

# Former one-man band so

Nine Group CEO James Palmer is on course to become one of the comms industry's top challengers. Already with plenty of reasons to be cheerful, he is yet to unleash the full potential of Nine's channel growth strategy.

**P**almer once cut an isolated figure knocking on doors, doing the basics, hoping for a deal that would make it all worthwhile. But now with 175-plus staff under his roof going it alone is a thing of the past. "For two years I was Nine's only employee," said Palmer. "Independence can be lonely. But I am by nature a positive person, entrepreneurs have to be, so I continue to wake up in the morning raring to go and wanting to make a difference."

The former one-man band now has £100 million in his sights and Palmer's past results are surely the harbinger of future success. If all goes to plan the Group's current £50 million run rate is expected to double with acquisitions being the crux of Palmer's growth strategy. But it's not an all or nothing approach. "Whether we hit our revenue target or not, it's more important that we enjoy what we do and continue to add value for our partners," he said.

Palmer's first acquisition in 2009 was a triumph, Club Communications, now the hub of the Group's operations. "Other acquisitions included engineering and software businesses and more recently the acquisition of Comms One to supplement our wholesale channel business,"



**James Palmer**

said Palmer. "There will be more customer base purchases and it is likely we will acquire additional capability in sectors close

to comms, or in less obvious sectors where we feel the product could be sold to the same decision maker within the SME."

Generating sales in new markets supported by product diversification is a recurring theme in the Nine Group story. "When we

purchased Club the focus was very much on CPS, WLR and billing services," explained Palmer. "Club had about 50 ADSL circuits

# ets £100 million target

– this wasn't their priority. Now we supply over 10,000. Moreover, data services, whether DIA or MPLS networks, are a much bigger part of our business. We are also an O2 service provider and one of BT's fastest growing IP Services providers. We plan to launch additional products and it is likely we will diversify upstream to become a technology supplier where appropriate rather than an aggregator reseller for other providers."

Nine Group, based in Stonehouse, Gloucestershire, now supplies around 6,000 retail customers, focusing on office-based business rather than Micro SMEs. In best case scenarios Nine supplies the full suite of products. "We have a team of 20 people focused on account management who cross-sell and up-sell into the base," added Palmer. "We also assist channel partners with their growth strategies. Our Purple Partner Programme makes their lives easier, providing insight, marketing support, pricing advice, help with legal matters and even assistance in closing deals if needed. This approach has been key to our recent growth."

#### Resources on tap

Larger resellers generally have the necessary resources to conduct market analysis, agree pricing strategies and best routes to market, but most smaller independents don't have these skills. "So we're starting to see partners wanting more than just a typical carrier supply arrangement," added Palmer. "The benefits of sharing knowledge and best practice can be very useful."

Nine Group's wholesale channel is the largest part of

the business, supplying circa 450 resellers and running at around £38 million annualised. "Our target is the independent comms reseller who is looking for a rounded product portfolio, but who can also see the value of aligning themselves with a potential exit route," said Palmer. "We're not just a carrier alternative or a provider of products. Our essence as a wholesaler is to become the resellers' right hand and help them build the value locked into their business."

When Palmer started out such strategic help was the stuff of dreams. In the beginning, having completed a business course he secured a job at KPMG but the experience taught him that being office based was not an option. "I wanted to get out and do deals and got my first job working for a start-up switchless reseller as a sales person," said Palmer. "That was the best decision I ever made. I learnt the hard way, door knocking, collecting comp slips with contact details, doing my own cold calling and field appointments. Initially I couldn't close a door, but I improved with the help of my manager."

The flames of Palmer's entrepreneurial flare had been fanned and at the age of just 21 he established a switchless reseller business and sold it three years later. "I then took time out but when I needed a new income I started Nine aged 26," he explained. "As the only employee for two years I needed to build a sales channel rather than restrict my business to the limited number of deals I could sign on my own."

Ann Barker joined the dealer channel from Eurocall. She and her husband John, who also joined Nine, helped to grow the channel from approximately £1 million to £5 million. Several years later having built a network of dealers and a good retail business Palmer decided to launch a wholesale channel which took the company to £8 million within 18 months.

"This grew quickly and we soon took our first big step on the acquisition ladder," added Palmer. "The purchase of Club took us to £18 million and organic growth drove revenues to £30 million in a 24 month period. Multiple acquisitions later, including Shiptons, Comms One and

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Dataflow, have taken our business to £50 million. But the most important factor has undoubtedly been our people."

During Nine's growth timeline the communications market has become far more complex. Chief among the developments is mobility, believes Palmer. "Most businesses don't care whether they have a box on the wall or a virtual box in a cupboard," he commented. "But they do

care about mobility and unifying their comms. UC is a rationalisation play based on fewer devices and simple interfaces. We can sometimes make things complicated, but it's what the user wants that should drive us all."

#### Master solution

The task of rationalising Nine's systems into one master solution is also at the forefront of Palmer's thinking. The quest for a system that manages all of its businesses across all products and channels is a priority. "We have invested substantially in our development teams and we see the information ecosystem being the most important part of our organisation," he said. "This is a big beast of a project that will bring massive upsides for our partners when fully operational during the next 12 months."

The promise of operational nirvana will be a welcome boost to Nine's resellers. But just as important, noted Palmer, is the importance of recurring and contracted revenues for all businesses operating in the channel. He commented: "Large one-off capital sales are nice and we all like the occasional windfall, but where is the real value in a business reliant on signing up new deals?"

"Customer Relationship Management is the key: Win a customer, get to know that customer and keep them happy. Repeat buying and multiple products are the future. Having to depend on new customer wins and a niche offering may work for some, but only some."

Adopting a recurring revenue model may be a challenge too far for some resellers, but

for those entrepreneurs who are not daunted by difficulties or drawbacks anything is possible, and Palmer is no exception. Inspired by life, his family, friends and the team at Nine, he is well disposed to manage the detriment of setbacks, and his foresight and practical outlook has become a model for all aspiring business people. Palmer commented: "When things go wrong, learn from them, there's no point in crying over spilt milk. Dust yourself off and don't make the same mistake twice. I always focus on the positive aspects while learning to mitigate the downside." ■

#### Just a minute with James Palmer...

**Role models:** My father when starting out and more recently Andrew Carnegie whose business acumen and philanthropy are inspirational

**Name one thing you could not do without in your job:** My team at Nine

**What possession could you not live without?** Phone

**Name three ideal dinner guests (past or present):** Andrew Carnegie – a business genius in the Industrial Revolution in America; James Hunt – I'm a massive fan of F1 and particularly the 70s heydays, and I would love to hear his stories; and my wife Jo because I love her and I know she'd like to hear James' anecdotes

**How would you like to be remembered?** As someone who made a difference, loved life and valued true friendships

**What talent do you wish you had?** Languages. I just don't get them. I wish I had the time and talent to change this