



## Dave MacDonald

*President and CEO, Softchoice*

**Editor's Note:** In this issue, *martinwolf* interviews Dave MacDonald, President and CEO of Softchoice. Since 2001, Dave MacDonald has led the transformation of Softchoice from a software direct marketer to one of North America's largest providers of technology solutions and services. This work has included the integration of five acquisitions and the formation of a senior leadership team responsible for the company's transition to a full solutions business model, including the provisioning of technical architecture, and design, implementation, and managed services. In addition to his role as President and CEO, he is also active on a number of partner advisory councils, including Cisco, Microsoft and HP and serves as Chair of the Board of Governors for the Information Technology Association of Canada. Prior to joining Softchoice, Mr. MacDonald held senior global executive roles over an 18-year career at Xerox Corporation.

### ***MW: What is the current status/potential of the Canadian market for solution providers?***

DM: Generally, we anticipate an improved environment for business spending on technology in 2014. Our focus is on high-growth technology segments, including SaaS and IaaS cloud computing, private cloud infrastructure, and Office365, among others – all of which are growing many times faster than the industry average.

### ***How do you see cloud computing disrupting traditional IT services lines of business?***

Cloud computing is fundamentally changing the role of IT within an organization.

Cloud solutions are making it more complex to manage IT environments, creating the need for new technical skillsets, but also business acumen that organizations didn't traditionally rely on IT to possess.

SaaS apps in the enterprise, for example, can help increase productivity and collaboration, but if procured without the knowledge of IT can present a security risk. IT must transition from the traditional gatekeeper role – in which they managed and protected IT infrastructure – to an enabler role, giving lines of business access to the cloud technologies they need while continuing to provide governance to mitigate risk. Lines of business are increasingly driving the technology spend. IT must do a better job as internal marketers, communicating the benefits and risks of cloud computing, and ensuring front office employees procure and use secure, enterprise grade cloud technologies that will integrate well with their current IT environment.

One of the reasons we've invested in exceptional technical talent is our focus on core areas like cloud, Microsoft, and unified communications to address the technology skills gap within organizations as IT solutions become more complex. We are heavily focused on providing the

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business consulting, implementation and managed services capabilities to increase IT agility in the business.

***Speaking of disruption, what have been the top three disruptors in the last five years that changed your firm's course?***

1. Cloud Computing. As I mentioned, it's changing the way we work and collaborate every day, and that in turn is changing the technology needs of businesses from the datacenter to client computing to software.
2. Mobile and BYOD. Employees are no longer tied to their desktop computers. There is a growing need to be able to work from anywhere, and any device, be it smartphone, tablet, laptop or desktop.
3. "Consumerization" of IT. Particularly as technology spending shifts more to lines of business, consumer habits and brand loyalty is spilling over into the enterprise.

***How have you approached the transition from a products company to selling more services?***

It's all about our people, as they are integral to our success. We make big investments in communicating the strategy and equipping our people with the skillset to have proper business conversations with clients.

At our recent annual Launch conference – which brings the whole company together every January – we communicated our wildly important goals (or WIGs) for the year, aligning our people to a common focus and showing how they affect our direction as a company. We reinforce this message with various training programs and monthly company-wide videoconferences we call "Day One" calls to maintain that focus throughout the year.

***What advantages/disadvantages have you seen in the transition to a private company?***

We've seen a lot of upside. We're able to make strategic investments to accelerate our vision around cloud and managed services without worry about the scrutiny of our finances quarter to quarter.

We have a great partner in Birch Hill Equity, which is equally as focused as us on increasing our value to our clients as a means of driving growth.

Our people are now owners as well. We launched a program in the fall that allows employees to invest in the company, which, while different from being a publicly traded entity, gives our people deeper engagement in our growth and success.

***Has Softchoice's relationship with technology vendors changed since the go-private?***

I wouldn't say our relationship has changed in any material way.

***What are the three main things you look for in an acquisition?***

*Since the [UNIS LUMIN] acquisition, we've leveraged our legacy client list to double our Keystone business.*

1. Companies we target would augment or add to our core capabilities, such as acquiring a managed services provider in the U.S. to add to our Canadian operation.
2. If we were looking at an acquisition for the purpose of providing access to new clients, we would look at our ability to quickly integrate and scale these organizations.
3. Cultural alignment is also key. We have spent a lot of time looking for the right 'fit' in terms of how these companies are run, and how the management team and frontline people operate.

***How have you leveraged the UNIS LUMIN acquisition to your goals?***

It made us a key player in Canada with Cisco and brought us tremendous technical expertise in advanced networking and unified communications.

The crown jewel was UNIS LUMIN's Keystone Managed Services offering and actively building out this service beyond networking to help clients manage their server and storage environments. Managed Services is a key part of our cloud offering as well.

Since the acquisition, we've leveraged our legacy client list to double our Keystone business.

***What is the biggest challenge you encounter when performing cross-border acquisitions?***

A big challenge is most of our senior leadership is Toronto based, so maintaining leadership visibility during the transition and after can be demanding.

***What are the key IT priorities that Softchoice and other organizations will be focusing on in 2014?***

The cloud is a hugely exciting opportunity for our industry, from access to new powerful applications (SaaS) to transitioning traditional tools like Microsoft Office to the cloud.

Softchoice is focused on providing the consulting and technical expertise, and managed services, to support IT in this changing world. Providing that added value allows our clients to focus on business outcomes and leverage new innovation without having to add people or develop competency in-house.

***What are the top 3 tips you would give a products-focused firm looking to grow their services offerings via M&A?***

1. **Cultural fit.** It's important to find a company that will be a natural fit with yours in terms of culture and values. Softchoice, for example, has a strong and unique corporate culture based on a clearly defined mission, vision and values. Your acquisition companies must align with these values and the way you do business.

2. **Alignment with your strengths.** The firm should look to acquire a company that aligns and enhances their existing product sales strengths. Whether it's leveraging a new client base, or acquiring a product or service that adds value to your existing offerings, the acquisition company's sales strengths should align and enhance your own.
3. **Managed services** capability aligned with your client base. It's about increasing your relevance to the client and creating recurring revenue streams through services. Softchoice achieved this through our acquisition of UNIS LUMIN and our Keystone Managed Services offerings, for example. Many of our legacy clients who previously came to us to design and implement hardware, software or networking solutions are now also managed services clients. We add value on a recurring basis by monitoring and optimizing those technology investments.