

Scaling the heights

Acquisitions are back on the menu at Econocom Group.

Technology Reseller finds out more from Managing Director Angel Benguigui



Angel Benguigui

In July, Econocom Group kick-started a new international acquisition programme by taking a majority stake in Trams, an IT solutions provider to enterprises, creative industries and the education sector.

To find out more about the digital general contractor's plans for the UK, *Technology Reseller* met up with Angel Benguigui, Managing Director at Econocom Group, Frances Weston, MD North America, UK & IRL at Econocom, and Warren Peel, Director at Trams | Econocom.

During the discussion that followed, *Technology Reseller* found out why Benguigui believes 'Big is beautiful, but medium-big is also good', what Econocom stands for and why the company has a 48-year head-start on today's eco-conscious suppliers.

Angel Benguigui is one of two MDs at the Econocom Group. He works closely with Jean-Louis Bouchard, Econocom Chairman, and looks after the Group's international activities. In total, Econocom has a presence in 18 countries, employs 9,200 people and has a turnover of €2.6 billion, 50% of which is generated in France.

In 2019, after a decade in which turnover increased by 350% and

recurring operating profit by 450%, the Econocom Group implemented a two-year transformation programme to 'integrate, clean and re-shape' the business, sell off subsidiaries that were no longer central to its strategy and to reduce its debt.

Econocom became debt-free at the end of 2020 and started 2021 with a new 10-year plan to triple or quadruple turnover by 2030.

"As part of this plan, we relaunched our external acquisition programme," explained Benguigui, "and the first deal we closed was with Trams in the UK. We took a majority stake of 60%, with Trams Directors Warren (Peel) and Alex (Page) each retaining 20% of the company.

"This is the first of many deals we want to do over the next two or three years. We think that from an organic point of view we can target growth of 2% or 3% each year, depending on the market conditions. But we would prefer to grow at 8% to 10% each year, and to do that we need acquisitions."

While Econocom integrates Trams, its main focus will be on acquiring companies in the Netherlands, Germany, Spain, Belgium and France. However, Benguigui does not rule out further activity in the UK.

"What is clear is that the UK is one of the strongest economies in Europe and one of the countries where IT spending is very strong and where leasing has the highest penetration, so that is a good starting point," he said.

One-stop shop

Econocom Group has three business activities: the supply of technology products and solutions to enterprise customers – "Big is beautiful, so we prefer big, but medium-big is also good," declared Benguigui; leasing, the Group's original activity; and services like those provided by Accenture, Capgemini or Atos, such as outsourcing, applications development and cloud transformation.

"For Services, you need a lot of people, it is very specialised and it varies greatly from country to country, so we have decided to keep services only in France, Belgium and Spain, where we already

have profitable activities in outsourcing workplace management. However, we want to develop our leasing and products & solutions activities in all the countries in which we operate.

"Why? Because we see many synergies between products & solutions and leasing. We can provide finance for all the equipment we sell and we can wrap value-added services around as well, like advice, installation, maintenance and recycling. Our aim is to finance the whole package for large customers."

Frances Weston points out that this approach is more flexible than simply financing a product purchase with a traditional lease. As an example, she cites the company's Business Optimisation Solutions (BOS) proposition. Essentially a mobile-as-a-service offering, this includes mobile device estate optimisation, next-day swap-out if something goes wrong with a device and end of contract collection, wiping and recycling – all for a monthly subscription, with one number to call for support.

"We use our know-how around leasing and then we add in a lot more services and flexibility, the swap-out, the support around it, all those value-add pieces," she said.

"In Europe, this has been happening since day one, but in the UK we have taken longer to adopt that mind-set because there are a lot of old-school leasing companies that just want to complete a deal and walk away. What Warren and I are trying to do is understand the value chain and address every single step on the way so that a) we increase wallet-share and b) we provide the client with an end-to-end one-stop-shop, so they no longer have to go to one person for their leasing, another for their products and a third person for their servicing."

Today, as businesses come under pressure from customers, employees and investors to reduce their carbon footprint, being able to provide an end-to-end approach, from the supply of new or reconditioned equipment to recycling at end of life, is a big advantage.

"It enables us to talk to the client about sustainability first, about second-hand

and what end of lifecycle looks like in a zero-landfill, CSR-compliant way. After that, we can move onto what the client wants and how we can wrap the equipment and everything else into a subscription model. That is a journey Angel has been on many times in Italy, in Spain, in France. With Trams | Econocom, we are still developing those building blocks in the UK, but we are doing it quite quickly and quite well, and clients see us as a team and then come to us for everything, which is a nice way to solidify the partnership we are creating.”

CSR-native

Benguigui points out that Jean-Louis Bouchard started Econocom more than 48 years ago by offering leasing to finance the purchase of expensive second-hand computer equipment, effectively making Econocom a CSR-native business – the Econocom name is a blending of Economic and Computers.

Today, as part of its end-to-end lifecycle services, the company reconditions 430,000 devices every year and this is an area Benguigui wants to build on.

“Everyone is talking about recycling and second-hand equipment because there are product shortages in the supply chain, but we think of recycling as part of the corporate social responsibility of the company. We are very committed to it,” he said.

Weston added: “We pride ourselves on our reconditioning activities and on our zero to landfill policy. We try to make sure that every piece of equipment that gets recycled goes to bigger and better in their second and third life. It is a process, it can be time-intensive and cost-intensive, but we think it is the right thing to do and we think it is something that more and more clients will ask for.”

Sales opportunities

Reconditioning/recycling is one growth area Econocom is well positioned to profit from. Another is the predicted increase in IT spending to support work from anywhere strategies. A third, cited by Benguigui, is the growing influence of CEOs in IT procurement.

“Twenty years ago, the CIO of a company was responsible for supplying people with equipment so that they could do their job. Now, the general manager of the company is thinking about how technology can be used to sell more. This is a big change. Instead of the CIO of the company being in charge of IT, the CEO of the company is in charge of digitalisation across the whole company.”

As an example, he cites a big automotive client in Germany that awarded Econocom a contract to equip its dealer network in eight countries with displays, software and support so that customers in showrooms could create their ideal car on-screen, with their choice of colour, features and accessories.

“IT is not for the back office any more, it is for the front office. It is for selling more,” he said.

The fact that CEOs tend to think more globally than CTOs and procurement staff is also a benefit for a multi-national like Econocom. However, Benguigui emphasises that awareness of each region’s individuality means that local operations remain the responsibility of the local management team.

“Each country is different, each market is different, there are different users, and clients want different things, so we try to adapt to each country. We can help them, but it is up to Frances and Warren to adapt our global idea to the specific needs of clients in the UK.”

Weston added: “That is our USP. I have never seen another peer do it the way we do it because we understand the language, we understand the culture, we understand the people and we understand the delivery mechanism and the style that the client wants.”

Scale and grow

For Warren Peel and the Trams management team considering the best way to scale and grow their business, the combination of Econocom’s size and reach and the flexibility of its approach were major attractions.

“Compared to Econocom, Trams is a fairly small organisation, although successful in our way. We have some absolutely fantastic blue-chip clients, like the BBC and WPP, but in order to scale and grow we need to be part of a much larger organisation. There has been a lot of consolidation in our sector and when the Econocom opportunity came along, it seemed like the right time and fit for us, especially with the Brexit situation, which was making it a lot more difficult to transact with organisations that had offices on the continent.

“In that respect, the acquisition has been manna from heaven. We can carry on, seamlessly transacting by using the abilities, the scale, the processes and the workflows that Econocom has established over a very long time. We are only two and half months in, but the level of engagement



Frances Weston

between our sales teams and sales teams at Econocom France and in satellite organisations in delivering opportunities out to clients is exciting for us all. It keeps us relevant; it keeps us growing.

“We were growing before, but at a fairly slow and steady pace. This gives us an opportunity for massive acceleration over the next three, four, five years and to bring all those value-add propositions – technology and finance and support services – to what we already do. We couldn’t pass the opportunity by.”

Trams, it must be said, also brings a lot to Econocom, as Peel explains.

“Lots of people know us for Apple – in 1990, we were established as one of the original Apple centres in London – but we work with other major brands like Lenovo, HP, Dell, Quantum, all the major ones you can think of. We also provide value-add around mobile device management. We have something called the TramsCloud, where we manage clients’ Jamf instances, freeing customers from having to invest in their own resource and their own technical staff. In addition, we do warehousing and roll-outs for customers. The synergies between the organisations are palpable and something we are looking to grow and progress over the next few years.”

In the meantime, Weston is looking forward to replicating the success Econocom has had in France on this side of the Channel.

“Now the investment pounds are here, Econocom can effectively say we are a new name in financing, services and reselling under one umbrella. Over the next few years, we will hopefully become a household name in the UK.”

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