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Unique Viewpoints from Industry Leaders

MAY 2013

Tim Crown

Co-founder and Chairman, Insight

*Today we include **Tim Crown**, Co-founder and Chairman of **Insight Enterprises**, which began as a hard drive reseller in 1988 and has grown into a global IT solutions provider with $5.3 billion in 2012 revenue and operations in 23 countries.*

MW: The Dow has taken off in 2013. What do you think is behind its rise?

TC: The biggest driver is corporate profits are up. And they are up for two reasons.

First, during the recession, big companies watched expenses carefully and controlled SG&A very well. This focus on expense control has really helped big companies grow their profits.

Second is the cost of money. Today, when Insight borrows money, our interest rates are very low – well below the 5, 6 or 7 percent we were used to before the recession. Low interest rates help juice earnings.

Now, is business really that much better than it was two years ago? I don't think so. But profits are up and that certainly helps valuations.

MW: People get excited when the Dow hits historic highs, but as the Chairman of Insight, how much does stock market performance influence your decisions about the company?

TC: I promise you that every CEO or senior executive or board member of any public company checks the stock price at least once a week, if not once a day. Regardless of whatever else it might be, the market is an independent scorecard that tells you something about how you and your organization are doing.

Now it doesn't influence our direction and we continue to stay focused on executing against our initiatives, but it does have an impact on how you may *feel* about the business.

MW: Insight has changed its business several times over the years. What is your current strategy for growth?

TC: Insight has actually morphed four times over the past 25 years. We started out as an off-the-page advertiser in *Computer Shopper* selling hard drives. We were a catalogue company for years, before transitioning to all-in-one sales. In the early 2000s, we became more of a full-service provider. Then in 2006, we bought Software Spectrum and became one of the largest global resellers in the world of Microsoft. From there, we grew the firm both organically and through acquisitions.

Throughout all that time, what's interesting is that IT spending really hasn't changed that much. People are just spending on different things. For example, people are spending less on personal computers and more on cloud-based solutions. Services are moving from onsite to hosted solutions.

Insight's strategy for growth is to follow where the dollars are being spent. We are an aggregator of all of our suppliers' offerings into a single point of contact, which lets us provide the end user buyer with a lot of different choices from a single source.

MW: To what degree have you made acquisitions for strategic purposes? Historically, what have been your goals with acquisitions?

TC: We've made acquisitions to expand geographically and to add a new capability. We've also made them for scale. For example, Insight's purchase of InMac in Germany last February allowed us to expand the hardware business into key markets in Europe.

Going forward, I don't think our strategy for acquisitions is going to change much. Geographically, we have significant presence in most major markets in Europe, in the United States, Canada and Asia-Pacific. In Asia-Pacific, we're really only in software right now and we need to also be offering more services there.

So if I'm looking out five or 10 years, I could see us buying companies in Asia-Pacific for scale or presence. In North America, I see us doing more acquisitions to acquire new capabilities so we can offer new services more quickly.

MW: A number of your acquisitions have been cross-border. What makes a successful cross-border acquisition and what makes it difficult?

If Insight makes an acquisition in the United States, we already have an infrastructure in place that allows for easy integration. But if we were to buy a company in a market in which we don't have any presence, we would need to have a strategy and capabilities for blending our existing infrastructure with that of the company we're purchasing. We also would need to integrate different mindsets and cultures into a single global strategy and offering. That is significantly more challenging when it's cross border.

MW: Do you feel like you've cracked the code on cross-border acquisitions?

TC: I think it's a lot of work every time, and it's less about the operational side and more about the culture. The names and faces change, but the process is the same. You have to roll up your sleeves, dive in to the details, and understand every single piece and angle of the acquisition. And you must have a plan for how you are going to merge the cultures. That requires boots on the ground, from the home office to the regional office, and requires everyone, especially senior executives, to be in the trenches talking to people one-on-one.