

Ring fencing its clients

Through a name change, some key acquisitions, 'ring fencing' what it has, keeping competitors out and customers happy, Enterprise Connection has now become an individual enterprise in its own right which has been able to 'sever the links of the past'

By Brett Haggard

Looking back over the past two years, Enterprise Connection CEO, Johan de Villiers says that, from the word go, it was clear that his company's cultural fit within the Connection Group empire wasn't mutually beneficial to all the parties involved.

Through some substantial changes, Enterprise Connection, originally started as the corporate arm of the Connection Group, is now rapidly branching out into new areas through the formation of its own group company, some new key acquisitions, 'ring fencing' what it has, keeping competitors out whilst also keeping customers happy ...

"The Connection Group was predominantly retail focused, while Enterprise Connection was focused on the corporate and public sector markets. There were, quite simply, no valuable synergies. Added to that, we were having difficulty breaking into parts of the corporate world because of our lack of BEE credentials," he says.

"Enterprise Connection therefore sold a 51 percent share of its equity to Canal Square, a one hundred percent black owned investment company. The remaining 49 percent of the shareholding is held between Enterprise Connection Group CEO, Paul Moses and myself," he continues.

"That meant that in one move we managed to get out of the retail focused Connection Group and get our BEE credentials on track. The problem was that we (and the market for that matter) still didn't have an accurate idea of what enterprise Connection's key differentiators were," he says.

A LONG HARD LOOK

"So we had to take a long hard look at what made the company special and different from companies like Dimension Data, Datacentrix and First Technologies, who were seen as our primary competitors."

De Villiers says these companies were seen as Enterprise Connection's peers since they all play in the same infrastructure, outsourcing and Microsoft volume licensing space. "We also realised that all of these business areas were quickly becoming commoditised, best epitomised as high volume and low margin.

DIFFERENTIATION: Enterprise Connection's Johan de Villiers says they had to take a long hard look at what made them different from their competitors.

"We saw two means of differentiating ourselves," he continues. "We could either grow organically and increase our skills base in order to up our game against our competitors, or acquire strategic stakes in best of breed companies that already had those credentials and credibility in the niche markets we wanted to address.

"The latter was particularly attractive to us, mainly because it would ensure a quicker time-to-market and that we would be getting out of the sandbox that is selling hardware and software. We saw that application development, consulting services and high-end architecture skills

"We don't want to be everything to everyone."

— Johan de Villiers, CEO, Enterprise Connection

were the keys to retaining long-term relationships with customers and would allow us to develop serious intellectual property and double-digit margins."

'ONE THROAT TO CHOKE'

As its route forward then, De Villiers says Enterprise Connection thus started down the acquisition trail. "We started by acquiring a 25.1 percent stake in NVision IT, a development company rated by Microsoft as the top BizTalk and .Net developer in Africa.

"Next, we acquired a 26 percent stake in DocQNet, a specialist in the field of e-mail vaulting and archiving systems, with specific reference to ECT compliance.

"Thirdly," he continues, "We performed an acquisition outside of the traditional IT space. We saw that our competitors were driving their off-balance sheet financing in the direction of third parties like Spartan and RentWorx. Wanting to do things a little differently, we acquired a 100 percent stake in a rental finance company called Finance IT.

"This approach would also allow us to keep as much of our customers' mind-share as possible and offer our customers a single point of contact, or as we like to term it, 'one throat to choke'.

"Importantly for Enterprise Connection," De Villiers states, "is that this would mean that we wouldn't have to compete with our competitors for the paper-thin

margins that are traditionally the norm in the hardware market.

The fourth new area of business for Enterprise Connection came in the form of Hansen (Africa), a high-level facilities and asset management company.

QUID PRO QUO ARRANGEMENT

These acquisitions and ownership stakes essentially created the Enterprise Connection Group, which Paul Moses, previous Enterprise Connection CEO, now heads up as Group CEO.

"We don't, however, want to be everything to everyone," De Villiers stresses.

"That's the reason each of the companies in the group operate as separate entities. It's almost a 'quid pro quo' arrangement.

Looking at how Enterprise Connection as a company fits into the group, De Villiers says it is currently set to do R400m in turnover with a staff compliment of 180 people.

OFFICIAL NAME CHANGE

"There is still too much confusion between Incredible Connection, Business Connection and Enterprise Connection," he says. "We realise the need to become an individual brand and sever the links of the past. The new name we've come up with is Enspire Technologies."

This name change will officially take place in February of 2006 and De Villiers says the new company will have three main business areas going forward.

"The first of these will remain focused on one of our core services, namely the provisioning of Microsoft licenses to the market. We feel that we need to leverage the skills and credibility we have achieved with our LicenseRight methodology.

"LicenseRight allows our software customers to do full software asset management, software and licence procurement and group license reporting through a centralised browser-based interface from anywhere in the world," De Villiers explains.

This solution, in a nutshell, allows for the dematerialisation of the customer's paper-

based licensing and the conversion of this into an electronic format.

"This service is offered free of charge to all of our volume license customers and it's been so effective, that we've had zero churn. Quite simply, nothing in the market competes."

RENTAL FINANCE

The second area of focus for Enterprise Connection is a completely new one, and focuses on the group's acquisition of Finance IT.

"We have already been massively successful with this service against our peers, primarily because we already own an IT company and have insight into the issues customer have with stumbling blocks like early obsolescence of hardware."

This endorsement has given Enterprise Connection added credibility and competitiveness over its peers. "It allows us to play in the rental finance sandbox without any real competitive threat," De Villiers opines.

VOIP AND IPT

The last focus area, he says, is the IP Telephony (IPT) and Voice over IP (VoIP) market, with specific relevance to the call centre industry.

"The reason we've chosen this route," he continues, "is that IPT and VoIP are synergistic with the networking area we're already involved in. We furthermore believe that the traditional PBX companies will have a long road to go in order to catch up."

This, he says, has been an interesting move for Enterprise Connection, since it means the company will now be competing with the likes of Philips, Siemens, Hymax and other telephony companies.

In the background, however, De Villiers says the company will still be involved in the infrastructure and local government markets.

"But it's not just internally that this strategy makes sense," he adds. "The market's acceptance of our plans has been validated by the fact that in the last three months alone, Enterprise Connection received the Tarsus reseller of the year award for 2005, the Microsoft solutions partner of the year award for 2005 and HP's SME reseller of the year award for 2005.

"We're truly looking forward to a bright future," he concludes. 