skills for CEOs today?

It's a couple things. First, it's about servant-leadership. We're here to serve our constituents, and we need to be very engaged at all levels

“Seventy-five percent of the decisions made by people purchasing IT products are made before they contact a sales rep.”

of the business—especially in such a fast-paced business as this one. Second, one of the most important things you do is build the right team. There’s nothing more important that a CEO can do than build the right team for the long term.

Do you think the rapid evolution of technology is helping small businesses be more competitive today – or is its complexity making it harder for them to compete?

I think it’s enabling small business to compete like they’ve never been able to before. They can get access to technologies like the cloud that they never could have afforded in the past, and I believe we’re really just at the start of seeing what small businesses will be able to afford going forward.

Are small- and medium-sized solution providers still able to remain competitive in today’s economic conditions? If you look at the space, you see significant consolidation today.

Small- and medium-sized solution providers will always exist. They’re a very resilient group of people, and I think they’ll focus more on specific verticals and niches to differentiate themselves—but I think they’ll always be a relevant source of IT for businesses. I do think there are a few factors that favor the large solution providers—scale is certainly becoming more important. If you look at digital marketing, seventy-five percent of the decisions made by people purchasing IT products are made before they contact a sales rep.

That’s very different than what it was 10 years ago when we needed all these local people communicating with clients. Today, there is so much information available, that if you’re not becoming that source of learning for your client you’re certainly missing a big opportunity. And that’s where aspects of digital marketing are very important, but digital marketing is expensive. If you consider the systems, the tools and all of the programs put in place, larger companies have a significant advantage over their smaller counterparts that can’t afford the necessary resources. That wasn’t the case 10 years ago, when the sales rep was the source of information.

I also think things like the cloud favor people who can do things at scale because having the services footprint necessary to migrate clients to the cloud isn’t that simple. It’s necessary to have services offerings that can scale and are remote, and that’s an area where larger solution providers have a distinct advantage. But I don’t at all think that small and medium-size services providers are going away—just that aspects of the market they serve will become a little bit different.

But by the same token, this transformation that’s going on is allowing small businesses to become more robust and resilient, opening up an

“Today, IT is the source of innovation, collaboration, differentiation and more.”

opportunity for service providers across the board. This means more customers looking for IT solutions. When I started, IT was a source of efficiency. Today, it's the source of innovation, collaboration, differentiation and more. It's finding its way into all lines of business, necessitating solution providers' communicating with people in every department—not just the traditional IT department consumer.

How is the cloud changing your business? How do you define “the cloud”?

The cloud represents a substantial opportunity for us. For mid-tier clients and above it's a hybrid world. For smaller clients, it's a public cloud world. For us, it means looking at our model and becoming much more consumption-based, embracing a recurring revenue model and becoming “stickier” with our clients. We're very optimistic on what the cloud will represent for solution providers, and in regards to the previous question it also is most valuable to solution providers of scale. Developing extensive cloud platforms is expensive, and successful execution requires a broad infrastructure. Many distributors are positioning themselves to help the smaller solution providers provide those capabilities, while many large solution providers like CDW, ourselves and others are developing their own cloud platforms to secure direct contact with clients in a fully integrated system.

What three items in the news today are shaping your thoughts about the future of your business?

The first would certainly be the cloud. The second would be IoT, and how the Internet of Things concept affects the solution provider industry. The third thing is the economics landscape that's occurring right now—where interest rates will go, how global volatility will affect us, and similar concerns. Closely related to IoT is big data. There will be billions of sensors that will be relevant in a few years, and being able to assess and have practices around big data and analytics becomes critical.

This was certainly behind our BlueMetal acquisition—they have significant capabilities in that area, which is an area where we were lacking. And though we're still defining what our IoT strategy is and how we will play it, we certainly know there is a significant play to be had on the analytics side of the practice because that is how you unlock the true value behind these sensors. An interesting case was one of the health care providers that BlueMetal worked with. They set a goal to maintain the quality of care but reduce the cost of care by shortening hospital stays. Contrary to conventional wisdom that factors such as pre-existing conditions or surgical complications drove the length of stay, analytics proved that possession of a driver's license was the single largest predictor of the length of stay. Thanks to this analysis, the company was able to utilize ridesharing resources

“Last year was a pretty substantial year from a currency point of view.”

and address the problem.

Let's talk about your recent acquisition of BlueMetal. What attracted you to that opportunity and how is the acquisition going?

The acquisition is going extremely well. We announced it on Oct. 1, and we have been able to add tremendous value to our clients. What it does is that in our services offering, we had never really touched the applications side of our business. BlueMetal is a very skilled team, headquartered in Boston with offices in New York and Chicago, and they work with clients doing “envisioning sessions” to learn what’s needed before architecting and delivering solutions to clients. It’s tremendous what they’ve been able to do for clients on the application level—they’re focused on the financial and healthcare sectors, and their solutions range from mobility offerings to Big Data and Analytics. They ultimately provide a different skill set that our clients certainly need and fill in a key aspect in the services arena.

Do you see more acquisitions like that in the future?

We’ll continue to always look at acquisitions that bring us skills. It’s very difficult, because for us to do things organically would be virtually impossible just because we couldn’t attract those key individuals to join a company when there’s nobody like them in the company. Getting an acquisition of that size, where there’s 100 people who live and breathe a unique skill set every day enables us to scale that over time across the country.

How does global economic volatility affect you?

As a global company, we experience this uncertainty firsthand. Last year was a pretty substantial year from a currency point of view. Anyone who lived outside the US was severely impacted by the currency fluctuations that occurred. In Canada, it wasn’t too long ago that the Canadian dollar was at parity—today, it’s at 70 cents. That’s a substantial drop, and we’re seeing similar things occur worldwide with the pound, the Euro, China, Australia, and others.

Ingram Micro was just acquired by Tianjin Tianhai, a major Chinese conglomerate. Do you anticipate more such acquisitions and consolidations among distributors?

Distributors have been pretty acquisitive themselves, and I expect consolidation to ramp up especially in today’s slower, maturing growth markets. Ingram is certainly a global distributor—we use their services as well as those of Tech Data throughout Europe. Ingram has a footprint in Asia that is important to us, as we are there as well. In general, we prefer to do business with distributors who are in multiple locations. It’s pretty easy to do that in Europe today—in Asia, it’s

“What I learned early on and what I’ve told my team is that the most important thing we do is hire the right people.”

harder. Ingram is probably the best positioned in Asia, and I expect its acquisition by a Chinese company to strengthen its presence in the area. By extension, I expect the acquisition to strengthen solution providers like Insight who are looking for a stronger footprint in the AIPAC market.

Let’s talk about your brand refresh. How did you decide it was time to do that and how has that been successful for Insight?

It’s something that we’ve looked at for a while. We had been in business for 27 years without a brand refresh, and of course when we initially developed the brand we were simply a US company. Today, as a global brand, we felt it was time to reposition ourselves and emphasize our true promise to our clients. Our promise statement is that we build meaningful connections and help businesses run smarter, and we believe that’s at the essence of how we work with our partners and clients.

We focused the brand around three core values as a company: hunger, heart and harmony. Hunger is the insatiable desire to win with our clients. Heart is that in our business it’s all about people—we differentiate ourselves from our competitors with the people we have and the solutions we provide. Additionally, as a publicly held company, we do a lot of philanthropic endeavors to support kids in need with IT and on a broader scale support the communities and organizations that we are a part of. Harmony is about how what we do is a team effort. We couldn’t do what we do without all the support from logistics and warehouse functions, credit and collections, accounting and finance, SEs and Sales and Marketing—it all comes together and it’s probably the only company I’ve worked with in my career where I believe all of our employees can recite our values.

What’s a piece of advice that has been given to you that has been most impactful as you’ve progressed in your career?

What I learned early on and what I’ve told my team is that the most important thing we do is hire the right people. Having done this for so many years, I place significant emphasis on references and directly involve myself in the hiring process for executives.