

# Ericsson-LG targets top th

Ericsson-LG has unequivocally re-established its credentials in the UK, made remarkable progress in regaining market share, continued to innovate its portfolio, beaten a path to the mid-market and beyond, and built a new project with the iPECS Cloud platform – and there is no lack in ambition and belief to become a top three UK vendor.

Occasionally in comms the stars align. Ericsson-LG is an innovative vendor with a globally recognised brand and Pragma a model modern distributor. Their pairing in 2012 was a response to Ericsson-LG's diminishing UK market share. Pragma, a start-up at the time with support from Ericsson-LG, had unleashed a new channel force, clearly evident during its annual Partner Conference staged last month at Whittlebury Hall with 140 delegates in attendance.

In the UK market Ericsson-LG's confidence has soared to a ten year high, and the Pragma 2015 scorecard report is just as encouraging, explained Managing Director Tim Brooks. He said Pragma's targets for last year were largely met. The distributor grew its SME business, increased its presence in the mid-market, maintained a policy of controlled distribution and improved support operations.

The fifth objective, the launch of iPECS Cloud, required more effort than first thought and work to simplify the interface and user portals put the brakes on planned progress. But this 'box' has now been emphatically ticked with the launch of a fully featured, multi-tenanted and reseller-

centric hosted solution (more on this later in the article).

To recap, following a period of decline Ericsson-LG is gaining ground in UK territory. In what is said to be a flat or declining on-premise market the vendor grew top line sales last year by 30 per cent, with unit and application attachment sales achieving higher percentage growth, reaching 50 per cent in some cases. The numbers speak for themselves: During the last three years Pragma partners have delivered more than 7,500 iPECS systems and 85,000 handsets. "It feels like we're only just getting started," stated Brooks.

In MZA's 2014 UK PBX market report Ericsson-LG's share grew from one to four percent versus 2013. In the sub-100 user market its share increased from three to seven per cent, placing the company in the top five vendors in the UK. Considering the strong performance shown by Pragma and its channel partners last year their expectations for another stand-out advance in MZA's next report are high.

Globally, Ericsson-LG now features in Gartner's top ten vendor rankings having moved up a position on last year, but a closer look at the numbers reveals that Ericsson-LG was one of only



Ahed Alkhatib

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four vendors that grew their business organically. "Our ongoing challenge is to change perceptions about Ericsson-LG," stated Brooks. "It's not simply a SME vendor, it provides solutions that scale into the mid-market and large enterprise."

### Enterprising business

To prove the point he cited a landmark deal won by Focus Group involving the first UK implementation of iPECS-CM, installed for a FTSE 100 company. Focus beat off competition from major vendors to bag the prize. The initial deployment supports 2,500 users in the organisation's head office. "We had to deliver proof of concept with multiple SIP trunk connections into a number of fixed and mobile service providers," explained Brooks. "It also

required three different QSIG connections into different legacy platforms, and had to work seamlessly and uninterrupted for three months to show that we could deliver the solution."

Key objectives this year are to drive more growth in the on-premise business and establish iPECS Cloud as the 'hosted solution of choice'. "The cloud is an important component that completes our portfolio but we're confident the market will continue to demand on-premise solutions, so there is ongoing investment from Ericsson-LG in this area," stated Brooks.

Ericsson-LG is entrenched in its CPE strategy and there is no obstacle to investment and innovation in the on-premise portfolio despite

the cloud-heavy assertions of industry analysts whose occupational hazard is reading too much into new technologies, but the truth will challenge their expectations. Even as the on-premise PBX era is declared near-dead, CPE is far more influential than predictions suggest. And when it comes to sizing up the UK's on-premise PBX market never take a fact from a cloud-mesmerised analyst.

Every industry spawns its hype and myth, but the idea of a collapsing on-premise PBX market is a flagrant dodge of the facts and the madness of our time, according to Ahed Alkhatib, Head of Enterprise Solutions International Sales, Ericsson-LG, who is taking a stand to provoke a sane debate based on Ericsson-LG's sales figures. He said: "Any analyst you talk to says the PBX market is flat or in decline. They tell us not to expect growth. They are wrong. Our UK partners have executed and delivered growth in a market that every analyst tells us we shouldn't. Last year was the best performance for Ericsson-LG in the UK market in ten years. We are recovering our position, we have been here before, and we will accelerate further."

Alkhatib argues that rival vendors have made a great miscalculation in falling under

# Three vendor ranking in UK

the sway of cloud biased analysts, weakening their grip on traditional markets. "Other vendors have taken their eye off the premise-based solution business, but we are actively investing and planning to grow in this segment," he said. "Cloud is a priority, but it won't hit the penetration rates many analysts predict. History has shown us that technology transformation does not happen fast."

Far from keeping its nose in the trough of a diminishing market Ericsson-LG is feasting on what's really happening and realising the wider benefits of customer acquisition. "Growing from three to seven per cent doesn't tell the whole story about what our UK partners achieved last year," added Alkhatib. "With regard to unit sales the number of customers we touched was significantly more than 30 per cent. This is the future of our business, creating up-sell and expansion opportunities. There was a time when our ambition was to be a top five UK player, now we want third position."

"Last year we saw phenomenal growth, outstripping every industry benchmark. In terms of year-over-year percentage growth the UK team is outgunning every other market in the world where Ericsson-LG operates. Nobody is growing at 30 per cent in this market space. This year it's all about taking a leadership position and we have the capability to do that by working together."

Setting out an organic expansion agenda is one thing but there are potential growth areas that need to

be worked on. "The growth engine in our business is driven by UC and application attachments and mobility integration," commented Alkhatib. "This is an area that needs attention. UC should not be an up-sell or bolt-on addition to the base value proposition which is telephony. UC has to be bundled as part of our go-to-market and we are working with Pragma to do this and simplify the proposition. We also need to incorporate other applications and enable resellers to sell the whole solution."

## Golden opportunity

The vendor is also responding to a golden up-market opportunity by sticking to the principles of heritage business and scaling up its growth ambitions in more lucrative segments. "Vertical market success is differentiating our proposition and changing the DNA of our organisation as we move from a SME play and focus on big deals in verticals," said Alkhatib. "Our business is transforming and moving up the value chain. New solutions require a different engagement model, a much higher touch, a proof of concept, a demo, more frequent visits potentially, this is all part of the transformation. Investing in the capability to do consultancy and solution-based selling is paramount."

Alkhatib has rightly identified leadership ambition as a strength. Just as critical is the vendor's technology strategy which also ranks as a great empowerment. Investment areas include web conferencing and video conferencing, WebRTC, integration with the likes of Google and Microsoft (players that own the desktop and

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operating system) and mobile UC. "Our Ericsson heritage and wireless capabilities mean that mobility integration in the enterprise is a big thing for us, not just the integration, it's about the whole ecosystem around mobile," stated Alkhatib.

Among the new ranges of handsets, devices and clients launched at the conference one newcomer deserves particular mention. The 9071 Android-based application terminal has functionality that may, at first sight, prompt some resellers to scratch their heads. For example, Near Field Communication (NFC). "Think of the apps we could deliver with these interfaces on the terminal," added Alkhatib. "We're also working on more capabilities from an app perspective on this device, such as IoT."

Let's not be under any illusions here. Launching iPECS Cloud is a big deal. Ericsson-LG's and Pragma's joint response to feedback from partners is a complementary product to

its premise-based solutions. Will Morey, Director and co-founder of Pragma, explained: "Cloud evangelists say that the PBX is dead and cloud is the only option. We all know that isn't true. But cloud is showing healthy growth and our partners expect an increasing proportion of their customer base to move to the cloud over the next few years. So we've made significant investments in taking iPECS-CM and turning the product into a fully virtualised feature rich and reseller friendly cloud platform."

"We needed to wrap infrastructure around the platform to make it rock solid, reliable and resilient. We own our own core and can absolutely lock it down to deliver a stable environment. We deployed best of breed technology from Ericsson-LG, Cisco, Juniper and HP servers, all sitting in a Telety data centre in the heart of London Docklands with excellent connectivity and fully duplicated. The investment has been huge for Pragma and Ericsson-LG, and it's an absolute priority for us."

Ericsson-LG's on-premise and virtualised PBX is really one solution separated



Will Morey

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only by a delivery model. But deciding on cloud or on-premise shouldn't be a question of left or right. "Importantly, resellers can talk to customers about how iPECS can address their issues, improve customer satisfaction, operational efficiency and reduce costs," added Morey. "That needs to be the primary conversation, not 'do you want cloud?'."

Ericsson-LG has support hubs located around the world and Pragma has constant access these, enabling the distributor to provide 24/7 monitoring and offer this to resellers as a chargeable service. "In the mid-market there are more critical environments. We see 24/7 support as essential," added Morey.

On the subject of support, more office-based account handlers will work alongside business development managers, and Pragma will ramp up its training this year with a number of initiatives including educational videos. Pragma is also developing an iPECS certification programme that will launch globally with iPECS Sales Professional and iPECS Technical Professional certification fully recognised.

Pragma's Partner Conference this year confirmed what its partners have long known, that Ericsson-LG is a real contender in the global arena, it wields a growing influence on the UK battleground, and with Pragma's and Ericsson-LG's stars aligned with a stellar line up of channel partners anything is possible. Who would bet against Ericsson-LG achieving its ambition to become the third largest vendor in the UK? ■