



Mark Marron

CEO and President, ePlus

Editor's Note: Mark Marron became the Chief Executive Officer and President of ePlus inc. on August 1, 2016. He began his career at ePlus in 2005 as Senior Vice President of Sales and became COO in 2010. A 30-year industry veteran, he was formerly with NetIQ where he held the position of Senior Vice President of Worldwide Sales and Services. Prior to joining NetIQ, Mr. Marron served as General Manager of Worldwide Channel Sales for Computer Associates International Inc., a provider of software and services that enables organizations to manage their IT environments. Mr. Marron has extensive experience throughout North America, Europe, the Middle East, and Africa and holds a Bachelor of Science degree in Computer Science from Montclair State University.

ePlus was founded as MLC Holdings, and recently celebrated more 20 years on the NASDAQ. What are some of the most significant changes that ePlus has experienced since its founding, and how has it remained the same?

ePlus has been in business for 26 years, and has been listed on NASDAQ for 20 of those years. We started off as a leasing company. As IT transitioned to distributed platforms from mainframes, we decided that it made sense to go out and acquire value-added resellers in order to provide solutions our customers needed while providing the flexibility on how they procure, pay, or finance these products and services.

Over time, we made organic investments to build out these regions while enhancing our proprietary procurement software to help customers automate and manage the entire procurement process. So if you think about it, we have grown from an IT leasing company, to a reseller that specialized in product fulfillment, to an engineering-centric company that now provides consultative services and support throughout the full procurement lifecycle. We are fulfilling what our customers need to optimize their current environments, helping them build roadmaps for the future including the cloud, security and other key technical areas while providing the tools they need from a management perspective around purchasing, financing and asset management.

Regarding how our company has remained the same, there are a couple things that really stand out to me. First of all, I think we have a great culture. Everybody here has the attitude of wanting to help their teammates and believes they have the ability to make a difference. Second, we believe that our people are what set us apart. We put a lot of emphasis on our hiring process to make sure that we are hiring

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the people that we think will fit within ePlus while ensuring they have the capabilities and talents we need to evolve with the market. Additionally, we still have a start-up or entrepreneurial spirit—but we are big enough both from the financial perspective as well as from the human resource standpoint to tackle some of the more complex challenges that our customers are dealing with today, as well as helping them plan for the future.

What are some of the ways ePlus has responded to major changes in the IT industry such as the dot-com boom?

ePlus has been quick to invest and build out our capabilities around evolving technologies that our customers need. We have a very structured plan around how we build and invest in newer technologies, and have in the past avoided layoffs during down economic cycles to maintain our resource base and culture, which also positions us to rapidly scale when the economy recovers. We believe this mindset has helped us address major changes in the IT industry while also building loyalty with our employees. There will always be things that are beyond our control that are market driven, but we have teams that are responsible for understanding where the market is going and what technologies and areas we need to invest.

Your predecessor led the company since 1993. Does your appointment as CEO signify major changes?

No, I don't expect to have major changes. What I will tell you is that we've worked together for years now and have a great working relationship. A top priority was to ensure a really smooth transition, and it has been seamless. Really what I hope to do is expand and enhance what we have built as a company already and drive our teams to focus on our key growth initiatives while optimizing our operating and cost structures. We have become a partner that our customers count on to provide guidance and insight on how to attain business outcomes that will enhance or grow their business from a technical, business and financial standpoint. I believe ePlus is a great place to work and want to find ways to attract millennials and others to see how ePlus can provide the career path they are looking for overall.

Where are the biggest growth opportunities for ePlus in 2017? Can you tell us more about your international expansion plans?

There are multiple growth opportunities for us in 2017. Some will be market or technology driven while others will be key initiatives we are looking to drive and become the “go to” partner for our customers and vendors alike. We have what we call our “Four S’s”: security, software, services and solutions. We are investing in headcount to transform our technology solutions and capabilities while providing the

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services and security customers need to take advantage of these new and emerging technologies.

Our services offerings provide full lifecycle management to our customers. We help in the assessment and design phase all the way through to optimizing their environments and supplementing their existing IT resources with our managed services and staffing capabilities.

In the data center/cloud space, we are leveraging our expertise and resources that we have built up for years in the data center space to help our customers make decisions on how they want to utilize the Cloud from an efficiency and cost standpoint.

One of our corporate initiatives is building out our footprint. We will do this both organically and through M&A. We will look for acquisitions that give us a geographic coverage or provide some technical expertise we want to build out or use to enhance our current capabilities. They can be tuck-under acquisitions, or companies that have a technical expertise around our key initiatives to companies that focus on Emerging technologies.

Regarding international expansion—we have our first international presence following our acquisition of IGX in the UK, so that gave us the ability to support some of our biggest customers across the Atlantic. It also gives us the ability to evaluate options for further expansion into Europe and other geographies, based on what our customers require within those regions. Is further international expansion an option? Yes, but like anything we do from an M&A perspective we will maintain discipline to ensure that our acquisitions are strategic and accretive.

Historically you have completed several small acquisitions. Is targeted M&A a core competency for ePlus? What is your M&A philosophy?

We believe that we have a pretty good process in place and that we are fairly disciplined in our approach to acquisitions. While valuation is important, we look at a few other metrics that are key considerations. First, we ask does it give us territory coverage that we don't have now, or expand an existing region that we are already in? Second, we ask if it provides some type of technical expertise that enhances what we are doing now or provides new expertise that we can then leverage across all of the regions within ePlus. You then look at it from an account and people perspective – with people being the most important to make sure we achieve a cultural fit that can thrive within ePlus.

In terms of our strategy, we feel pretty good that we have got a top-down approach in how we look at the companies, the steps we go

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through, and what we look for with each acquisition. We identify the areas that we want to focus on from an M&A as well as from an organic growth standpoint. At the end of the day, it comes down to understanding what is important to the company you are acquiring and making sure you are giving them a fair chance to succeed within ePlus. As it relates to size, we see and analyze most if not all of the prospects in the marketplace. Size as a metric is less relevant than executing our strategy, and maintaining the metrics that satisfy our investment requirements. Traditionally we have done smaller, acquisitions that are either tuck-under in an existing region, or greenfield, and then expand from there.

How do you generally find targets? Are they brought to you, or do you primarily source them internally?

There are a few ways. We have someone that is responsible for M&A within ePlus, so he works with a lot of different folks out in the market to understand who is out there and gauge their interest in being acquired. Many of our sales and services management brings potential acquisition candidates to us that they have heard of or believe could help us overall. Also, we are lucky enough to get referrals from our vendors. So, prospects come from a lot of different areas and we have no shortage of opportunities to review.

Let’s talk about the cloud a little bit more. Cloud carries with it several opportunities and challenges for traditional services providers—what does it mean to ePlus?

In my opinion, cloud is really a natural fit for ePlus and a logical extension of what we have done all along with compute, networking, storage, security and all the related services. Cloud technologies and related benefits are available in private and hybrid clouds which we’ve been consulting and building for our customers for many years. We recently announced Cloud Aggregated Services to provide a wide spectrum of public cloud related solutions and cloud management services to our customers. Our sales and engineering teams are well positioned to facilitate these technologies, and we are aligned with the right vendors as well.

The pace of innovation is happening faster than ever with many considering a cloud-first strategy. The goal being to provide scalable capacity, robust performance and reduced costs while mitigating risks. We start with assessments that offer insight into their environments that focus on achieving their desired business outcomes. With that said, you have many customers that are adopting some form of the cloud and they are looking to reallocate some of the services spend based on whatever cloud solution they are choosing. It provides us an opportunity to continue to build out our migration and consulting services. In this sense, the cloud is actually a tremendous

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opportunity, not only from the technology or product standpoint but from the services stand point as well.

The cloud also drives numerous opportunities in our traditional core offerings, such as security, networking, and collaboration. With our Cloud Aggregated Services, we also offer cloud infrastructure, colocation, and all the other types of connectivity solutions that are out there. We walk them through the value and benefit of each, matching the offerings to the requirements that we identified earlier.

Also, there are a lot of companies which are viewing their IT infrastructures from a new perspective: less as data centers, but more as “centers of data.” You have applications that no longer have to be physical—they could be SaaS, they could be containerized, or on platforms that are private, public, or hybrid.

So, one way to look at the new IT is to take a data-centric approach. Where and how the data is stored, can you analyze the data to improve your business and then ensuring that this data is secure on whatever platform it resides.

How important are services in general for ePlus versus traditional product sales?

I believe services are really important for ePlus for a lot of different reasons. First of all, I believe services give you stickiness with your customers. If you are providing a service, whether it’s installation and implementation, managed services, staffing, or some other type, you have insight in to their organization and the potential issues they are trying to solve. You are potentially providing a service that helps them solve a problem that they may not have either the resources or capabilities to solve on their own.

Our services are a key differentiator from our competitors. Today’s IT solutions are more complex than ever, and require multi-vendor integration of disparate technologies to create the business outcome customers seek to transform and digitize their businesses. We try to provide the full life cycle management of services, from initial assessment, through to consumption, optimization and disposition phases. So what that means is being present throughout the entire process. We do an initial assessment to understand their environment, and then we provide road maps detailing what they need to do right away and where they need to go over the next three-to-five years. As the relationship evolves, we have the capability to supplement customers’ existing teams with our managed services and our staffing solutions, so they can focus on their core initiatives and drive the value back to their business. These annuity services provide long term value to both our customers and ePlus.

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We will continue to build out our offerings and capabilities to supplement and compliment what our customers are doing, so they can achieve the business outcome they need.

How do you guys see yourself vis-a-vis your competitors? What's your competitive advantage?

The thing that really sets us apart is our people. We are an engineering-centric company, with a high ratio of engineers to outside sales, and we believe we have some of the best engineers in the industry.

Something else that sets us apart from the competition is that we not only provide the solution and services that our customers need, we also have the ability to provide flexibility on how they pay for these solutions with our financing options. In addition, we also help customers automate the entire procurement process and provide spend management and asset management capabilities to help customers track their overall IT spending and the assets they have currently.

In summary, we provide industry leading solutions with the flexibility they need on how they can procure and pay for them, while helping them reduce costs and improve efficiency.

What are your thoughts on Dell acquisition of EMC? Do you expect other large consolidations to occur in the channel?

I personally expect to see more consolidation in the market. There are many things going on right now, with the Dell and EMC deal being one of the most prominent. What is good about the Dell and EMC acquisition is that we already have relationships and partnerships in place with both of them, and we have expertise in both of their solutions.

I think their size and scale will help them in terms of the full range of solutions that they can provide to customers going forward. In the short term, I think there are a lot of things that have yet to happen—we have to see how their channel programs will be affected and how the product roadmaps evolve over time for similar technologies. For example, will they continue to support all of the technology from EMC and Dell, or will certain products be affected? And, then we need to work with the new sales, services and channel management teams within the combined companies to build long term "go to" market plans.

We have also seen a lot of private equity companies demonstrate interest in the channel. What are your thoughts on that?

Well, a couple of different things, I think private equity sees the channel as one potential market. For resellers that are smaller and

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may be regionally based, I think they have to make hard decisions on where and how to invest their capital to be able to provide multi-vendor solutions and services to meet the demands of an ever changing technology market. I think the benefit of having private equity firms invest in them allows them to be more focused on long term goals without having to deal with the same constraints that a public company has. Overall it gives these companies more flexibility to invest in areas to grow their business where a reseller may not have had the financial capability to make on their own. The private equity firms will figure out how to achieve their desired return on that investment, but in the meantime they may allow operators to be more focused on the long term goal—especially channel companies that are currently public and have to worry about short-term effects on stock price.

Overall, I think it is good and provides another avenue for companies to attain their long term goals and objectives. One thing that needs to be considered before taking the investment is if there is a good cultural fit. You need to get a clear understanding on what the private equity firm is trying to accomplish to ensure it fits with your long term plans and overall culture of your company. It all depends on what you are trying to accomplish as a company.

What is a piece of advice that was shared with you that has informed your leadership philosophy?

I don't know if it is “advice”, but more a quote that stuck with me years ago. The quote was "Don't be afraid to chase your dreams, you just might catch one." Basically, set your goals high and don't settle for anything less. One thing I try to encourage everyone at ePlus to do, including myself, is to look for ways to get things done and not get tied down trying to find reasons or excuses on why not to do something. Identify your important goals and then find ways to attain them. It's not how good you are, but how good you want to be!