



MicroAge Boosts Profitability and Growth as Mimecast Reseller

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Andrew Roberts, Chief Cybersecurity Strategist, MicroAge

Business Case

With cybersecurity showing greater growth potential than any other part of the business, reseller and managed services provider MicroAge deepened its partnership with Mimecast, opening doors to clients of all sizes looking for a solution to their biggest cyber risk: email.

Results

Mimecast solutions are an easier sell than other products, thanks to their broader array of capabilities and ease of use. In addition, MicroAge’s Mimecast deals yield bigger profit margins than any of the email security provider’s competitors. By expanding into cybersecurity managed services — and with Mimecast at the center of a bundled offering — MicroAge has the opportunity to upsell and cross-sell to more clients.

Data Points

- MicroAge’s cybersecurity revenue is expected to grow by 40% through 2023.
- The company’s profit margins on Mimecast resales are more than double those earned on some competitors’ products.
- Customers have to spend \$30K or more to bolt on additional products to other vendors’ email security solutions to get the capabilities that Mimecast includes as built-in features.



As a reseller, we get better margins with Mimecast. We've seen it time and time again."

Andrew Roberts, Chief Cybersecurity Strategist, MicroAge

Before MicroAge, an end-to-end technology solutions reseller and managed services provider, acquired cStor, a data and cloud solutions reseller, in July 2022, its cybersecurity revenues were limited.

"[MicroAge] might trip over an opportunity and maybe do a cybersecurity deal," says Andrew Roberts, MicroAge's chief cybersecurity strategist, who held the same role at cStor before the acquisition.

"But they weren't very thoughtful about it."

Part of MicroAge's rationale for buying cStor was to be more intentional about pursuing the incredible growth potential in cybersecurity solutions. cStor had developed a foothold in the space under Roberts' leadership.

"I was the CISO at a university, and we were a cStor customer, but I refused to buy any cybersecurity solutions from them because they couldn't tell me what problem they were going to solve for me," he said.

cStor must have seen his point, because its CTO recruited and hired Roberts in November 2017 to figure out how to improve the company's cybersecurity sales. Roberts set about building a flourishing cybersecurity practice that focused on client success, sales enablement and partner alignment. Roberts has continued his "magic" at MicroAge, which has seen its cybersecurity revenues grow between 30 percent to 40 percent per year since his arrival.

"Cybersecurity is one of the fastest growing parts of our business," Roberts says.



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The Best Way In: Answering the Why

Mimecast has been a part of MicroAge's cybersecurity business from the start, but before Roberts' arrival it was, like its other partners, little more than another option on the line card. Under Roberts, Mimecast and MicroAge have expanded the relationship into a more strategic partnership, boosting MicroAge's cybersecurity margins and expanding Mimecast's reach for solutions such as its Cloud Gateway (CG) and Security Awareness Training. Thanks to Mimecast's array of capabilities, ease of use, and commitment to its channel partners, it is now one of MicroAge's top five cybersecurity solution partners.

"The most important question you have to answer for a cybersecurity customer is, 'Why?'" Roberts explains.

"A lot of clients think they want something, but they're not sure why. Or they know they don't want to end up on the front page, but they have no idea where to get started."

MicroAge doesn't have a target market. Any company is fair game, and its client roster ranges from small businesses with a handful of employees to multibillion-dollar multinational companies. But regardless of company size, a successful cybersecurity solution sale often begins the same way: by taking a look at the client's cybersecurity framework — if there is one — and getting executive buy-in to get the ball rolling. This process gives those who have no idea where to start a place to begin, says Roberts, or it validates an existing approach for more mature clients.

Roberts and the MicroAge sales team spend time working with clients to figure out what software will best address their problems, and Mimecast is often part of the solution.

"Users are the No. 1 target for cyberattacks, and the easiest way to get to them is email," Roberts says.

"We can sell any email security solution, but we like Mimecast's Secure Email Gateway better. It has

more features, it's easier to manage, and it's usually less expensive for our client."

For example, Mimecast offers the ability to simplify the creation of email signatures and disclaimers with advanced email stationery controls — a feature that customers would have to buy independently if they went with another email gateway provider, Roberts says. Mimecast's impersonation protection services are also more robust and easier to use than its competitors, a particular selling point for MicroAge, which previously had an issue with emails impersonating its CEO.

In fact, MicroAge likes Mimecast so much, it's a customer — which has some added benefits.

"If I'm talking to a client and they want to see what Mimecast looks like, I can turn my computer around and say, 'Here, let me show you.'"

Mimecast's growing list of technology alliance partners is an increasingly valuable selling point as well.

"Some cybersecurity solutions providers are doing this more aggressively than others," Roberts says.

"Mimecast integrates with everything."

The Benefits of a Partner That Believes in the Channel

For a reseller, though, the real proof is in the profit margins. **"Profit margins are what we live on,"** Roberts says. **"Mimecast knows that and they work with us a lot."**

MicroAge tracks revenues and gross profits for its top five cybersecurity partners individually; Mimecast is No. 2 on the list. But when it comes to profitability in the email security segment, Mimecast comes out on top.

Roberts was recently working with a MicroAge client that was evaluating both Mimecast and a competitor. Although Mimecast cost the customer 25% less than the other email security solution, MicroAge's profit on the Mimecast sale was more than double the 10% margin it would have earned on the rival product.

"As a reseller, we get better margins with Mimecast," Roberts says. "We've seen it time and time again."

Just as important, the margins on Mimecast renewals are the same as margins on the first sale. Some companies may offer 25 percent on an initial sale but 5 percent on renewals because they think less work is involved, Roberts explains.

"But all that does is incentivize resellers to rip and replace," he says.

Good technology is table stakes in a reseller partner. What's more important is that the solutions provider believes in the channel.

"We see new startups all the time that are all about the exit and getting market share," Roberts says.

"The company's No. 1 mission is the company itself. But what happens when deals get difficult?"

Those in it for themselves may cut out the reseller and go direct to the client. Mimecast, on the other hand, will work with MicroAge and do what it takes to win.

"There's a slew of people at Mimecast I can pick up the phone and call, anyone of whom can help me solve a problem if one arises," Roberts says.

The Managed Services Opportunity

Today, MicroAge does more than just resell Mimecast solutions. First, it began offering its ManageWise service to help Mimecast customers ensure they're getting the most out of the software. For example, sometimes Mimecast users are paying for features they haven't turned on. Or they've misconfigured things. Or they've purchased a cheaper implementation package and ran into problems.

"We'll look at the environment, create a punch list of things that need to be done, and come back monthly or quarterly to check on things," Roberts explains. "Then we can look for upsell or cross-sell opportunities. Or if they bought Mimecast from someone else the first time, they'll end up switching over to us later or come to us for other business. We always make money on those engagements."

More recently, MicroAge introduced a comprehensive Managed Security Services (MSS) solution designed to monitor and protect a client's environment and deliver incident detection, response, and resolution provided by its team of security analysts. The solution is comprised of a bundle of cybersecurity solutions, including Mimecast, to get new clients up and running with a foundational cybersecurity framework.

"It was a no-brainer to go with Mimecast. We use Mimecast and have all the skills in-house," Roberts says, adding that there has never been a better time to be in the cybersecurity business. "It's been a great time for the last six years. With good partners, the business continues to grow."