



Firoz Lalji

Chairman, President, CEO and Co-Founder, Zones, Inc.

Editor's Note: In this month's issue of Executive Perspective, martinwolf interviews Firoz Lalji, chairman, president, CEO and co-founder of Zones, Inc. Throughout the company's 30-year history, Firoz has provided the vision and leadership necessary to transform Zones into a global solutions provider and award-winning business enterprise. Firoz was born in Uganda and obtained his Bachelor of Science degree (Economics) from the London School of Economics in 1969. He attended Harvard Business School from 1991 to 1993. He serves on multiple advisory boards, including the Board of Directors of US Bank of Washington, the Foster School of Business at the University of Washington, and the London School of Economics.

Your personal story is very compelling. How did your personal background and your initial success in retail prepare you for your successful tenure at Zones?

Before Zones, I owned a successful specialty camera retail business, Kits Cameras, Inc. In this industry, we were dealing with people's personal emotions—photography captures experiences and memories—and delivering photos and products meant that we were able to develop very strong relationships with our customers. The resulting empathy translated to a company culture, which is evident today throughout our team at Zones.

The people at Zones are the driving force behind all of our achievements. It's through this collaborative culture and our team members' focus on enhancing the customer experience that we've achieved such success. I couldn't be more proud to work with such a committed team.

Today, Zones provides solutions for cloud, data center, mobility, security, unified collaboration, and the Internet of Things markets. We offer a very wide portfolio, with multiple sales channels—and the importance of understanding and serving the customer is pervasive.

How has the shift to the cloud affected your priorities?

To support our customers and their move to the cloud, we've built out our services organization to ensure that we've got the technical capabilities that they require. By expanding our technical expertise, we're able to meet our customers' ever-changing needs to meet their future strategies. Additionally,

we've re-engineered internal business processes, like billing, to ensure alignment with the cloud model. By adding value for customers every step of the way, including 24/7 managed services, we expand the support we provide, driving deeper partnerships. Our priority shifts from simply fulfilling product to teaming with our customers on their far-ranging technical and business strategies. By doing so, we have a more strategic seat at the table, as a trusted advisor to our customers.

The shift to cloud today is in its infancy, and we are continually seeing new evidence that it is accelerating. We have many customers who are interested in taking portions of their business into the cloud, whether public, private or hybrid. We see a lot of opportunity, and expect it to continue to be one of the fastest-growing areas in the market.

Whether IaaS, SaaS, or some other cloud component, the opportunity is there today for every type of business to benefit from the cloud.

What other significant trends have you experienced in your time at Zones?

From a technology perspective, the rate of innovation has increased astronomically. From innovations in cloud, mobility and beyond, to technology convergence, innovation is happening at a faster pace today than ever before.

Convergence in bandwidth, devices, infrastructure and computing power are all coming together now to create new innovations and new opportunities. It's disruptive in certain areas, and creating growth opportunities in others. Cloud and mobility are definitely growth areas, and a lot of this is bringing about changes in datacenter infrastructure, whether that entails upgrading networks, creating demand for new storage or other opportunities.

As an organization, Zones has long-demonstrated the ability to pivot and adjust our business to ensure we're taking advantage of this innovation. Historically, we were primarily in the fulfillment business, focusing on end-user computing and software.

We've evolved to become a services-led solutions provider with deep customer relationships and global capabilities. We have responded to and anticipated changes in the market and adjusted our business model accordingly. Today, we're a full-

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scale IT solutions provider covering multiple sales channels and fulfilling customer needs on a global scale. Between being in touch with the customer and identifying industry trends, we have been able to favorably react to changes in what the customer wants and where technology and the industry are going. Unlike a technology company with IP that's stuck in a certain mode, we're in the fulfillment business — and we can change to address our customer's needs.

In what way has the role of vendors and vendor partnerships changed since you founded Zones?

Vendors are consolidating the number of resellers they work with to ensure that they're teaming with partners who offer scale, expertise, and deep customer relationships. Additionally, vendors now require advanced certifications to sell their most technical products, requiring that channel providers invest in staff with deep technology knowledge. Together, these trends create more opportunities to work with our partners and reshape how we go to market.

Zones has incredibly fulfilling and impactful relationships with our partners. Our partner ecosystem is critical to our success and we value the ongoing collaboration that takes place. Given the rate of technology innovation, close alignment with our partners ensures that we're providing the best solutions for our customers, which is our top priority.

We work with and view our vendors as partners—we have the same end customers, and we work together to have go-to-market strategies that are complementary and beneficial to each other. Our job is to deliver, and we appreciate vendors who support us in our go-to-market plans and facilitate our growth.

What do you see as the role of the channel going forward? Will private equity continue to play a major part?

In our view, solutions providers will continue to act as an extension of our customers' internal IT teams, working closely with organizations to help them reach their business goals. In my view, let the technology manufacturers develop the products; let the channel bring the technology to bear within the solutions we recommend. This creates synergy in the market, as the channel acts as an objective, trusted advisor. This is one example of how Zones has been so successful to-date.

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I anticipate that additional consolidation will take place in the channel, which opens the door for private equity, given M&A activity. As smaller VARs become niche players and larger VARs invest in building their offerings further, consolidation becomes inevitable. Private equity firms are looking at our space and our industry a lot—they see opportunity, and I expect them to continue to be active going forward.

How important is size for solution providers? Can small VARs still succeed?

Size is fairly important in order to flex purchasing and negotiating power. However, to provide the breadth and depth, organizations need to scale. Anytime you have scale, you're more relevant. Not only have we achieved relevance, we're looking to double the size of the company in three years. That said, there are many small VARs who have carved out their niche and provide specialization within the market.

How does Ingram Micro's acquisition disrupt the channel, if at all?

With Ingram Micro's acquisition by Tianjin Tianhai, disruption may occur in the federal market within public sector. I expect that both partners and clients will re-evaluate how Ingram fits into their strategy.

Zones works with technology's top distributors, and we're grateful for their support to make sure our customers have access to the technology products they require to power their businesses.

What's your M&A strategy?

Our M&A strategy can be defined as "selective." We are looking at specific solutions companies where it makes sense to buy rather than build, and we're looking to enhance our technology and solutions set and scale those services across the entire company.

Our last acquisition took place in the United Kingdom to forward our global initiative. We may consider doing the same in Canada or other regions to beef-up our existing portfolio. Our primary growth strategy is to scale up existing sales channels, as well as our global and solution practices.

What's next for Zones?

We'll move forward with our established long-term growth plan to double the size of the company in three years. We'll continue to evolve our services organization and drive expertise in our core lines of business. We'll focus on ensuring we have the appropriate technical acumen in-house, and we'll grow our global capabilities, which are unique in the marketplace. We will follow the path that we've carved out and continue on the strong record of growth that we've achieved over the past 15 years.

We're focused on data center and security, mobility, cloud and unified communications. These areas are niches that we've developed — and we're working to further refine our presence in IoT and develop a niche there. We see all of these as growth areas for Zones.

What is a piece of advice that has guided you over the course of your career?

I'd say, "focus on the customer." In order to consistently provide world-class service and exceed customer expectations, an organization must develop a value system that is embedded in the culture and top-of-mind for employees every day, where providing a great customer experience is always the priority.

Additionally, to be successful, be prepared to change your strategies and business model and be bold in making the investments necessary to meet the demands of a fast-changing industry.

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